

Will your retirement suffer because of high 401(k) fees?

If you ask the average employee how much they are paying in 401(k) fees (and 403b or 457 fees), you may get the answer "I have no idea," or quite possibly "I don't pay any fees."

The answer is all retirement plans charge fees, and often the fees are very high and difficult to ascertain. However, this is about to change.

New Department of Labor regulations require a more transparent approach to disclosing fees. Starting July 1, service providers must clearly disclose fees to employers, and then by Aug. 30 employers are required to disclose this information to their employees.

For the first time employers and employees will have a clear and concise understanding of what their retirement plan fees are. The amount paid in fees has a dramatic

impact on retirement nest eggs.

Just how much could high fees cost an employee?

Imagine two workers who both contribute \$6,000 per year to their 401(k) from age 30 to age 65. Also assume they both earn 8 percent on average, before fees. The only difference is that one employee pays 2.5 percent in fees, and the other pays 1.5 percent in fees. At age 65, the employee that paid higher fees would have about \$602,000. But the worker who paid lower fees would have about \$744,000, or \$142,000 more!

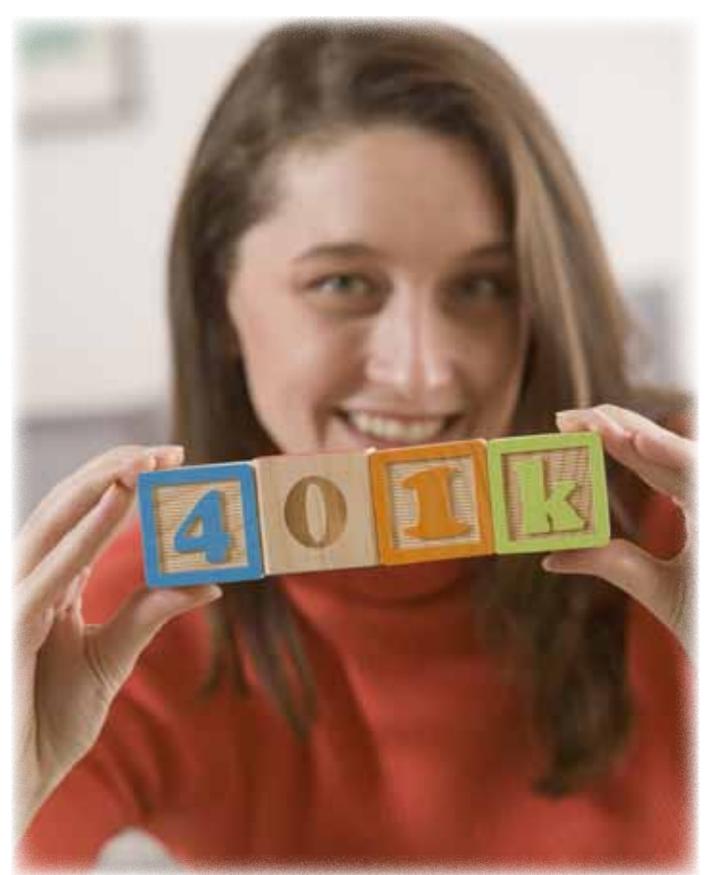
Another way to look at this is the employee who is in the higher-fee 401(k) would have to add an extra \$1,400, or 24 percent more, each year to their 401(k) just to end up with the same amount of money as the worker who is fortunate enough to pay lower fees.

So what can you do? If you are an employer, be on the lookout for the fee disclosure that you should get by July 1. This is an important opportunity to make sure you are doing your best to stay out of trouble with the Department of Labor by confirming that your retirement plan fees are reasonable.

If you are an employee, look for the fee disclosure that you should get by Aug. 30. If the fees you pay are high, ask your employer if lower fee retirement plans are available.

Employers and employees can also visit the website 401kfee.com for a calculator that will run a customized calculation based on your own unique circumstances.

Above all, remember that fees you pay will have a huge impact on how much you have at retirement, and therefore on how long you will have



to work before you can retire. Taking action today to lower the fees you pay will be a strong step to helping ensure a more secure retirement.

— Craig R. Larsen
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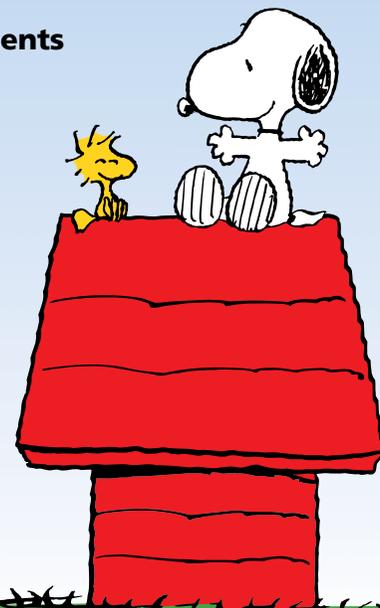
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