



**RETIREMENT
MATTERS**

Retirement Plan
Fee Analyzer user guide

A tool for benchmarking advisory services

The Retirement Plan Fee Analyzer (Fee Analyzer) developed by Victory Capital is designed to help you illustrate the depth and breadth of services you can provide to retirement plan clients and the related fees. The Fee Analyzer format is easy for plan sponsors to understand while at the same time showcasing the valuable support that you can deliver. With the enhanced scrutiny on plan fees driven by the Department of Labor's (DOL) fee transparency regulations and the recent excessive fee litigation, there has never been greater pressure on retirement plan advisors to demonstrate their value.

The Fee Analyzer provides an expansive list of services that you may choose to offer to retirement plan clients, organized into four main categories:

- 1—Plan design consultation
- 2—Investment services
- 3—Plan governance
- 4—Participant services

The framework is designed to enable you to customize it to suit your business model. You can add or delete services to suit a particular client.

This user guide is designed to provide:

- > Descriptions of the services listed in the Fee Analyzer and potential fee structures typically associated with each service.
- > Additional resources that you may wish to use to either: deepen your knowledge about a particular topic or, educate your prospective clients.

Getting started

1. To access the Fee Analyzer, visit www.vcm.com for Investment Professionals, under Retirement Education. If this is your first time to the website, you will be required to complete a short registration. You may also contact your relationship manager or the Victory Capital sales desk at 1.800.991.8191.
2. Systems Requirements—A PDF viewer must be installed on your computer allowing you to edit a PDF (e.g., Adobe Reader)

Section-by-section instructions and tips

You may elect to provide some or all of the services listed in the Fee Analyzer. Some may be provided directly by you. For other services, you may choose to serve as a gateway to services outsourced to other entities (e.g., employee education or communications). Even if you do not charge a separate fee for these services, listing them in the Fee Analyzer and indicating "No additional fee" illustrates the consultative support you can provide. Delete the services that are not included in your service model or will not be presented to this client. Spaces are also provided under each category for you to add services not included in the listing.

1—Plan design consultation

While retirement plan advisors do not typically draft plan documents, you can provide valuable support to plan sponsors by helping them identify and prioritize their objectives for the plan and evaluate plan design features to serve those objectives.

Plan design

Consultation regarding plan objectives—help plan sponsors prioritize their goals and objectives for the plan, both in terms of business needs and employee retirement savings outcomes.

Review current plan documents—collect plan documents, amendments, and a copy of the Summary Plan Description to analyze whether current plan features are aligned with plan objectives. (Note: Plan review services are appropriate for a prospective client that currently offers a retirement plan but would not apply to a business establishing a new plan. Delete this line or indicate “Not applicable” in the Fees section for start-up prospects.)

Introduce possible enhancements in plan features—discuss the types of retirement savings arrangements and plan features that align with the plan sponsor’s objectives and, in the case of takeover prospect, could potentially drive stronger plan performance metrics (if applicable).

Provide illustrations and projections of plan features (based on employee demographic information)—collect demographic data from the plan sponsor that will enable your plan design partner (e.g., third-party administrator, ERISA attorney) to create projections illustrating the potential impact of plan features on performance metrics and plan costs.

Plan amendment support—provide education regarding IRS-mandated amendments and best practices for maintaining a plan file; assist with the process of adopting plan design changes initiated by the plan sponsor including special timing rules and notices that may apply.

Annual plan review

Review list of required amendments—obtain from the plan’s document provider a list of any IRS-mandated amendments that may apply and review the list with the plan sponsor; discuss any employer-initiated changes in plan design and confirm all required amendments have been executed and filed and related employee notifications delivered.

Explore potential enhancements or adjustments in plan features—review plan objectives and actual plan metrics annually and discuss needed changes in plan features that may need to be adjusted as the business grows or evolves; help keep the plan in compliance by reviewing any amendments that may have been required during the past year.



THIRD-PARTY EXPERTISE

Tap into the expertise of the third-party administrators or other document experts that you work with to provide:

- > Plan design support including illustrations and projections
- > Document drafting services
- > Amendment assistance

Other

In all sections, use the “Other” heading to list any services you offer and the corresponding fee, if any, that are not included in the listing provided.

