

IS YOUR 401(K) PLAN FREE?

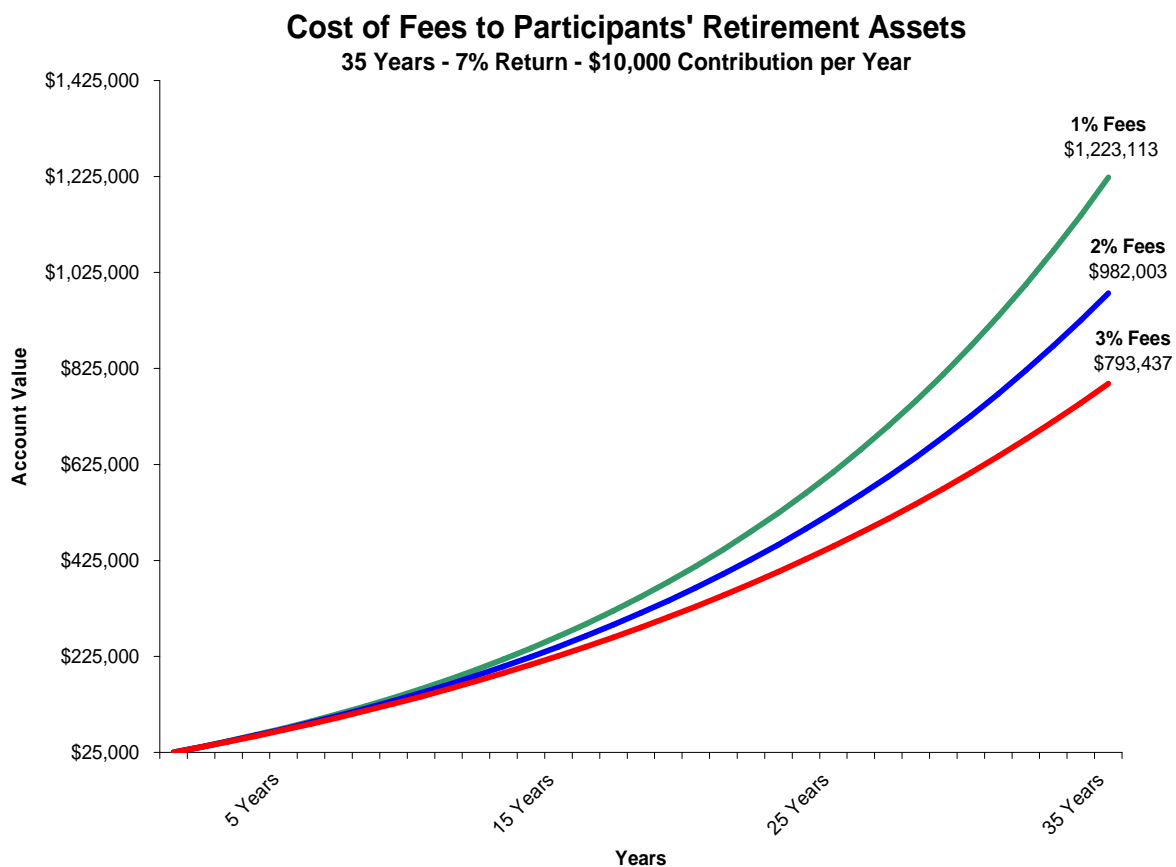
If it is, you have a **PROBLEM** because it isn't.
Free that is.

Many plans have been touted as "free" to their participants. **THEY ARE NOT.** These plans often turn out to be *very expensive* where **overall expenses can easily exceed 2%**. All expenses and fees in "free" plans are deducted directly from participant investment performance. (*This is how they appear free since there aren't checks written or expenses deducted directly from participant balances.*)

As a result, **investment performance of "free" plans are often well below objective benchmarks and represent one of the sponsor's single largest liabilities!**

OVER TIME, FEES MATTER!

In the example below, Mr. Participant is 30 years old and, so far, has saved \$25,000 in his Plan. We assume an annualized 7% investment return until he turns 65. He contributes \$10,000 annually to the Plan.



**THE INCREDIBLE STORY IS THE DIFFERENCE A FEE REDUCTION
MAKES IN RETIREMENT INCOME – SEE PAGE 2.**

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Comparisons of various fees and the difference they make in his ability to accumulate retirement assets are shown below:

THESE RESULTS ARE INCREDIBLE!

- Reducing fees from 3% to 1% results in 54% more money at age 65 or \$429,676 which equates to approximately **\$1,500 MORE PER MONTH** in retirement.
- A reduction from 2% to 1% results in 25% more or \$241,110 or **\$900 more** per month.
- A reduction from 3% to 2% produces 24% more or \$188,566 or **\$700 more** per month.

The Department of Labor has released a new regulation REQUIRING plan sponsors to disclose to their participants all of a plan's expenses, fees and investment performance. *Compliance with these mandatory participant disclosures (for calendar-year plans) is required by **August 30, 2012.***

IF YOUR PLAN IS "FREE," YOU NEED TO ACT NOW!

- HIGH FEES **DEVASTATE** RETIREMENT INCOME AND **REDUCE** PERFORMANCE.
- THE TWO LARGEST POTENTIAL LIABILITIES TO A PLAN ARE EXPENSES AND PARTICIPANT PERFORMANCE.
- COMPLIANCE WITH THE NEW ERISA REGULATION 408(b)(2) REQUIRES A PLAN TO RECEIVE, DOCUMENT AND **EVALUATE FOR REASONABLENESS** FEE AND EXPENSE DISCLOSURES FROM COVERED SERVICE PROVIDERS. *Compliance is required by **July 1, 2012.***
- THIS INFORMATION WILL ALSO **FORM THE FOUNDATION FOR THE NEW PARTICIPANT-DISCLOSURES.**
- AVOID EMBARRASSMENT OR WORSE. You need to know your actual fees and performance WELL BEFORE the compliance dates. This will enable you to prepare answers to what may be very difficult participate questions.
- AN INDEPENDENT AND UNBIASED ASSESSMENT IS NEEDED. Whoever sold you your "free" plan **should NOT be relied upon now – they may be part of the problem.** You need to know the unbiased facts! And, the sooner the better. The cost of an independent fee and performance assessment will be *extremely minor* compared to the expenses a plan will likely save.

You said our plan was free! I'm paying how much?!

