



Advisors



# Retirement plan fee disclosure worksheet

A helpful tool for businesses offering retirement plans

### Investment products

Expense category	Provider	Compensation
Collective trust fund(s)	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Insurance/annuity contract(s)	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Mutual fund(s)	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Brokerage window	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Guaranteed investment contract (GIC)	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Separately managed accounts	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Managed money provider	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____

**Investment products (cont'd)**

<b>Expense category</b>	<b>Provider</b>	<b>Compensation</b>
Stable value	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Other (Real Estate Investment Trusts, limited partnerships, etc.)	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____

**Service providers**

<b>Expense category</b>	<b>Provider</b>	<b>Compensation</b>
Custodian	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Trustee	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Record keeper	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Third-party administrator	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Attorney	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
CPA	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Audit firm	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____

**Service providers (cont'd)**

<b>Expense category</b>	<b>Provider</b>	<b>Compensation</b>
Employee education	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Fiduciary/fidelity bond	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____

**Consultants**

<b>Expense category</b>	<b>Provider</b>	<b>Compensation</b>
Registered investment advisor (RIA)	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Financial Advisor/broker	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____
Consultant	_____	Direct \$ _____ Eligible indirect \$ _____ Other reportable indirect \$ _____

## Common retirement plan terms glossary

**Account maintenance fees.** See “management fee.”

**Administration/recordkeeping fee.** Fee for providing recordkeeping and other participant administrative-type services. For start-up or takeover plans, these fees typically include charges for contacting and processing information from the prior service provider and “matching up” or mapping participant information. Use of this term is not meant to identify any ERISA Section 3(16)(A) obligations.

**Annual audit fee.** Fee charged by an independent auditor to audit an ERISA-covered plan with more than 100 participants as required by law. It is also common to refer to a Department of Labor or IRS examination of a plan as a plan audit. Any charge imposed by a service provider in connection with this audit is reflected on Schedule B.

**Back-end load.** Sales charges due upon the sale or transfer of mutual funds, insurance/annuity products or other investments, which may be reduced and/or eliminated over time.

**Balance inquiry fee.** Fee that may be charged each time a participant inquires about his or her balance.

**Brokerage commission.** Fee paid to a broker or other intermediary for executing a trade.

**Brokerage window.** An investment alternative that lets a participant establish a self-directed brokerage account.

**Bundled services.** Arrangements whereby plan service providers offer 401(k) plan establishment, investment services, and administration for an all-inclusive fee. Bundled services by their nature are priced as a package and cannot be priced on a per service basis.

**Collective investment fund.** A tax-exempt pooled fund operated by a bank or trust company that commingles the assets of trust accounts for which the bank provides fiduciary services.

**Contract administration charge.** An omnibus charge for costs of administering an insurance/annuity contract, including costs associated with the maintenance of participant accounts and all participant-initiated investment-related transactions.

**Contract termination charge.** A charge for “surrendering” or “terminating” an insurance/annuity contract prior to the end of a stated time period. The charge typically decreases over time.

**Conversion.** The process of changing from one service provider to another.

**Deferred sales charge.** See “back-end load.”

**Distribution expense.** The costs typically associated with processing paperwork, which may include the generation of IRS Form 1099R, and issuing a check for a distribution of plan assets to a participant.

**Eligible employee.** Any employee who is eligible to participate in and receive benefits from a plan.

**Expense ratio.** The cost of investing and administering assets, including management fees, in a mutual fund or other collective fund. Ratio is expressed as a percentage of total assets in the fund and typically consists of management, distribution, and some revenue sharing fees such as subtransfer agency fees.

**Front-end load.** Sales charge incurred when investing in mutual funds, insurance/annuity products, or other investments.

**Individual service fees.** Fees associated with optional features offered under a 401(k) plan. These fees are charged separately to the accounts of individuals who choose to take advantage of a particular plan feature.

**Individually managed account.** An investment account managed for a single plan or participants account.

**Installation fee.** One-time fee for initiating a new plan or new services in an existing plan.

**Insurance-related charges.** Charges associated with investment alternatives that include an insurance component. They include items such as sales expenses, mortality risk charges, and the cost of issuing and administering contracts.

**Investment fees.** Fees for investment management and other investment-related services. Assessed as a percentage of assets invested, these fees are by far the largest component of 401(k) plan fees and expenses.

**Investment advisory fees.** See “management fees.”

**Investment transfer expense.** Fee associated with a participant changing his or her investment allocation or making transfers among accounts under the plan.

**Loan maintenance and repayment tracking fee.** Fee charged to monitor outstanding loans and repayment schedules.

**Loan origination fee.** Fee charged when a plan loan is originally taken.

**Loan processing fee.** Fee charged to process a plan loan application.

**Management fee.** Fee charged for managing pooled investments, such as collective investment funds, insurance/annuity products, mutual funds, and individually managed accounts. Also known as “investment advisory fees” or “account maintenance fees.”

**Mortality risk administrative expense fee (M&E fee).** Fee an insurance company charges to cover the cost of the insurance features of an annuity contract, including the guarantee of a lifetime income payment, interest and expense guarantees, and any death benefit provided during the accumulation period.

**Nondiscrimination testing expense.** The fee charged for the process of determining whether a tax-qualified plan is in compliance with several regulations requiring that it doesn't discriminate in favor of owners and highly compensated employees at the expense of rank-and-file employees.

