

Businesses are required to regularly analyze their 401(k) offerings to employees and offer an option that is in the best interest of employees – usually measured by annual employee fees. We have looked at current market options for small businesses like WCN as seen in the table below.

Based on the analysis, America’s Best 401(k) is the cheapest option – for both WCN and its employees. Calculated on current investments and by continuing its policy of paying everything but expense ratios for its employees’ 401(k), **WCN would save about \$770 per year¹** (plus promotional savings available if we complete the switch during their “no fees” promotional period) with manual payroll upload. **Employees would save \$445.50 per year total**, or \$89.10 per employee. In addition, America’s Best 401(k) offers a wider range of funds to choose from with much lower expense ratios compared to ADP. They also specialize in being a 401(k) provider, while ADP is primarily a payroll provider.

If we switch to America’s Best 401(k):

- Takes 60-75 days; during 60 days, contributions continue to go to ADP, but after that, assets are rolled over via wire. They are converted to cash and should not incur any sales fees with ADP and will not incur any transfer fees with AB401(k).
- There are no startup fees with America’s Best 401(k).
- We must designate a “relationship manager” as the point-of-contact for the plan sponsor (WCN); Theresa Berry would be that contact.
- We can ask ADP to waive the \$1,500 termination fee with the leverage that we intend to stay with them for payroll.
- There are no AB401(k) fees at all through mid-January (promotion).

Vendor	Annual Base Fee WCN Must Pay	Annual Per Participant Fee WCN Must Pay	Other Fees	Cost of Payroll Integration	Total Annual Cost for WCN ²	Total Annual Cost for Employees	Notes
Current Vendor							
ADP	\$2,584	\$28.35 x 5 employees	Advisory services not included; termination fee \$1,500 – request ADP to waive	Full integration with payroll included in fee	\$2,725.75 / year³	\$499.50⁴ (average expense ratio: 1.11%)	Includes advisory service, 5500 preparation, and 3(38) fiduciary; currently charging for 9 employees
Additional Vendor Options							

¹ ADP: \$2,584 + \$28.35 x 5 = **\$2,725.75** minus AB401(k): \$1,600 + \$28 x 5 + \$45,000 x 0.48% = **\$1,956 → \$769.75 saved**

² Calculations based on the current asset balance of approximately \$45,000.

³ \$2,584 + (\$28.35 x 5) = \$2,725.75

⁴ \$45,000 x 1.11% = \$499.50; 0.76% of this retained for marketing and advertising by ADP

America's Best 401(k) ⁵ (promo: no fees thru mid-Jan.)	\$1,600	\$28 x 5 employees	Advisory services included with basic plan: 0.40% of assets; recordkeeper asset fee: 0.08%; startup fee: \$0; termination fee \$750	Full integration available for \$30 / month, advised to do it manually ⁶	\$1,956.00 ⁷ if manual; \$2,316.00 / year with payroll integration	\$54 (average expense ratio: 0.12%)	Includes advisory service, 5500 preparation, and 3(38) fiduciary ⁸ <ul style="list-style-type: none"> • WCN saves \$770/y • Employees save \$446/y
Ascensus / Vanguard	\$3,475	\$0 for up to 15 participants	Advisory services available through Mesirov for 0.03% - 0.06%; startup fee: \$1,000; conversion fee: \$1,500; termination fee: ?	?	\$3,475 / year	\$54 (average expense ratio: 0.12%)	Includes 5500 preparation and 3(38) fiduciary. Best once assets reach a higher level and flat fee is cheaper than hybrid of base fee and assets-based fee. <ul style="list-style-type: none"> • No savings
Trutina Financial ⁹	\$7,500	Included in \$7,500	Advisory services included; startup fee: \$0; termination fee: \$0	Varies by vendor (additional cost)	\$7,500 / year	\$67.50 (average expense ratio: 0.15%)	Includes 5500 preparation and 3(38) fiduciary. <ul style="list-style-type: none"> • No savings
USI ¹⁰							Says that they would not be a good fit because they

⁵ Review available [here](#) and [here](#). Mention by NYT [here](#).

⁶ If you do payroll integration manually, you will need to upload a payroll file and update census file as needed (when employees change); training is provided free of charge.

⁷ $\$1,600 + (\$28 \times 5) + (\$45,000 \times 0.40\%) + (\$45,000 \times 0.08\%) = \$1,956$.

⁸ The federal DOL requires that businesses offering 401(k) plans do a regular market analysis of 401(k) options to ensure they offer funds with the best performance at the lowest cost. If a business does not have the technical knowledge and experience to properly manage investments, they are required by ERISA to hire knowledgeable advisors – getting either a 3(21), which is a shared fiduciary, or 3(38), which means who they hire takes full fiduciary responsibility (liability) to the extent of the law. The 3(38) fiduciary provides an annual report that meets DOL requirements to analyze current fund options but does not specifically show benchmarks versus other plans since actual performance and expense ratios paid depend upon which funds individual participants choose within their options. See, e.g., [here](#).

⁹ Recommended by 501 Commons

¹⁰ Recommended by 501 Commons

						<p>have minimums on their administrative services that make them costly for a small business like ours</p> <ul style="list-style-type: none"> • No savings 	
ForUsAll						<p>Basic package too expensive for small business, so ForUsAll advised us to consider AB401(k) or Ascensus</p> <ul style="list-style-type: none"> • No savings 	
Alternative: SIMPLE IRA					<p>\$1,875: Requires 3% matching of employee contributions</p>	<p>Variable: Requires 2% salary contribution (max \$12,500 instead of \$18,500); fees vary (Vanguard: \$25 per fund; diversification means many funds)</p>	<p>No need to file 5500, no annual market analysis; must start between January and October 1.</p> <ul style="list-style-type: none"> • WCN saves \$851 • No savings for employees, so does not satisfy federal DOL (ERISA) regulations to annually assess 401(k) options and provide 401(k) with best performance at lowest cost