

Did you know that one-third of small to midsize plan sponsors are “not at all familiar” with their retirement plan fees?¹ One way to gain a better understanding of the costs of your retirement plan is to benchmark your 401(k) or 403(b).

Benchmarking is the process of reviewing and comparing your retirement plan fees, investments, and plan features to an industry average. Doing so will help in evaluating your current retirement plan to determine if changes are needed.

What should be benchmarked?

- Fees
 - ▶ Administrative fees – for customer support, record keeping, and legal services
 - ▶ Financial Advisor fees
 - ▶ Transaction fees – for loans and hardship withdrawals
 - ▶ Investment fees
- Plan features
- Investment selection menu
- Performance

What is the participation rate in your defined contribution plan among eligible employees?

All Industries											
	Overall	<\$1MM	\$1MM-\$5MM	>\$5MM-\$10MM	>\$10MM-\$25MM	>\$25MM-\$50MM	>\$50MM-\$100MM	>\$100MM-\$200MM	>\$200MM-\$500MM	\$500MM-\$1B	>\$1B
Average	76.7%	64.0%	76.4%	77.8%	74.7%	76.8%	80.8%	84.7%	83.0%	77.8%	80.4%
Median	85.0%	80.0%	82.0%	81.5%	80.0%	85.0%	90.0%	90.0%	92.0%	91.0%	92.0%

As of 12/31/2023

Source: PLANSPONSOR Defined Contribution Survey, 2024

Why benchmark?

Plan sponsors have a fiduciary responsibility to plan participants, meaning they are legally obligated to act in the participants’ best interest. Benchmarking helps sponsors fulfill their fiduciary responsibilities by ensuring performance and fees are in line with industry averages. Additionally, maintaining a competitive 401(k) or 403(b) helps recruit, retain, and reward top employees. Lastly, benchmarking gives you a chance to review your plan to ensure it is still helping you to pursue your retirement goals.

How often should you benchmark your plan?

A review of your plan against a benchmark should be done at least every three years, but yearly checks may help ensure the plan’s fees remain reasonable. Regular checks can help ensure plan participants do not overpay and are not falling behind industry trends.

Contact your Stifel Financial Advisor to help you benchmark and analyze your retirement plan.

¹ <https://www.pewtrusts.org/en/research-and-analysis/articles/2018/05/07/many-small-business-leaders-express-limited-knowledge-of-retirement-plan-fees>
<https://www.employeebenefits.com/knowledge-center/401k-fee-study-75-of-small-business-plans-pay-hidden-fees>