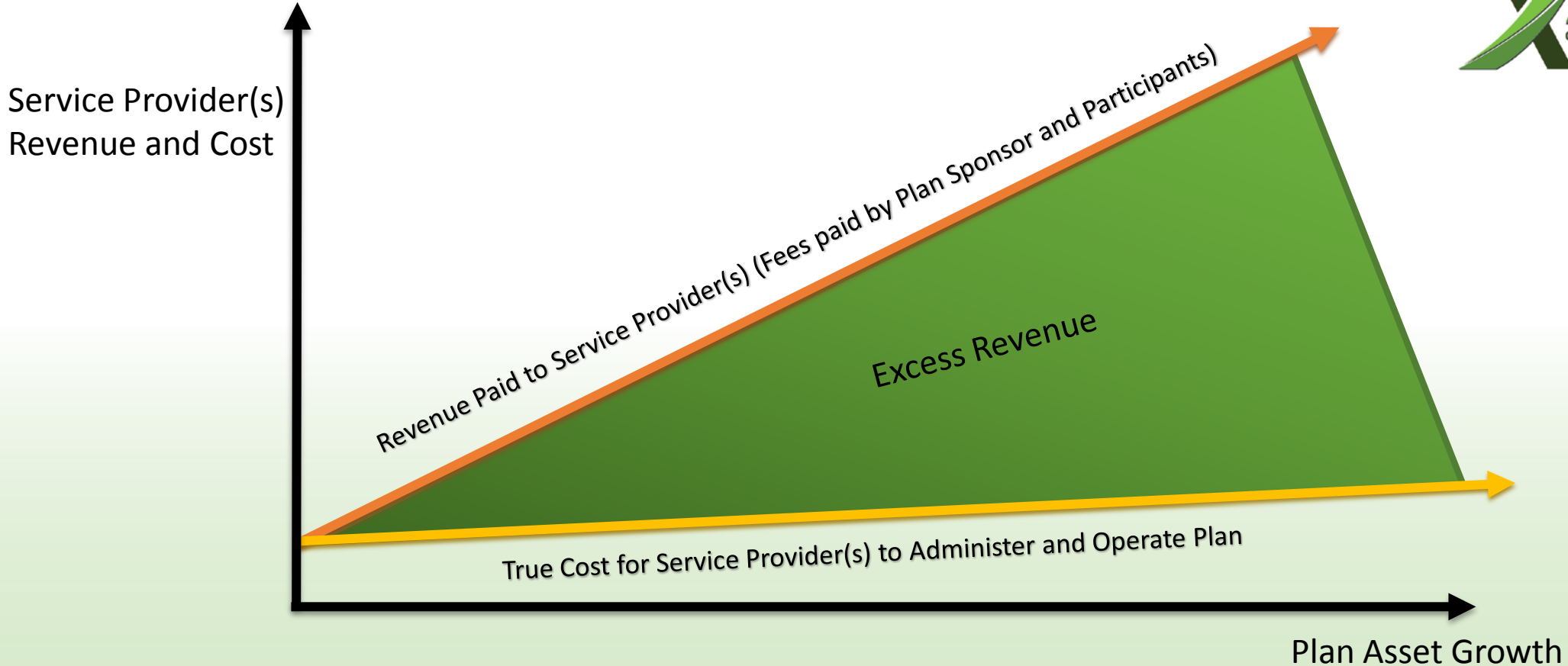


# Service Provider Economics



## Key Concepts:

- The above example represents the “Service Provider Economics” of a typical Defined Contribution Retirement Plan (401k, 403b, 457, Money Purchase, or Profit-Sharing Plan)
- As plan assets grow, service provider revenue (fees charged to the plan) can increase faster than the cost to administer and operate the plan.
- When the revenue of service providers grows to exceed the reasonable charges of doing business, this is called excess revenue.
- Plan asset growth is good for a plan. However without proper oversight and expertise, excess revenue can leave a plan sponsor exposed to major fiduciary risk and leave both the plan sponsor and participants missing out on service and fee upgrades.