



ERISA 408(b)(2) Recordkeeping Fee Analysis

Sample Client





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- Shows multiple recordkeeping provider proposed annual fees
- Additional plan sponsor fees and participant transactional fees
- Provides a true comparison of total estimated annual recordkeeping revenue
- Report is driven from a blind fee-benchmarking study, customized to your plan

Employer-Based Fees

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- This fee analysis provides balance by fund, annual investment expense ratios as a comparison to peers, and estimated annual revenue sharing, which is typically used to offset recordkeeping fees
- This is a custom analysis of your plan fees

Share Class Analysis – Current Investment Lineup & Lowest Expense Investment Lineup


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- These two pages show the difference in the investment expenses based on a plan's current investment line-up in comparison to using the lowest investment expense ratio share classes, as well as and how excess or lack of revenue affects how fees are paid

Fee Philosophy Considerations - Reasonable Allocation of Fees

Flat Per Participant Fees vs. Basis Point Fees

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- Reasonable fees that benefit Plan Participants are properly allocable to the Plan. That's a fancy way of saying that those fees can be passed through to Plan Participants. In the prior sections, we walked you through our worksheets to analyze the reasonableness of the "Plan's" fees. This page addresses the last piece of the puzzle. E.g. should fees be borne by participants as a flat dollar charge or as a percentage of the account balance? There is no absolute right or wrong answer. But, the starting point is to appreciate that the choice impacts different Participants differently. That is, a flat fee disadvantages those with low account balances and a fee based on a percentage of assets disadvantages those with large account balances. Besides helping you understand this subject, the value of using this tool is that it documents a process that you used to make a "reasonable" decision.
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Recordkeeping Provider Fee Comparison

SAMPLE Retirement Plan
 Estimated Plan Assets \$100,000,000
 Loan Balance \$1,967,000
 Estimated Participants 1,000

Color key: ■ Lowest cost
■ Mid-range cost
■ Highest cost

Estimated Recordkeeping Costs

		Provider A	Provider B	Provider C	Provider D	Provider E	Provider F
Proposed Annual Recordkeeping*		\$120,000	\$140,000	\$160,000	\$180,000	\$190,000	\$230,000
Proposed Basis point fee		0.12%	0.14%	0.16%	0.18%	0.19%	0.23%
Proposed Flat per participant fee		\$131	\$156	\$170	\$197	\$205	\$241
Additional Sponsor Fees							
Standard Non-Discrimination Testing		0	0	0	0	0	0
Fund Changes		7,500	0	0	5,000	0	0
Form 5500		5,000	0	0	0	0	0
SAR/SPD		0	0	0	0	0	0
Notices/Disclosures		0	0	0	0	0	0
Trustee Services		0	0	0	4,500	0	0
Employee Meetings		0	0	0	0	0	0
Enrollment Kits		0					0
Brokerage Window Fees		0					0
Sponsor Estimated Fees		12,500					0
Additional Participant Fees	Activity						
Loan Setup	239	11,950	17,925	0	23,900	17,925	17,925
Loan Maintenance	681	17,025	0	27,240	0	0	17,025
In-Service Withdrawals	66	0	0	2,640	1,320	0	1,650
Hardship Withdrawals	33	4,950	0	1,320	0	0	825
Distributions - Lump Sum	385	13,475	0	15,400	7,700	0	9,625
Distributions - Installments	48	0	0	120	0	0	1,200
Distributions - RMDs	213	7,455	0	8,520	0	0	0
Mutual Fund Window Annual	77	3,850	0	9,240	3,850	0	3,850
Participant Estimated Fees		58,705	17,925	64,480	36,770	17,925	52,100
Total Estimated Annual RK Revenue		\$191,205	\$157,925	\$224,480	\$226,270	\$207,925	\$282,100
Weighted % of plan assets:		0.191%	0.158%	0.224%	0.226%	0.208%	0.282%
Estimated per participant cost:		\$191	\$158	\$224	\$226	\$208	\$282

Often overlooked plan costs are the additional plan sponsor and plan participant fees, which increase the revenue received by the recordkeeping provider. By comparing all revenue received by the recordkeeper, you can better understand the recordkeeper's true cost.

