

# The 401(k) Service Provider Landscape



## Plan Sponsor

### Description:

- Oversees the plan and selects providers
- Legally must act in the best interest of the plan participants and their beneficiaries
- Follows the plan documents
- Selects, or hires someone qualified to select, the plan investments
- Pays only reasonable plan expenses



## Investment Adviser

### Description:

- Gives advice on investments within the plan
- Plan coordination
- Employee participation & education

### Types:

- Personal financial advisers without meaningful 401(k) experience
- 3(21) Investment advisers offer investment advice on limited fiduciary protection
- 3(38) Investment manager makes investment decisions and takes liability for them

### Typical Fee Arrangements:

- Some charge a clear and transparent flat fee
- Others are paid by the Record Keeper based on the products they recommend to businesses
- Fees can be found on the 408(b)2 and the Form ADV2



## Third Party Administrator (TPA)

### Description:

- Plan design
- Plan documents
- Annual compliance testing
- 5500 filing
- Some plans use a TPA, while others have the Record Keeper handle the plan administration
- Can provide a local presence and more hands on expertise for non-standard plans



## Record Keeper

### Description:

- Tracks contribution sources
- Provides website access
- Provides statements

### Types:

- Insurance companies
- Payroll companies
- Record keeping companies
- Brokerage firms

Bundled

### Bundled Arrangements:

A single vendor provides all recordkeeping and administration

### Typical Fee Arrangements for TPAs and Record Keepers:

- Usually a baseline fee, a per participant fee, and ancillary fees
- Various fees are detailed on your 408b2 disclosure including: annual, per participant, plan assets, administration, group annuity fees and revenue sharing
- The plan participant fees can be found on the 404a5 disclosure