
Goldman Sach's workplace IRA will waive wrap fee in 2017

By Editorial Staff *Fri, Oct 20, 2017*

Workers who enroll in Goldman's Honest Dollar IRA will pay only fund fees (9 to 13 bps) and custodial fees until 2019.



Honest Dollar, Goldman Sachs' "digital retirement savings provider," will waive its account or "wrap" fee on client portfolios through 2018, the firm announced this week. Beginning in January 2019, account fees will be \$1 per month for balances of \$5,000 or less and 25 basis points annually for balances above \$5,000.

The IRA savings service for small and mid-sized businesses, self-employed individuals, independent contractors, won't be free, however. The expense ratios of the underlying exchange-traded funds and mutual funds (9 to 13 basis points per year) will still be deducted from the funds' net asset values, a release said. The wrap fee also does not include "additional costs that are charged by the custodian for ancillary services."

[See related story on today's homepage about "Icon," another workplace IRA program for workers at small firms or in the "gig" economy.]

The current custodian for Honest Dollar is Apex Clearing Corporation, a New York Corporation. Apex is a registered broker-dealer that is not affiliated with Honest Advisors or its affiliates.

Honest Dollar is run by Honest Advisors LLC, based in Austin, Texas. Goldman Sachs Asset Management, Honest Advisors and Honest Dollar are all subsidiaries of The Goldman Sachs Group, Inc.

Honest Advisors, LLC, offers an individual retirement account-based savings program designed to enable employees of small- and medium-sized businesses, self-employed individuals, independent contractors and other individuals.

Clients establish a traditional IRA, Roth IRA, a SEP-IRA (Simplified Employee Pension-Individual Retirement Account) if eligible, and appoint Apex Clearing Corp. to custody the IRA assets and provide brokerage services.

Honest Dollar interacts with clients through a software application that's available through its website and mobile app. The program provides investment advice through the Portfolio Selection Tool at the site, but not in person, over the phone, in live chat, or otherwise.

Honest Advisors uses model portfolios designed by GSAM. The portfolios have asset-weighted expense ratios ranging from 0.09% to 0.13%, up from the 0.07% on previously offered portfolios. The portfolios include passive, non-proprietary exchange-traded funds (ETFs) sourced from multiple unaffiliated

providers.

“This increase is due to the addition of ETFs that in certain cases have substantially higher expense ratios than the expense ratios of the ETFs that were available through the Program prior to October 12, 2017. Such higher-expense ETFs have been included in the portfolios along with other ETFs for the purpose of increased diversification,” according to Honest Advisor’s Form ADV.

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