2—Investment services

This section is designed to illustrate the depth and breadth of your investment services. If you provide a listed service but do not assess a separate fee, simply indicate “No additional charge.” Use the “Other” section to list additional services that you provide. You may want to delete some of the listed services that you do not provide or are not presenting to this prospect. Keep in mind that some services (e.g., fiduciary advice services) may be outsourced to other service providers.

Investment Policy Statement (IPS)

Fiduciary education regarding investment responsibilities — provide or arrange for education to teach plan fiduciaries about their investment responsibilities; include any fees that will be assessed for fiduciary education services (e.g., travel costs for on-site education, hourly fees, educational materials fees).

Initial IPS development (or updates for existing plan)— create or update an investment policy statement to assist plan fiduciaries in developing a process and criteria for selecting and monitoring investments.

Periodic review and updates to IPS—evaluate investments using the criteria set forth in the IPS to help plan fiduciaries fulfill their obligations; update the IPS as needed for changes in plan demographics or as new products become available (e.g., criteria for analyzing target-date funds).

Investment menu recommendation

Research—conduct investment research and present options to plan sponsors; outline your fee structure for services relating to building the plan’s investment menu such as:

- > **Commissions**—Some advisors derive the majority of their retirement plan revenue from the commissions generated by the plan investments (e.g., 12b-1 fees generated by mutual funds). If you use this fee structure, your fees will vary depending upon the investments selected by the plan fiduciaries. You may want to estimate the average rate of such compensation per dollar of assets or provide a range.
- > **Investment management fees**—If you assess fees based on a percentage of overall plan assets or assess flat fees based on the number of participants or some other plan variable, enter your estimated revenue based on the plan demographic information you collected from the plan sponsor. If you charge a minimum fee for services, you should include that information in this section.

Benchmarking and fee analysis—deliver benchmarking reports or other research reports, or provide support for analyzing fund compensation arrangements between investment providers and service providers.

Default fund analysis (e.g., Qualified Default Investment Alternatives)—introduce default fund analysis methodologies or tools (e.g., target-date fund analyzer tools) to plan sponsors; list any separate charges that may be incurred for using this type of analysis or tool. **Customized Investment Solutions/Management**—If your services include customized investment solutions such as model portfolios or custom target-date funds, those services should be listed in this section.

Risk-based portfolios and custom target-date-funds (age-based portfolios)—include initial and ongoing fees that may apply.

Periodic investment monitoring

List any fees (e.g., hourly, per report, travel expenses) that may arise relating to the ongoing monitoring and analysis of plan investments, and investment review meetings.

- > Investment performance reports
- > Analysis of investment activity and expenses against IPS criteria
- > Analysis of allocations across investment alternatives (i.e., participant elections/investment distributions)
- > Analysis of assets held in default investments
- > Participation in plan fiduciary meetings (e.g., investment reviews)

Investment advice services

If you elect to provide investment advice services as an ERISA fiduciary, these services would typically generate additional fees.

ERISA 3(21) Investment Advisor services—recommend investment options for the plan (or participant) and provide support for monitoring investments, subject to ERISA fiduciary standards.

ERISA 3(38) Investment Manager—assume discretionary authority to select plan investments, replacing investments as deemed appropriate, subject to ERISA fiduciary standards.

ERISA 404(c) compliance

Fiduciary education—educate plan fiduciaries (plan committees) about the potential benefits and compliance requirements associated with delegating investment responsibilities to participants under ERISA 404(c); help plan sponsors notify participants of their intent to comply with ERISA 404(c) and satisfy the other requirements related to the type of investments, administrative practices, and employee education requirements under ERISA 404(c).

Qualifying investment alternatives—help plan sponsors select and monitor investments that satisfy the ERISA 404(c) requirements.

Employee education—assist plan sponsors in providing the type of employee investment education required under ERISA 404(c).

3—Plan governance

With the intense DOL focus on plan fiduciary responsibilities stemming in part from the ERISA 408(b)(2) service provider disclosures requirements and the recent litigation alleging excessive plan fees, fiduciary education and adopting fiduciary best practices are an important focus for many plan sponsors. In addition, the well-published IRS exam activity is putting a spotlight on the plan administration responsibilities owed by a plan sponsor.

