

THE BENCHMARKING PROCESS

Research has shown the top concerns for plan sponsors are:

1. **Reducing costs** – What's going on in the industry and how can they reduce plan fees?
2. **Fiduciary compliance** – Do they understand, are they supported, are they benchmarking routinely?
3. **Retirement readiness** – Do their employees understand what it will take to secure retirement?

The value of an advisor:

As a Financial Advisor, your expertise is helping individuals form and implement a plan in order to secure their goals for the future. Your role as a **plan advisor** is no different. *Here are six key reasons why plan sponsors need financial advisors:*

1. **Investment advisor** – Select, monitor, and replace funds. Some suggested best practices include:
 - a. Including 16-20 investment options.
 - b. A combination of index and actively management options.
 - c. Target Dates for meeting Qualified Default Investment Alternative (QDIA) standards.
 - d. A fixed or stable value option.
 - e. A defined due diligence process which includes selection criteria, review frequency, 321 or 338.
2. **Education** – Set clear expectations as to how you will extend these services to the participants via an education policy statement. When developing the policies make sure to establish:
 - a. Who is currently providing education and what methods they will employ.
 - b. The current and desired frequency of education.
 - c. Whether they prefer formal group, casual break room, or scheduled 1:1 sessions formats.
 - d. Is the employer receptive to on site consultations or do they prefer after hours off site.
3. **Fees** – A great deal of plan sponsors do not fully understand the fees they are paying, and need guidance as to what is reasonable in relation to level of support or resources available.
 - a. Plan costs include administrative (TPA), record-keeping, investment, and advisor compensation.
 - b. Cheaper is not always better, value for benefits received should be closely considered.
 - c. For existing plans, obtain a 408(b)2 to lift the hood on current expenses and identify opportunities for savings.
4. **Provider selection** – Narrow down the universe and present the most appropriate fit for them.
 - a. TRA works with all major record keepers and has the vantage point to provide you with great perspective in the selection process.
5. **Plan design** – Introduce a TPA or provider partner to consult on how to enhance plan features.
 - a. TRA offers complimentary plan design consulting and can provide you with customized illustrations to share with your clients.
6. **Fiduciary governance** – The TPA and provider should be keeping you and your client informed and compliant with the latest industry standard.
 - a. TRA can offer 3(16) co-fiduciary services to alleviate the plan sponsor of administrative burdens and reduce their fiduciary risk.

The
Advantage
Is Yours

For more information, contact us at: sales@tra401k.com or call (888) 872-2364 | www.tra401k.com