*Proposed recordkeeping fee calculated based on provider basis point fee quote.

Plan Sponsor Current Fee Analysis

Fund	Balance	Percent of Assets	(\$)	Annual Expense Ratio		+/- Peers	Estimated Annual Revenue Sharing	
				(%)	Peers		(%)	(\$)
Diversified Stable Pooled Fund	11,770,440	11.8%	104,757	0.89%		0.01	0.55%	64,737
PIMCO Real Return Admin.	1,237,710	1.2%	8,664	0.70%		0.01	0.28%	3,466
Dreyfus Bond Market Index Inv.	6,635,840	6.6%	26,543	0.40%		0.00	0.49%	32,516
PIMCO Total Return Admin.	6,540,000	6.5%	46,434	0.71%		0.01	0.28%	18,312
PIMCO High Yield Admin.	2,539,750	2.5%	20,318	0.80%		0.01	0.28%	7,111
T. Rowe Price Retirement Balanced	8,103,800	8.1%	46,192	0.57%		0.01	0.15%	12,156
Allianz NFJ Dividend Value A	9,748,820	9.7%	102,363	1.05%		0.01	0.50%	48,744
American Funds Fundamental Investor R4	3,566,500	3.6%	23,539	0.66%		0.01	0.35%	12,483
Vanguard Institutional Index	11,308,340	11.3%	4,523	0.04%		0.00	0.00%	-
JPMorgan Large Cap Growth A	2,740,680	2.7%	30,147	1.10%		0.01	0.50%	13,703
Federated Mid Cap Index Instl. Svc.	2,208,000	2.2%	11,923	0.54%		0.01	0.30%	6,624
Lord Abbett Value Opportunities A	2,171,840	2.2%	27,365	1.26%		0.01	0.40%	8,687
Victory Integrity Small Cap Value - Y	9,033,580	9.0%	112,920	1.25%		0.01	0.25%	22,584
Columbia Small Cap Index A	2,479,540	2.5%	11,158	0.45%		0.00	0.35%	8,678
Franklin Small Cap Growth - Adv.	2,549,350	2.5%	22,944	0.90%		0.01	0.25%	6,373
Dreyfus International Stock Index	3,289,000	3.3%	19,734	0.60%		0.01	0.49%	16,116
American Funds EuroPacific Growth R4	7,877,230	7.9%	66,169	0.84%		0.01	0.35%	27,570
Fidelity Emerging Markets	1,661,690	1.7%	17,780	1.07%		0.01	0.25%	4,154
Nuveen Real Estate Securities I	2,570,890	2.6%	25,709	1.00%		0.01	0.25%	6,427
T. Rowe Price Retirement Target Date Suite	1,967,000	2.0%	14,152	0.72%		0.01	0.15%	2,951
Total	\$ 100,000,000	100%	743,334	0.74%	0.00	0.01	0.32%	323,393

Estimated Annual Plan Cost		Record Keeping Costs
Estimated number of participants:	1000	
Recordkeeper Base Fee:	0	\$ -
Recordkeeper Flat Per Participant Fee:	0	\$ -
Recordkeeper Asset-based Fee:	0.21%	\$ 210,000
Sub-Total Estimated Annual Plan Costs:		\$ 210,000

The Expense Ratio comparison provides a basis for determining the reasonableness of current investment fees.

