

AS A PLAN SPONSOR, AM I A PLAN FIDUCIARY?

HOW CAN I BETTER EXPLAIN THE 401(K) PLAN TO MY EMPLOYEES?

HOW DO I UNDERSTAND THE TOTAL FEES ASSOCIATED WITH MY PLAN?

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Yes, under ERISA guidelines, a plan sponsor is always deemed a plan fiduciary. Other plan fiduciaries are a person, group or organization that assumes discretionary authority or control over the administration of the plan or disposition of plan assets. A registered investment advisory firm, such as Frontier Wealth Management, if paid a fee to render investment advice to the plan or its participants is also considered a co-fiduciary.

▶ HOW CAN I BETTER EXPLAIN THE 401(K) PLAN TO MY EMPLOYEES?

- ▶ Explain, in simple terms, the requirements for plan participation and contribution options
- ▶ Discuss basic concepts of saving, compound interest and a general understanding of investments and investment options.
- ▶ Make participants aware of their distribution, withdrawal options and possible tax consequences.
- ▶ Consider offering one on one meetings between your employees and your investment advisor. Employees generally don't want to ask questions about their personal finances in front of other employees.

▶ HOW DO I UNDERSTAND THE TOTAL FEES ASSOCIATED WITH MY PLAN?

- ▶ Recordkeepers and other 401(k) plan vendors may collect their revenue in a variety of ways – some not as transparent as others. Some vendors may suggest the use of high cost mutual funds and retain any revenue shared by the mutual fund companies to pay for their services. Other vendors may use low cost index and or ETFs and apply an asset-based fee. The difference can make it difficult for an employer to compare costs between providers. Look for an advisor that can explain and outline costs associated with your plan.

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