

I-Pension LLC -- 401(k) Plan Case Study

ABC Company asked I-Pension to review its 401(k) plan. The plan had been in place for about ten years and was managed and administered by a large well-known insurance company. The plan had 43 participants and an account balance of slightly over \$3 million. In addition to concerns about plan fees and expenses, ABC Company felt that they had been ignored by the insurance company, there was no broker assigned to the plan, and ongoing education of plan participants was non-existent.

Our analysis of the existing plan expenses found this cost structure:

- Average fund expense of 1.27%
- Administrative expense of \$2,500
- Total annual fees of \$38,634

The cost of the plan recommended by I-Pension equaled:

- Average fund expense of 0.65%
- Administrative expense of \$4,350
- Total annual fees of \$22,844

In addition to a 42% savings in cost, the I-Pension 401(k) plan included a much broader investment lineup, utilizing the “7Twelve Portfolio” introduced in *Your Nest Egg Game Plan*, co-authored by I-Pension President, Phil Fragasso.

7Twelve A Multi-Asset Balanced Portfolio						
Approximately 65% of the Portfolio Allocation in Equity and Diversifying Assets				Approximately 35% of the Portfolio Allocation in Bonds and Cash		
US Equity	Non-US Equity	Real Estate	Resources	US Bonds	Non-US Bonds	Cash
Large Companies	Developed Markets	Global Real Estate	Natural Resources	US Aggregate Bonds	International Bonds	US Money Market
Medium- sized Companies	Emerging Markets		Commodities	Inflation Protected Bonds		
Small Companies						

As part of the rollout of the new plan, I-Pension conducted enrollment and education meetings at ABC Company’s various sites, provided sample asset allocation models to all employees, and was available for one-on-one consultation.

ABC Company now enjoyed the lower fees, broader diversification, and enhanced service it desired. Just as importantly, in the eyes of ABC Company management, they were much more comfortable with the Department of Labor’s new requirements that plan expenses had to be disclosed to plan participants.