Total Estimated Annual Plan Cost (Excluding Expense Ratio):	\$ 210,000	0.21%
Total Estimated Annual Plan Revenue Sharing:	\$ (323,393)	0.32%
Estimated Annual (Surplus)/Deficit:	\$ (113,393)	-0.11%

Share Class Analysis - Current Investment Lineup

Fund Name	Plan Assets	Percent of Plan Assets	Expense Ratio	Fund Expenses	Revenue Share	Revenue Dollars
Diversified Stable Pooled Fund	\$11,770,440	11.77%	0.89%	\$104,757	0.55%	\$64,737
PIMCO Real Return Admin.	1,237,710	1.24%	0.70%	8,664	0.28%	3,466
Dreyfus Bond Market Index Inv.	6,635,840	6.64%	0.40%	26,543	0.49%	32,516
PIMCO Total Return Admin.	6,540,000	6.54%	0.71%	46,434	0.28%	18,312
PIMCO High Yield Admin.	2,539,750	2.54%	0.80%	20,318	0.28%	7,111
T. Rowe Price Retirement Balanced	8,103,800	8.10%	0.57%	46,192	0.15%	12,156
Allianz NFJ Dividend Value A	9,748,820	9.75%	1.05%	102,363	0.50%	48,744
American Funds Fundamental Investor R4	3,566,500	3.57%	0.66%	23,539	0.35%	12,483
Vanguard Institutional Index	11,308,340	11.31%	0.04%	4,523	0.00%	0
JPMorgan Large Cap Growth A	2,740,680	2.74%	1.10%	30,147	0.50%	13,703
Federated Mid Cap Index Instl. Svc.	2,208,000	2.21%	0.54%	11,923	0.30%	6,624
Lord Abbett Value Opportunities A	2,171,840	2.17%	1.26%	27,365	0.40%	8,687
Victory Integrity Small Cap Value - Y	9,033,580	9.03%	1.25%	112,920	0.25%	22,584
Columbia Small Cap Index A	2,479,540	2.48%	0.45%	11,158	0.35%	8,678
Franklin Small Cap Growth - Adv.	2,549,350	2.55%	0.90%	22,944	0.25%	6,373
Dreyfus International Stock Index	3,289,000	3.29%	0.60%	19,734	0.49%	16,116
American Funds EuroPacific Growth R4	7,877,230	7.88%	0.84%	66,169	0.35%	27,570
Fidelity Emerging Markets	1,661,690	1.66%	1.07%	17,780	0.25%	4,154
Nuveen Real Estate Securities I	2,570,890	2.57%	1.00%	25,709	0.25%	6,427
T. Rowe Price Retirement Target Date Suite	1,967,000	1.97%	0.72%	14,152	0.15%	2,951
Total Plan Assets	\$100,000,000	100%	0.74%	\$743,334	0.32%	\$323,393
Efficiency (Net Difference Between Expense and Revenue Share):						0.42%
Total Participants with a Balance		1,000				
Cost Comparison - Recordkeeping Only						
Provider Recordkeeping Fee (0.14% of plan assets)						\$210,000
Revenue Share Available to Offset Fees						\$323,393
Total Expenses (Excess Revenue)/Additional Cost						(\$113,393)
Cost Comparisons - Recordkeeping + Investment Expense						
Provider Recordkeeping Fee (0.14% of plan assets)						\$210,000
Fund Investment Expense						\$743,334
Subtotal						\$953,334
Revenue Share Available to Offset Fees						(\$323,393)
Total Expenses (Recordkeeping + Investment)						\$629,940
Weighted % of plan assets						0.63%
Estimated cost per participant						\$630

