

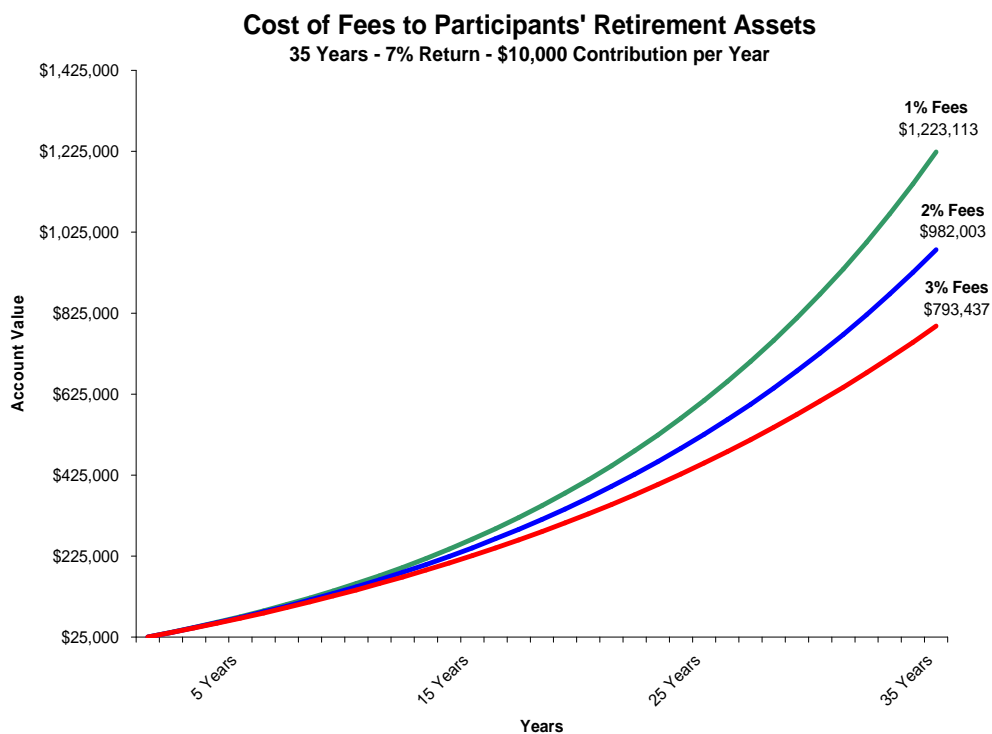
IS YOUR 401(K) PLAN FREE?

If it is, you have a PROBLEM because it isn't. Free that is.



There are many plans that have been touted as “free” to their participants. **THEY ARE NOT.** These plans often turn out to be *very expensive* **where overall expenses can easily exceed 2%.** All expenses and fees in “free” plans are deducted directly from performance. (*This is how they appear free since there aren't checks written or expenses deducted directly from participant balances.*) As a result, the investment performance of “free” plans also suffer and are often well below objective benchmarks.

OVER TIME, FEES MATTER!



In the example to the left, Mr. Participant is 30 years old and, so far, has saved \$25,000 in his Plan. We assume an annualized 7% investment return until he turns 65. He annually contributes \$10,000 to the Plan. Shown to the left are comparisons of various fees and the difference they make in his ability to accumulate retirement assets.

THESE RESULTS ARE STAGGERING!

- Reducing fees from 3% to 1% **results in 54% more money at age 65 or \$429,676** which equates to approximately **\$1,500 MORE PER MONTH in retirement.**
- A reduction from 2% to 1% results in **25%** more or **\$241,110.**
- A reduction from 3% to 2% produces **24%** more or **\$188,566.**

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The Department of Labor has released a new regulation REQUIRING plan sponsors to disclose to their participants all of a plan's expenses, fees and investment performance. Compliance with these *mandatory participant disclosures* (for calendar-year plans) is required by **May 31, 2012**. While this may seem like a long time from now, **this extra time could be a LIFESAVER for a large number of plan sponsors.**

IF YOUR PLAN IS “FREE,” YOU NEED TO ACT NOW!

- **AVOID EMBARRASSMENT OR WORSE.** You need to know what your actual fees and performance are **WELL BEFORE** the compliance date. This will enable you to make changes (if needed) before you are **forced into disclosing information that could easily lead to embarrassment and any number of other problems** including financial and personal liability.
- **AN INDEPENDENT AND UNBIASED ASSESSMENT IS NEEDED.** Whoever sold you your “free” plan should NOT be relied upon now. You need to know the unbiased facts! And, the sooner the better!
- **HIGH FEES EAT UP RETIREMENT SAVINGS.** **The example above shows how expenses DEVASTATE retirement savings over time.** The cost of an independent fee and performance audit will be *very minor* compared to the expenses a plan will likely save.

You said our plan was free! I'm paying how much?!



We Help Plans

- Reduce Expenses
- Improve Performance
- Lower Liability

Please give Dover Consulting Group a call.

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