Fiduciary (plan committee) education

Educate new committee members or fiduciaries—provide foundational ERISA fiduciary training, plan document walk-through, etc.; include travel costs for on-site meetings as well as license fees that may apply for educational materials.

Introduce plan committee best practices—hold fiduciary meeting sessions to introduce best practices for plan fiduciaries to meet their fiduciary responsibilities and to address common fiduciary compliance concerns; include hourly fees, travel expenses, licensed tools or resources.

Periodic training for plan fiduciaries—conduct educational meetings addressing regulatory updates, IRS and DOL enforcement initiatives.

Fiduciary meetings

Provide fiduciary meeting checklist—help plan sponsors plan and conduct fiduciary meetings. The fiduciary meeting checklist can be found on page 7 in *Retirement Matters: Analyze This*.

Participation at fiduciary meetings—attend fiduciary meetings (e.g., ad hoc meetings not included in quarterly or annual investment review schedule).

Selecting and monitoring service providers

Under the ERISA Section 408(b)(2) service provider disclosure requirements, plan sponsors must collect and analyze information from all retirement plan service providers. Some advisors provide fee-based support to help plan sponsors fulfill their fiduciary obligations when selecting service providers and monitoring the fees and other information disclosed by the service providers.

If you provide these services, enter the fees that you will assess (e.g., one-time fee, hourly fee, annual fee).

- > Develop due diligence process
- > Assist with RFPs
- > Evaluate and benchmark scope of services—align with plan needs
- > Benchmark fees relative to services
- > Fund compensation analysis
- > Assist with periodic service provider performance reviews

Plan administration support

Most plan sponsors engage third-party administrators and record-keepers to assist them with the day-to-day operations involved in administering retirement plans. In addition to helping plan sponsors evaluate service provider options (discussed above), retirement plan advisors can complement and re-enforce the role of the service provider.

Education regarding plan sponsor's administrative duties—educate plan sponsors about their administrative duties and the role of their third-party administrator and recordkeeper.

Facilitate administrative reviews with TPA/recordkeeper—schedule and participate in meetings between the plan sponsor and their third-party administrator or recordkeeper.

Plan corrections

Education regarding IRS and DOL examination trends—help plan sponsors proactively avoid common plan mistakes by providing educational sessions addressing IRS and DOL enforcement activity and common errors.

Self-audit tools and resources—introduce self-audit or examination resources or conduct a proactive plan review; include licensing or hourly fees you will assess for these tools.

Introduce corrections service providers (as needed)—serve as a gateway to corrections resources, if needed, and assist in evaluating plan corrections service providers (e.g., third party administrators, ERISA attorneys, accountants).



MORE ON RETIREMENT MATTERS

Retirement Matters: Under the spotlight

- > Fee education—A guide to help plan sponsors through the regulatory requirements and practical application of fee monitoring and disclosure. To obtain a copy of the Retirement Matters: Under the spotlight, call us at 1.800.991.8191
- > Investment Policy Statement educational information

Retirement Matters: At your service

- > “What’s a reasonable amount to pay”
- > “What to include in a Fee Policy Statement”

Retirement Matters: Follow the money

- > Complying with ERISA 404(c) guidelines—educational information, potential benefits and compliance requirements
- > Follow the money: a fee illustration—educational content on fund compensation
- > Meeting your fiduciary responsibilities—DOL, fiduciary education. <http://www.dol.gov/ebsa/publications/fiduciaryresponsibility.html>
- > Have you had your check-up this year?—IRS Plan Checklists <http://www.irs.gov/Retirement-Plans/Have-You-Had-Your-Retirement-Plan-Check-Up-This-Year>
- > Use your relationships with your TPA to identify administrative issues that need to be addressed and include them in meetings with the plan sponsor

Retirement Matters: Analyze This

- > Fiduciary meeting checklist

4—Participant services

If you charge fees for participant support services (e.g., enrollment meetings or investment education), or for making tools and resources available, enter that information in this section. Pricing structures for participant services can vary. For example, some fees apply to each event (e.g., a day of participant training), or per participant for other types of services.

