

CASE STUDY EXAMPLE

The Sample Independent School had the following data regarding its 403b Retirement Plans:

	<u>Defined Contribution Plan</u>	<u>Tax Deferred Plan</u>
Plan Assets	\$17,000,000	\$9,000,000
Annual Employer & Employee contributions	\$700,000	\$350,000
Plan Participants:		
Active	105	90
Terminated	45	30
Total	150	120

The Sample Independent School currently uses the following service providers:

<u>Provider</u>	<u>Service</u>
TIAA CREF	Record keeper & Custodian
Vanguard	Record keeper & Custodian
Smith Law Firm	Legal Advisor
Jones Third Party Administration Firm	Compliance Testing and preparation of forms 5500 and 8955-SSA
CPA Auditing Firm	Year End Plan Audit

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In order to fulfill its Fiduciary responsibilities with respect to their 403b retirement plans the following steps were taken by Sample Independent School:

- Formed a retirement plan committee “RPC” who was responsible for the overall management and administration of the retirement plans. Each committee member is a **Plan Fiduciary**.
- The RPC decided to merge the existing defined contribution and tax deferred plans into one plan based upon the recommendation of the Jones **Third Party Administration** Firm. Jones TPA Firm drafted the plan merger amendments and the new merged plan document. The Smith Law Firm also reviewed the amendments and plan document for accuracy and compliance as **Legal Advisor**. The plan merger reduced the **CPA Auditing Firm** fees.
- The RPC hired an **Investment Advisor** that performed the following functions:
 - Developed an **Investment Policy Statement** for the Plan
 - Performed a Due Diligence Fund Analysis and Review for the existing investment options available to plan participants
 - **Investment Advisor** recommends to replace some of the existing investment options that failed the due diligence review with better performing funds using **open architecture**.
- Based upon the above, the RPC decided to use TIAA CREF as the sole **record keeper** and **custodian** under one platform. This platform will include investment options that passed the due diligence review including TIAA CREF funds, Vanguard funds and various other mutual funds from outside fund families.
- This decision was based upon receiving fee quotes from other **record keepers** and **custodians** that could offer **open architecture** to 403b plans.
- TIAA CREF as sole **record keeper** and **custodian** will charge a gross **plan asset wrap fee** of 0.40% reduced by a **plan service revenue sharing subsidy** of 0.22% resulting in a net **plan asset wrap fee** of 0.18% charged against plan assets on the new platform.

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- The **Investment Advisor** will continue to monitor and recommend the plan investment fund options for plan participants and prepare a due diligence fund analysis and review on a semi-annual basis. The fee for this service will be \$12,500 and include participant education and communication.
- The RPC decided to hold participant meetings to communicate and educate plan participants about the new **open architecture** fund enhancements including how to access and transfer existing funds. The RPC hired Jones TPA Firm to conduct these meetings in conjunction with the **Investment Advisor**. The fee for this service by Jones **Third Party Administration Firm** will be \$6,500.

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