

CLIENT PROFILE *The client is a 375-employee higher education institute located in the South. The organization has approximately \$60 million in assets within two defined contribution plans that are serviced by a single provider.*

Negotiating Fee Reductions

The Challenge

The client was aware of fee disclosure regulations regarding the reasonableness of provider fees and knew they should work to lower their plan's fees. The organization didn't know where to start but knew they needed help better understanding their current fees and the negotiation process.

The organization was also concerned how the fee negotiation may impact their relationship and current services with their service provider.

The Solution

As a result, the organization sought out an independent and qualified consultant who could help them understand their current fees and take the lead on the negotiation process. The organization engaged PlanPILOT. PlanPILOT reviewed the client's current plan profile, historical cash flow and growing level of plan assets and concluded that a fee reduction was highly probable.

This comprehensive review, coupled with PlanPILOT's experience and detailed documentation related to other sponsors of similar size, led to **highly successful negotiations** with the client's service provider.

Initially, the provider was only willing to reduce their compensation by nine percent. Then PlanPILOT cited similar plans for which we had already negotiated lower fees. This resulted in negotiating the provider down to the **ultimate savings of more than 20 percent**.

PlanPILOT negotiated a retroactive fee reduction back to the beginning of the year, resulting in a **savings of nearly \$30,000 for that year alone. (This amount was at least twice what would have been saved for that first year if the reductions had gone into effect as our negotiations concluded.) Over a five year period, the estimated savings will be over \$170,000.**

PlanPILOT also **established a revenue credit account** for the service provider to deposit the "excess revenue" as a way to capture the fee savings we were able to achieve. These fee savings can be used to pay qualified plan expenses.

PlanPILOT's **insightful review and competitive negotiations** made it possible for the client to clearly demonstrate they and their participants are paying a "reasonable" fee as defined by the Department of Labor (DOL). And PlanPILOT significantly reduced the plan costs for the current year and for years to come.

Call PlanPILOT Today

Learn what PlanPILOT can do for your plan. Contact us today at **312-973-4911**, or **visit planpilot.com**.