Enrollment meetings and ongoing participant education

Enrollment meetings and educational sessions—many advisors include enrollment meeting support and ongoing participant education in their service model. Others engage other vendors to deliver these services.

- > Include any fees you assess for on-site meetings (e.g., hourly fees, travel costs, or fees for licensing or printing materials). If fees vary depending upon whether the enrollment services are delivered as a group meeting versus one-on-one counseling sessions, clarify those separate costs.
- > List any applicable fees for access to live web-based training (e.g., hourly rates or web service fees), or fees for on-demand recorded enrollment education.

Asset allocation models—if you include asset allocation models as part of your participant education initiative, list the fees associated with creating these models.

Tools and resources

Risk tolerance questionnaires and worksheets—include any licensing or development fees associated with making questionnaires and worksheets available to participants, including any fees associated with analyzing output and meeting with participants.

Online calculators and self-assessment tools—list any annual license fees or per-use fees for on-line calculators or other tools that you will make available to participants.

Participant communications—list any fees associated with developing and delivering participant communications (e.g., licensing articles, printing and mailing costs).



MORE ON RETIREMENT MATTERS

Retirement Matters: Follow the money

- > “What’s a reasonable amount to pay?”
- > Savings Tips for Individuals—IRS, links to IRS website content on a variety of retirement savings topics.
<http://www.irs.gov/Retirement-Plans/Retirement-Saving-Tips-for-Individuals>

Retirement Plan Fee Analyzer

Selecting an advisory service model that is aligned with your plan's unique needs and objectives is one of the most important responsibilities you will face as a plan sponsor in making sure that your plan drives positive savings outcomes for your employees.

In addition, you have a fiduciary responsibility to ensure that plan fees are reasonable in relation to the value of the services. To help you perform these important responsibilities, the following is a summary of the services offered and the corresponding fees.

| ADVISORY SERVICES | FEES | |
|---|-----------------|--|
| 1—PLAN DESIGN CONSULTATION | | |
| Plan design | | |
| Consultation regarding plan objectives | \$ | |
| Review current plan documents | \$ | |
| Introduce possible enhancements in plan features | \$ | |
| Provide illustrations and projections of plan features (based on employee demographic information) | \$ | |
| Plan amendment support | \$ | |
| | Total \$ | |
| Annual plan review | | |
| Review list of required plan amendments | \$ | |
| Explore potential enhancements or adjustments in plan features | \$ | |
| | Total \$ | |
| Other | | |
| | \$ | |
| | Total \$ | |
| 2—INVESTMENT SERVICES | | |
| Investment Policy Statement (IPS) development | | |
| Fiduciary education regarding investment responsibilities | \$ | |
| Initial IPS development (or updates for existing plan) | \$ | |
| Periodic review and updates to IPS | \$ | |
| | Total \$ | |
| Investment menu recommendation | | |
| Research | \$ | |
| Benchmarking | \$ | |
| Fee analysis | \$ | |
| Default fund analysis (e.g., Qualified Default Investment Alternatives) | \$ | |
| Risk-based portfolios | \$ | |
| Custom target-date funds (age-based portfolios) | \$ | |
| | Total \$ | |
| Periodic investment monitoring | | |
| Investment performance reports | \$ | |
| Analysis of investment activity and expenses against IPS criteria | \$ | |
| Analysis of allocations across investment alternatives (i.e., participant elections/investment distributions) | \$ | |
| Analysis of assets held in default investments | \$ | |
| Participation in plan fiduciary meetings (e.g., investment reviews) | \$ | |
| | Total \$ | |
| Investment advice services | | |
| ERISA 3(21) Investment Advisor services • Plan-level advice • Participant services | \$ | |
| ERISA 3(38) Investment Manager • Plan-level investment management • Participant services | \$ | |
| | Total \$ | |