**Other fees.** Fees for services, such as recordkeeping, furnishing statements, providing toll-free numbers, and offering investment advice, involved in day-to-day investment-product management. They may be stated either as a flat fee or as a percentage of the assets invested in the fund.

**Participant.** Person who has an account in the plan.

**Participant education materials/distribution expenses.** All costs (including travel expenses) associated with providing print, video, software, and/or live instruction to educate employees about how the plan works, the investment funds, and asset allocation strategies. There may be a one-time cost associated with implementing a new plan as well as ongoing costs for an existing program.

**Plan document/determination letter fee (filing fee).** Fee charged for a written plan document could consist of initial and ongoing fees or event triggered when changes are made to the written plan document. Fee can also include the costs associated with preparing and filing IRS-required documentation, including a request for a determination letter (IRS-issued document stating whether the plan meets the qualifications for tax-advantaged treatment).

**Plan loan.** Optional feature allowing participants to borrow from their accounts up to prescribed limits.

**Pooled guaranteed investment contract (GIC) fund.** A common fixed income investment alternative that generally includes a number of contracts issued by an insurance company or bank paying an interest rate that blends the rates of each of the GICs included in the pool.

**Product termination fee.** Investment-product charges associated with terminating one or all of a service provider's investment products.

**Qualified domestic relations order (QDRO).** A judgment, decree, or order that creates or recognizes an alternate payee's (such as a former spouse, child, etc.) right to receive all or a portion of a participant's retirement plan benefits.

**Redemption fee.** See "back-end load."

**Sales charges.** Transaction costs, basically, for buying and selling shares. They may be computed in different ways depending on the particular investment product. See also "back-end load," "brokerage commission," and "front-end load."

**Separate account.** An asset account established by a life insurance company, separate from the company's other funds, offering investment funding alternatives for pension plans.

**Service provider termination charge.** Plan administrative costs associated with:

- Terminating a relationship with a service provider
- The permanent termination of a plan
- The termination of specific plan services

These may be termed "surrender" or "transfer" charges.

**Signature-ready Form 5500 fee.** Fee to prepare Form 5500, which all qualified retirement plans (excluding SEPs and SIMPLE IRAs) must file annually with the IRS.

**Start-up/enrollment expenses.** Costs associated with providing materials to educate employees about the plan and enroll employees in the plan. This may be part of, or included in, the education programs. There may be a one-time cost associated with implementing a new plan as well as ongoing enrollment costs.

**Subtransfer agency fee.** Commonly referred to as sub-TA, are fees within an expense ratio or a mutual fund paid to a record keeper or third party administrator intended to help reduce administrative costs.

**Surrender charges.** See “service provider termination charge.”

**Target date retirement funds.** Funds, often mutual funds, designed to make retirement investing more convenient by automatically changing a participant’s asset allocation over time. If a target date fund invests in other mutual funds, fees may be charged by both the target date fund and the other funds.

Target date funds are subject to the risks associated with the underlying funds in which they invest. These risks change over time as the fund’s asset allocation strategy adjusts (typically with an increased emphasis on income and conservation of capital) as it approaches its target date. The target date is the approximate date when investors plan to start withdrawing their money, such as retirement. There is no assurance any target date fund will achieve its investment objective. The principal value of an investment in a target date fund is not guaranteed at any time, including at its target date. Most target date funds invest in a combination of equity, fixed income, and other short-term funds.

Some of the risks associated with investments in equity funds include the volatility of the U.S. market; the volatility and illiquidity of small- and mid-size company stocks; and the political, economic, and currency risks of non-U.S. securities. Some of the risk factors associated with investments in fixed income funds include interest rate risk as bond prices fluctuate inversely to changes in interest rates and the credit risk of the issuer or guarantor of the security. Lower-rated securities are subject to additional credit and default risks. Other risks may apply depending on the specific target date fund. Investments in target date funds involve risk and do not guarantee an investment return or the safety of the underlying investments.

**Target date funds do not guarantee an investor will have sufficient retirement income at the target date, and an investor can lose money by investing in the fund, including at and after the target date.**

**Transfer charges.** See “service provider termination charge.”

**Trustee service fees.** Fees charged by the individual, bank, or trust company with fiduciary responsibility for holding plan assets.

**VRU.** Abbreviation for “voice response unit.”

Mutual funds are subject to risks similar to those of stocks. Investment returns may fluctuate and are subject to market volatility so that an investor’s shares, when redeemed or sold, may be worth more or less than their original cost.

Variable annuities are long-term investments suitable for retirement funding and are subject to market fluctuations and investment risk.

**Variable annuity.** Investment alternative offered by an insurance company. A variable annuity “wraps” around investment alternatives, often a number of mutual funds.

**Wrap fee.** An inclusive fee generally based on a percentage of assets in an investment program, which typically provide asset allocation, transaction execution, and other administrative services.

**12b-1 fee.** A charge to shareholders to cover a mutual fund’s shareholder servicing, distribution, and marketing costs is included in the expense ratio of a mutual fund.

Wells Fargo Advisors does not provide tax or legal advice. Individuals need to consult with their own tax and legal advisors before taking any action that may have tax or legal consequences.

This material has been prepared solely for informational purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.

© 2011 – 2021 Wells Fargo Clearing Services, LLC. All rights reserved. CAR-0621-01736 IHA-7024669

E7183