



Evaluating the Results

ADVISOR RELATIONSHIP BENEFITS

Plan design focused on the best interest of all employees

OPPORTUNITY:

A mid-size employer had avoided an advisor relationship for years because of the perceived cost. But when the plan was at risk for failing nondiscrimination testing, the plan sponsor team agreed to meet with an advisory firm introduced to them by T. Rowe Price.

GOALS:

Receive fiduciary guidance to implement plan design changes to avoid nondiscrimination testing.

RESULTS:

Hiring the advisory firm allowed the plan sponsor to:

- Implement plan design enhancements to better serve their existing, growing future needs and avoid operational failures.
- Address the issues that caused the plan to fail nondiscrimination testing and proactively make corrections prior to failing compliance tests.
- Introduce lower-cost CITs for many of the same funds offered in the plan.
- Work with T. Rowe Price to reduce the per-participant recordkeeping fee and begin paying the recordkeeping expenses directly (rather than passing on to participants).
- Enhance participant education opportunities, including one-on-one fiduciary advice.
- Implement plan design changes to attract and retain employees (enhanced company match) and keep the plan lean (auto-forceout).

SOLUTION:

The plan sponsor's industry often faces labor challenges, and the benefits team did not want to increase 401(k) costs to participants, which would reduce their plan's competitiveness.

The advisor provided the benefits team guidance on:

- Different plan designs that better suited the company and the employees' current and growing future needs.
- Investment selection and monitoring, as well as understanding the different shares classes of investments available (including collective investment trusts, or CITs).
- The regulatory environment, including avoiding operational failures, driving plan health to higher levels, and understanding annual compliance testing, with an emphasis on digging deeper beyond just whether a particular test was "Passed" or "Failed."
- How to leverage company resources to create a more efficient retirement plan for the employees while maximizing the company's ability to take advantage of tax deductions related to the plan.