| ADVISORY SERVICES | FEES | |
|--|------|-----------------|
| ERISA 404(c) compliance | | |
| Fiduciary education | \$ | |
| Qualifying investment alternatives | \$ | |
| Employee education | \$ | |
| | | Total \$ |
| Other | | |
| | \$ | |
| | | |
| 3—PLAN GOVERNANCE | | |
| Fiduciary (plan committee) education | | |
| Educate new committee members or fiduciaries | \$ | |
| Introduce plan committee best practices | \$ | |
| Periodic training for plan fiduciaries | \$ | |
| | | Total \$ |
| Fiduciary meetings | | |
| Provide fiduciary meeting checklist | \$ | |
| Participation at fiduciary meetings | \$ | |
| | | Total \$ |
| Selecting and monitoring service providers | | |
| Develop due diligence process | \$ | |
| Assist with RFPs | \$ | |
| Evaluate and benchmark scope of services—align with plan needs | \$ | |
| Benchmark fees relative to services | \$ | |
| Fund compensation analysis | \$ | |
| Assist with periodic service provider performance reviews | \$ | |
| | | Total \$ |
| Plan administration support | | |
| Education regarding plan sponsor's administrative duties | \$ | |
| Facilitate administrative reviews with TPA/Recordkeeper | \$ | |
| | | Total \$ |
| Plan corrections | | |
| Education regarding IRS and DOL examination trends | \$ | |
| Self-audit tools and resources | \$ | |
| Introduce corrections service providers (as needed) | \$ | |
| | | Total \$ |
| Other | | |
| | \$ | |
| | | |
| 4—PARTICIPANT SERVICES | | |
| Enrollment meetings & ongoing participant education | | |
| Enrollment meetings & educational sessions | \$ | |
| • One-on-one session | | |
| • Live on-site group meetings | | |
| • Web-based presentations/teleconferences | \$ | |
| Asset allocation models | \$ | |
| | | Total \$ |
| Tools & resources | | |
| Risk tolerance questionnaires & worksheets | \$ | |
| Online calculators & self-assessment tools | \$ | |
| Participant communications | \$ | |
| | | Total \$ |
| Other | | |
| | \$ | |
| | | |

Retirement Plan Fee Analyzer

Selecting an advisory service model that is aligned with your plan's unique needs and objectives is one of the most important responsibilities you will face as a plan sponsor in making sure that your plan drives positive savings outcomes for your employees.

In addition, you have a fiduciary responsibility to ensure that plan fees are reasonable in relation to the value of the services. To help you perform these important responsibilities, the following is a summary of the services offered and the corresponding fees.

| ADVISORY SERVICES | PROPOSED SERVICE FEES | CURRENT SERVICE FEES |
|---|-----------------------|----------------------|
| 1—PLAN DESIGN CONSULTATION | | |
| Plan design | | |
| Consultation regarding plan objectives | \$ | \$ |
| Review current plan documents | \$ | \$ |
| Introduce possible enhancements in plan features | \$ | \$ |
| Provide illustrations and projections of plan features (based on employee demographic information) | \$ | \$ |
| Plan amendment support | \$ | \$ |
| Total | \$ | \$ |
| Annual plan review | | |
| Review list of required plan amendments | \$ | \$ |
| Explore potential enhancements or adjustments in plan features | \$ | \$ |
| Total | \$ | \$ |
| Other | | |
| | \$ | \$ |
| Total | \$ | \$ |
| 2—INVESTMENT SERVICES | | |
| Investment Policy Statement (IPS) development | | |
| Fiduciary education regarding investment responsibilities | \$ | \$ |
| Initial IPS development (or updates for existing plan) | \$ | \$ |
| Periodic review and updates to IPS | \$ | \$ |
| Total | \$ | \$ |
| Investment menu recommendation | | |
| Research | \$ | \$ |
| Benchmarking | \$ | \$ |
| Fee analysis | \$ | \$ |
| Default fund analysis (e.g., Qualified Default Investment Alternatives) | \$ | \$ |
| Risk-based portfolios | \$ | \$ |
| Custom target-date funds (age-based portfolios) | \$ | \$ |
| Total | \$ | \$ |
| Periodic investment monitoring | | |
| Investment performance reports | \$ | \$ |
| Analysis of investment activity and expenses against IPS criteria | \$ | \$ |
| Analysis of allocations across investment alternatives (i.e., participant elections/investment distributions) | \$ | \$ |
| Analysis of assets held in default investments | \$ | \$ |
| Participation in plan fiduciary meetings (e.g., investment reviews) | \$ | \$ |
| Total | \$ | \$ |
| Investment advice services | | |
| ERISA 3(21) Investment Advisor services | | |
| • Plan-level advice | | |
| • Participant services | \$ | \$ |
| ERISA 3(38) Investment Manager | | |
| • Plan-level investment management | | |
| • Participant services | \$ | \$ |
| Total | \$ | \$ |

