

## Revisiting Retirement By Michael Brown

Retirement plans can benefit from some routine checks and maintenance.

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Offering an attractive retirement plan benefit has always been a challenge. But tackling it head on may improve your company's bottom line, and employee satisfaction.

The first obstacle: Retirement plans have many moving parts. Figure out the role of each major part, and the big picture becomes clearer. The main components are: recordkeeping, administration, investments, custody, and advisory services. These functions are not usually handled in one place. If any one piece isn't working properly it can degrade the entire program.

Probing your plan's fee structure is a good starting point. Trustees have an oft-neglected obligation to ensure that fees are reasonable for the level of services. And what was considered reasonable a few years ago may not pass muster today.

Most of the cost will be buried somewhere inside the investments. The industry doesn't make it easy, and seldom-disclosed revenue-sharing payments can be difficult to quantify.

In your quest for total plan cost, specifically request disclosure of all contract charges and plan-related expenses. Try to determine how much is an investment expense, how much goes toward administration, and what portion the broker or adviser receives. This will help clarify roles and responsibilities later.

The retirement plan industry is rapidly consolidating. Profit margins are getting squeezed and vendors are being forced to either commit to the business or be acquired by more efficient competitors. If your vendor is a member of this crowd, you might obtain a rate reduction simply by asking.

Any discussion about retirement plans is incomplete without mention of fiduciary liability. It is sometimes overused as a scare tactic, but it is real, has teeth, and can get expensive. General protection can be found in a well-documented, prudent process. If you lack a written advisory agreement acknowledging co-fiduciary status, then you are probably operating under an outdated brokerage relationship and are shouldering 100% of the liability. Avoid conflicts of interest by aligning your adviser's liability with your own.



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