



Unraveling the Bundle: Navigating Retirement Plan Options – Bundled or Unbundled

Bundled and Unbundled plans vary greatly; a Plan Sponsor's decision will solidify the best option for their corporation and employees.

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To Bundle or not to Bundle: A look at the options facing Employers and Plan Sponsors

Background

Bundled plan options are offered as an all inclusive option, generally by payroll companies and larger asset providers. They give plan sponsors the ability to let the holder of the assets manage the retirement plans' compliance and administration as well as handling and monitoring the investment portion of the plan. Unbundled plan options break the administration and compliance aspects out from the investment side, leaving the two separate and distinct parts with the respective experts: the assets with the provider and the compliance and administration with a Third Party Administration firm (TPA).

What is in the best interest for the company and the employees?

A very basic question but one of the most important that can be asked. Plan Sponsors and Employers must determine what is in the best interest for their own organization as well as those they employ. A retirement plan is for the benefit of the participants, the employees. Bundled plans more often are plain vanilla, "cookie-cutter", offering a quick start but not much in the way of flexibility down the line. Adopting a plan that may not be able to grow and change with your company is a factor that must be weighed.

One must also look at the fee structure with great scrutiny. What is touted as a "zero billable" option in a bundled arrangement could in fact be a pricing structure that is based on total plan assets, with upwards of 1, 2, or even 3% gross coming out to pay administrative expenses. For instance, a plan with \$1M in assets may inadvertently end up paying \$20,000/year for just the administration of a bundled plan.

Unbundling services through utilizing a TPA would be one way to break out the administrative and compliance costs associated with a retirement plan more clearly; an actual amount closer to 1/10th of the bundled option. Unbundling also gives the Employer the option to design a unique plan, suited to his or her company and employee base, rather than one mold that might not fit all.

Plan Design

This aspect of plan implementation is vital to any retirement plan. A successful design should take into consideration the organizations demographics, the employer's intentions, and the ability within the confines of the regulations to make it all possible. You can think of plan design in this simple way, would you rather pick what options you want on your brand new car yourself, or settle for what the dealer gives you?

Who is doing the Plan Administration?

With bundled providers, their core business is the actual collecting and managing of assets. The amount of resources they have dedicated to plan administration might not be enough to cover the litany of subtleties. Are you calling into a call center where they may or may not remember you? Or do you prefer a more personal touch? How much does customer service and experience mean to you?

Your plan administrator should have knowledge in the field and preferably have some credentials, such as QKA and QPA. Check all options first - do the bundled provider's administrators have credentials? Does the TPA's administration staff have any?

End Comments

Whichever option you choose, institutionalized and bundled or custom and unbundled, keep in mind what is best for the company and the employees first. If bundled works best for your organization and employees, by all means utilize it. If the appeal of professional administrators and plan designers is more your speed consider that option as well. Arming yourself with a few key questions could help you make one of the biggest decisions for your retirement plan a lot easier.

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**About Uniglobal**

Uniglobal Pension Planning, Inc. is one of the largest retirement plan design and consulting firms in North America and an accredited TPA (Third Party Administrator). Corporate retirement plan design, compliance, and administrative services are available to all organizations seeking benefit solutions that are a cut above competitor retirement plan approaches. Blending organizational structure with individual goals, its plan platforms complement the modern business.

Established in 1991, Uniglobal administers over 700 corporate and non-profit retirement plans with a combined \$750M in assets and tens of thousands of participants.

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