| ADVISORY SERVICES | PROPOSED SERVICE FEES | CURRENT SERVICE FEES |
|--|-----------------------|----------------------|
| ERISA 404(c) compliance | | |
| Fiduciary education | \$ | \$ |
| Qualifying investment alternatives | \$ | \$ |
| Employee education | \$ | \$ |
| Total | \$ | \$ |
| Other | | |
| | \$ | \$ |
| Total | \$ | \$ |
| 3—PLAN GOVERNANCE | | |
| Fiduciary (plan committee) education | | |
| Educate new committee members or fiduciaries | \$ | \$ |
| Introduce plan committee best practices | \$ | \$ |
| Periodic training for plan fiduciaries | \$ | \$ |
| Total | \$ | \$ |
| Fiduciary meetings | | |
| Provide fiduciary meeting checklist | \$ | \$ |
| Participation at fiduciary meetings | \$ | \$ |
| Total | \$ | \$ |
| Selecting and monitoring service providers | | |
| Develop due diligence process | \$ | \$ |
| Assist with RFPs | \$ | \$ |
| Evaluate and benchmark scope of services—align with plan needs | \$ | \$ |
| Benchmark fees relative to services | \$ | \$ |
| Fund compensation analysis | \$ | \$ |
| Assist with periodic service provider performance reviews | \$ | \$ |
| Total | \$ | \$ |
| Plan administration support | | |
| Education regarding plan sponsor’s administrative duties | \$ | \$ |
| Facilitate administrative reviews with TPA/Recordkeeper | \$ | \$ |
| Total | \$ | \$ |
| Plan corrections | | |
| Education regarding IRS and DOL examination trends | \$ | \$ |
| Self-audit tools and resources | \$ | \$ |
| Introduce corrections service providers (as needed) | \$ | \$ |
| Total | \$ | \$ |
| Other | | |
| | \$ | \$ |
| Total | \$ | \$ |
| 4—PARTICIPANT SERVICES | | |
| Enrollment meetings & ongoing participant education | | |
| Enrollment meetings & educational sessions | | |
| • One-on-one session | | |
| • Live on-site group meetings | | |
| • Web-based presentations/teleconferences | \$ | \$ |
| Asset allocation models | \$ | \$ |
| Total | \$ | \$ |
| Tools & resources | | |
| Risk tolerance questionnaires & worksheets | \$ | \$ |
| Online calculators & self-assessment tools | \$ | \$ |
| Participant communications | \$ | \$ |
| Total | \$ | \$ |
| Other | | |
| | \$ | \$ |
| Total | \$ | \$ |

Want to learn more? Please contact your financial advisor for more information.

An important note: 401(k) plans are subject to numerous and complex rules, regulations, and tax qualification requirements. If you are deemed to be an investment fiduciary under the Employee Retirement Income Security Act of 1974 (ERISA), you may need to comply with a Department of Labor (DOL) prohibited transaction exemption (PTE) to receive variable or other conflicted compensation for your investment advice. In October 2023, the DOL proposed regulatory changes to the definition of an ERISA investment fiduciary that would trigger ERISA fiduciary status for most advisors who provide investment or rollover advice to plan sponsors or plan participants. If this proposal becomes final, it's quite possible that advisors who are not currently considered ERISA fiduciaries may become fiduciaries down the road, even if the services they provide to plans remain the same. This could have serious business and legal ramifications.

Be sure to consult with a qualified professional before offering 401(k) retirement plan services. Victory Capital does not provide advice on the roles and responsibilities of fiduciaries. This brochure is in

no way intended to create a fiduciary relationship of any kind with Victory Capital. To read more about fiduciary risk, please refer to the Department of Labor publication Meeting Your Fiduciary Responsibility. The information contained herein is current as of December 2023; DOL proposals and/or regulations may have changed. Please refer to www.dol.gov or www.sec.gov for more information.

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