Share Class Analysis - Lowest Expense Investment Lineup

Fund Name	Plan Assets	Percent of Plan Assets	Expense Ratio	Fund Expenses	Revenue Share	Revenue Dollars
Diversified Stable Pooled Fund	\$11,770,440	11.77%	0.49%	\$57,675	0.15%	\$17,656
PIMCO Real Return Admin.	1,237,710	1.24%	0.45%	5,570	0.03%	371
Dreyfus Bond Market Index	6,635,840	6.64%	0.15%	9,954	0.09%	5,972
PIMCO Total Return Admin.	6,540,000	6.54%	0.46%	30,084	0.03%	1,962
PIMCO High Yield	2,539,750	2.54%	0.55%	13,969	0.03%	762
T. Rowe Price Retirement Balanced	8,103,800	8.10%	0.57%	46,192	0.15%	12,156
Allianz NFJ Dividend Value	9,748,820	9.75%	0.70%	68,242	0.10%	9,749
American Funds Fundamental Investor R4	3,566,500	3.57%	0.31%	11,056	0.00%	0
Vanguard Institutional Index	11,308,340	11.31%	0.04%	4,523	0.00%	0
JPMorgan Large Cap Growth	2,740,680	2.74%	0.68%	18,637	0.00%	0
Federated Mid Cap Index Instl. Svc.	2,208,000	2.21%	0.31%	6,845	0.05%	1,104
Lord Abbett Value Opportunities	2,171,840	2.17%	0.92%	19,981	0.10%	2,172
Victory Integrity Small Cap Value	9,033,580	9.03%	1.07%	96,659	0.00%	0
Columbia Small Cap Index	2,479,540	2.48%	0.25%	6,199	0.10%	2,480
Franklin Small Cap Growth	2,549,350	2.55%	0.72%	18,355	0.00%	0
Dreyfus International Stock Index	3,289,000	3.29%	0.60%	19,734	0.49%	16,116
American Funds EuroPacific Growth	7,877,230	7.88%	0.47%	37,023	0.00%	0
Fidelity Emerging Markets	1,661,690	1.66%	1.07%	17,780	0.25%	4,154
Nuveen Real Estate Securities	2,570,890	2.57%	1.00%	25,709	0.25%	6,427
T. Rowe Price Retirement Target Date Suite	1,967,000	1.97%	0.72%	14,162	0.15%	2,951
Total Plan Assets	\$100,000,000	100%	0.53%	\$528,348	0.08%	\$84,031
Efficiency (Net Difference Between Expense and Revenue Share):						0.44%
Total Participants with a Balance		1,000				
Cost Comparison - Recordkeeping Only						
Provider Recordkeeping Fee (0.14% of plan assets)						\$210,000
Revenue Share Available to Offset Fees						\$84,031
Total Expenses (Excess Revenue)/Additional Cost						\$125,969
Cost Comparisons - Recordkeeping + Investment Expense						
Provider Recordkeeping Fee (0.14% of plan assets)						\$210,000
Fund Investment Expense						\$528,348
Subtotal						\$738,348
Revenue Share Available to Offset Fees						(\$84,031)
Total Expenses (Recordkeeping + Investment)						\$654,317
Weighted % of plan assets						0.65%
Estimated cost per participant						\$654

Flat Per Participant Fees vs. Basis Point Fees

Number of Plan Participants with a Balance: **1,000**
 Quoted Annual Flat Per Participant Fee: **\$137**
 Quoted Annual Basis Point Fee: **0.14%**
 Current Core Fund Assets: **\$100,000,000**
 Average Participant Account Balance: **\$100,000**

Breakeven Participant Account Balance: **\$97,857**

A.) This means if a participant has a balance that is **less than** the "Breakeven" - Basis Points provides a lower cost than the Flat Fee alternative.

B.) If a participant has a balance **greater than** the "Breakeven" the Flat Fee alternative provides a lower cost than the Basis Points alternative.

