
Investment fees represent bulk of plan fees

By Editor Test Wed, Dec 8, 2010

Costs on a 100-participant plan with a \$50,000 average account balance range from .57% to 1.76%, according to the 11th edition of the 401k Averages Book.

The average total annual expense ratio for a small (100 participants) retirement plan is 1.33%, while the average total plan cost for a large (1,000 participants) plan is 1.11%, according to the 11th edition of the 401k Averages Book. The average investment expense ratio is 1.26% for a small plan and 1.09% for a large plan.

Investment expenses account for 95% of a small plan's total expenses and 98% of a large plan's. "If an employer really wants to cut their 401(k) costs they need to examine their investment related expenses," says David Huntley, the book's co-author. Costs on a 100-participant plan with a \$50,000 average account balance range from .57% to 1.76%.

The 11th Edition provides sixteen quartile charts to help plan sponsors and their advisors see whether their costs fit in the first, second, third or fourth quartile. The range between the 25th percentile and 75th percentile for the small plan universe is 1.18% to 1.49%. "If you're monitoring plan fees, it will help to understand the difference of being in the first or fourth quartile," says Huntley.

Published since 1995, the 401k Averages Book (www.401ksource.com) is the only resource book available for non-biased, comparative 401k average cost information. The 11th edition is available for \$95.

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