



# \$avings Account\$

*A monthly savings tip from the American Savings Education Council (ASEC)—April 2013*

## **“Much” Ado - Shedding some light on your workplace retirement plan fees.**

Making the right investment choices in your retirement plan can be a daunting task. However, you do not have to be an investment expert to be aware of something that can have a dramatic impact on your retirement security: the fees that you pay for your retirement plan. In fact, the Department of Labor [notes](#) that, if you have 35 years until retirement and a current 401(k) account balance of \$25,000, a difference of 1% in fees could reduce your balance at retirement by as much as 28%.



What You Are Paying For:

**Investment Fees**—Generally, the largest component of 401(k) plan fees and expenses, and one that is frequently netted against the investment earnings of your account. This figure is frequently the sum of three separate categories:

- management fees—the costs associated with managing the actual investments of the fund;
- distribution and/or service (12b-1) fees—costs associated with marketing or servicing individual accounts; and
- "other" expenses.

You should be able to find these listed in the individual mutual fund prospectus – or in [new disclosures from your 401\(k\)](#).

**Plan Administration Fees**—The costs of the day-to-day operation of your plan, including maintaining your individual account, staffing a customer support desk, providing an Internet site with your plan information, or conducting investment education seminars. These fees may be displayed on your statement as a separate charge, they may be netted against the investment earnings of your account, or both.

**Individual Service Fees**—There may be individual service fees associated with optional features offered under a 401(k) plan, such as the costs associated with processing a participant loan, or for making an in-service distribution.

Decisions about investing in your workplace retirement plan shouldn't be based solely on fees, of course – but knowing how much you are paying is an important part of deciding if you are getting your money's worth. And the savings from making the right choices can add up! You can find more information online [here](#).