Effect of *Flat Dollar* Fees on a Participant's Account

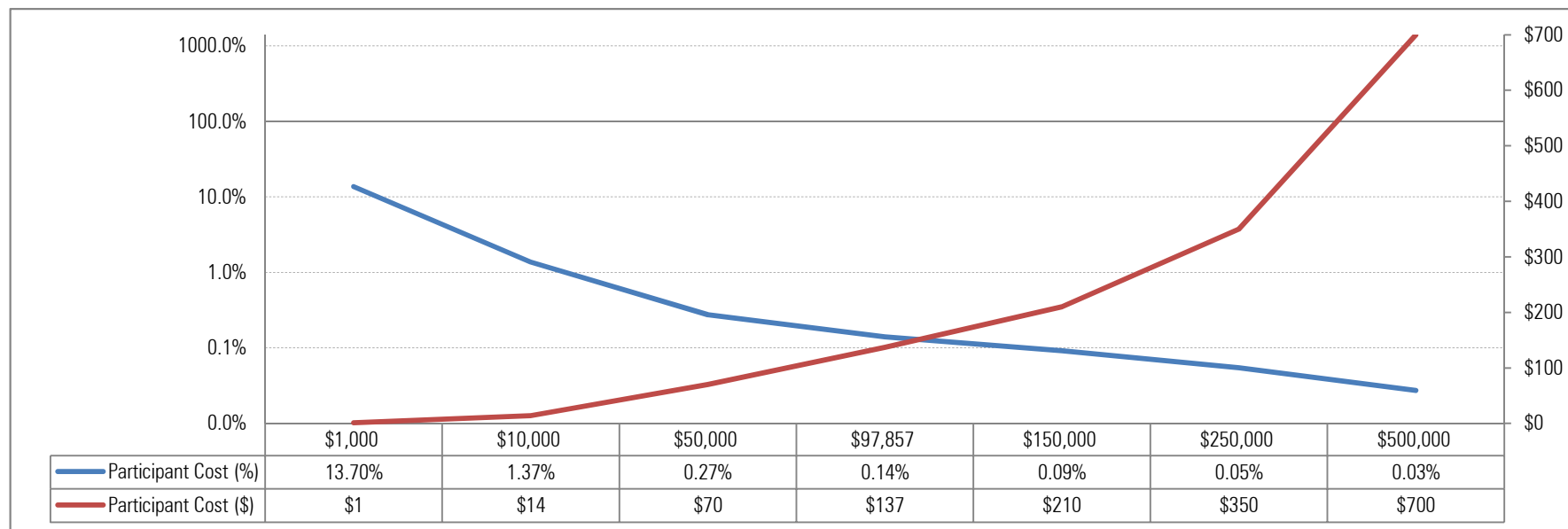
Account Balance	Quoted Flat Fee	Participant Cost (%)
\$1,000	\$137	13.70%
\$10,000	\$137	1.37%
\$50,000	\$137	0.27%
\$97,857	\$137	0.14%
\$150,000	\$137	0.09%
\$250,000	\$137	0.05%
\$500,000	\$137	0.03%

716 ppts pay a higher cost using the flat fee method of paying fees

Effect of *Basis Points* Fees on a Participant's Account

Account Balance	Quoted BPS Fee	Participant Cost (\$)
\$1,000	0.14%	\$1
\$10,000	0.14%	\$14
\$50,000	0.14%	\$70
\$97,857	0.14%	\$137
\$150,000	0.14%	\$210
\$250,000	0.14%	\$350
\$500,000	0.14%	\$700

284 ppts pay a higher cost using the basis point method of paying fees





50 South Sixth Street, Suite 975
Minneapolis, MN 55423
Toll Free: 1 (866) 225-5224
Direct: (612) 230-3000
Fax: (612) 230-3019

[Place holder for additional services]



Brad Tollander, CFA®
Senior Investment Consultant
Advanced Capital Group, Inc.
50 South Sixth Street, #975
Minneapolis, MN 55402
TF: 866.225.5224
E: btollander@acgbiz.com
P: 612.230.3022



Samantha Wetterlund
Pricing Analyst
Advanced Capital Group, Inc.
50 South Sixth Street, #975
Minneapolis, MN 55402
TF: 866.225.5224
E: swetterlund@acgbiz.com
P: 612.230.6946



David A. Schmidt, Ph.D.
Managing Consultant
Advanced Capital Group, Inc.
301 W. Main Street
Barrington, IL 60010
TF: 866.225.5224
E: dschmidt@acgbiz.com
P: 612.532.0771



Teresa Kruse, QPFC, AIF®
Pricing Leader & RFP Manager
Advanced Capital Group, Inc.
50 South Sixth Street, #975
Minneapolis, MN 55402
TF: 866.225.5224
E: tkruse@acgbiz.com
P: 612.230.6943



Justin Dorsey, JD
Senior Relationship Manager
Advanced Capital Group, Inc.
50 South Sixth Street, #975
Minneapolis, MN 55402
TF: 866.225.5224
E: jdorsey@acgbiz.com
P: 612.230.3009

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