
Vanguard to offer 401(k) services through TPAs

By Editor Test Thu, Apr 11, 2013

The move represents an expansion of the Vanguard Retirement Plan Access program, which was introduced in October 2011 to offer bundled services to sponsors of small- to mid-size 401(k) plans and to the fee-only advisors who work with those sponsors.

Vanguard announced that it will make its Retirement Plan Access program available to third-party administrators (TPAs), which provide plan design, compliance, administrative support and other assistance to plan sponsors. Plan sponsors can use Vanguard's recordkeeping services and low-fee investment line-up while still working with their TPAs.

The move represents an expansion of the Vanguard Retirement Plan Access program, which was introduced in October 2011 to offer bundled services to sponsors of small- to mid-size 401(k) plans and to the fee-only advisors who work with those sponsors. Assets managed under the program are approaching \$2 billion, Vanguard said in a release.

A growing number of sponsors of small- to mid-sized plans work with TPAs, Vanguard said, noting that Cerulli Associates predicts that TPA-influenced assets will increase to 22.5% of 401(k) assets in 2014.

Linda S. Wolohan, a Vanguard spokesperson, said the change doesn't affect Vanguard's retail retirement plan services, such as setting up SIMPLE IRAs or SEP IRAs, nor does it represent a departure from Vanguard's large-plan business.

"We are still very much a major presence in the jumbo and large end of the market. This was just a service we started in 2011 for the smaller end of the market," she said in an email to RIJ.

Asked if Vanguard's expansion in the small-plan market was linked to the Department of Labor regulatory push to increase awareness of 401(k) plan fees, Wolohan said, "The DOL fee regulations weren't the primary reason we launched our service in October 2011, but the focus on low fees and fee disclosure requirements has led many small businesses to consider it."

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