



United Capital of San Francisco Warns Plan Sponsors to Beware:

Hidden Fees Increase Liability

San Francisco, May 13, 2010 –ERISA laws mandating the fiduciary responsibility of providers dictate that pension plan fees need to be fair and reasonable. The potential impact for plan sponsors is that they may be held liable for 401(k) plan providers’ excessive fees that could affect participants’ account performance. Those high fees could lead to lawsuits from the participants for the fees charged not meeting a fair and reasonableness test. “Unfortunately, certain 401(k) plan consultants are not clearly disclosing all of the fees paid to them,” says [Kelly Trevethan CIMA™](#), Managing Director of [United Capital of San Francisco](#), which works with plan sponsors in investigating fees and ensuring provider transparency.

Mr. Trevethan points to a project that left him aghast. “I was working with a 401(k) plan sponsor to determine the very well-known brokerage firm’s consulting fees. I asked the plan sponsor and was told that they didn’t know how much their plan was costing them. Finally the brokerage firm consultant revealed that annual fees were approximately \$65,000. We found comparable fees for a similar plan were half of this amount, at the very most. The client had no idea that the fees were so high, and that they had opened themselves to a potential lawsuit on behalf of the participants for potentially paying an excessive amount of fees to the 401(k) plan consultant.”

Mr. Trevethan’s client was thrilled with the money that they could save their participants. “Every plan sponsor should engage a third party consultant to look at their fees under a microscope,” he says. “Only then will the 401(k)/403(b) plan sponsor be able to gauge the potential liability for participant lawsuits relating to excessive fees.” Mr. Trevethan suggests that a plan sponsor establish a qualified ERISA account into which the plan sponsor puts the mutual fund fees, which the plan consultant would have been paid. “Plan sponsors may be shocked at how much money they will save,” he says.

Mr. Trevethan discusses 401(k) issues on [YouTube](#), which highlights the full transparency mandate necessary for plan sponsors.

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