



# The road to a stronger plan

Multiple Employer Plans Explained



**Michael DiGrazia, CIMA®, CFP®**  
Director  
Institutional Consultant  
Sr Retirement Plan Consultant

(602) 957 5133  
michael.digrazia@ubs.com

**Thomas Tenney, CFA, CFP®**  
Retirement Plan Consultant  
Wealth Advisor  
Portfolio Manager

(602) 957 5152  
thomas.tenney@ubs.com

**Ryan Moore, CFP®**  
Senior Vice President - Wealth  
Management  
Senior Portfolio Manager

(602) 957 5140  
ryan.moore@ubs.com

UBS Financial Services Inc.  
2555 E Camelback Rd, Suite  
600  
Phoenix, AZ 85016

---

UBS Retirement Plan Consulting Services

# Today's discussion

---

## Agenda

**Section 1: Who we are**

**Section 2: Delivering the strengths of UBS**

**Section 3: Overview of multiple employer plans**

**Section 4: Roadmap to a stronger plan**

- Fiduciary governance
- Plan health
- Participant retirement readiness

**Section 5: Fee Comparison Examples**

Section 1

# Who we are

# UBS Institutional Consulting Group - Southwest

---

## Helping you create a stronger plan

- Formed in 2009
- Team of eight strong
- Over \$2 billion in assets under management
- 100 years of combined experience

## Full Range Consulting Services to:

- Multiple Employer Plans (MEP & PEO)
- Native American Tribes
- Taft-Hartley Benefit Plans
- Foundations, Endowments & Associations
- Not for Profit – Hospitals, Schools & Religious Organizations
- ERISA 3(21) and 3(38) fiduciary services
- Corporate Retirement Plans (Public & Private)
- State & Local Governments

## Accolades

- 2015, 2016 & 2017 Barron's Top 1200 Financial Advisor
- 2015 & 2016 Financial Times Top 401 Retirement Advisor Recipient
- 300 Most Influential Advisors in Defined Contribution by 401(k) Advisor
- Research Magazine's top ranked advisor
- Who's Who Registry of Executives and Professionals from Cambridge Who's Who

# Team Members

---



**Michael DiGrazia, CIMA<sup>®</sup>, CFP<sup>®</sup>**  
Director  
Institutional Consultant  
Senior Retirement Plan Consultant  
UBS Institutional Consulting Group

(602) 957 5133  
[michael.digrazia@ubs.com](mailto:michael.digrazia@ubs.com)

Mike has navigated clients through institutional consulting and wealth management in some of the most volatile market conditions in our nation's history, spanning portions of three decades. He utilizes this past experience, and the skills and credentials acquired throughout his career in real estate and finance to help organizations with their retirement plans and investment needs.

Mike has been a Director since 2009 and is a member of the Institutional Consulting Group at UBS. There are less than 100 advisors with the Institutional Consultant title and Mike is also one of 80 Senior Retirement Plan Consultants at our firm. His experience allows our team to provide customized strategies for businesses that address an organization's unique needs and circumstances. He is a Certified Financial Planner™ Certificiant and holds the Certified Investment Management Analyst™ and Accredited Retirement Plan Consultant™ Designations.

Mike has extensive experience advising on Multiple Employer Plans (MEP). MEPs achieve economies of scale by pooling 401(k) assets of companies of all sizes. When structured properly, a MEP can relieve the adopting employer of their fiduciary liability, eliminate the need to hold committee meetings, reduce administrative workload and responsibilities, as well as eliminate individual 5500 filings and audits. Prior to joining UBS, Mike was a co-owner of a real estate appraisal firm in Connecticut, and a Wealth Management Consultant with Merrill Lynch. He graduated from Bentley University in Waltham, MA and is a member of the Financial Planning Association and the Investment Management Consultants Association.

Mike is a member of Neighbors Helping Neighbors in Scottsdale, AZ and a Scottsdale Miss Softball coach as well as an SMS board member. Mike is also a mentor for American Corporate Partners (ACP), which assists veterans in their career transition from the armed forces to the civilian workforce. He is past president of the Exchange Club of Norwalk, and the American Diabetes Association – Fairfield County Advisory Council.

## UBS Retirement Plan Consulting Services

# Team Members

---



**Thomas Tenney, CFA, CFP®**  
Account Vice President  
Retirement Plan Consultant  
Wealth Advisor

(602) 957 5152  
[thomas.tenney@ubs.com](mailto:thomas.tenney@ubs.com)

Tom has more than twenty years of financial services experience. Prior to joining UBS in 2007, he held portfolio manager and advisory roles at Mellon Private Asset Management and East Pacific Investment Company, Inc. He also traded options on the trading floors of the Chicago Board Options Exchange and the Chicago Board of Trade from 1998 through 2006.

Tom's focus is helping corporations and business owners create retirement and profit sharing plans for the benefit of their employees. He works closely with senior management and investment committees to select and monitor the investments offered in those plans. As one of UBS's Retirement Plan Consultants, he is able to assist with Investment Policy Statements.

Tom earned the Chartered Financial Analyst (CFA) designation in 1998, and in 2010 attained the CFP® designation of Certified Financial Planner™. In 1995, he was awarded an MBA in Finance from Hawaii Pacific University. He is a member of the CFA Society Phoenix and previously served as the Society President. He lives in Scottsdale, AZ with his wife and their four children.

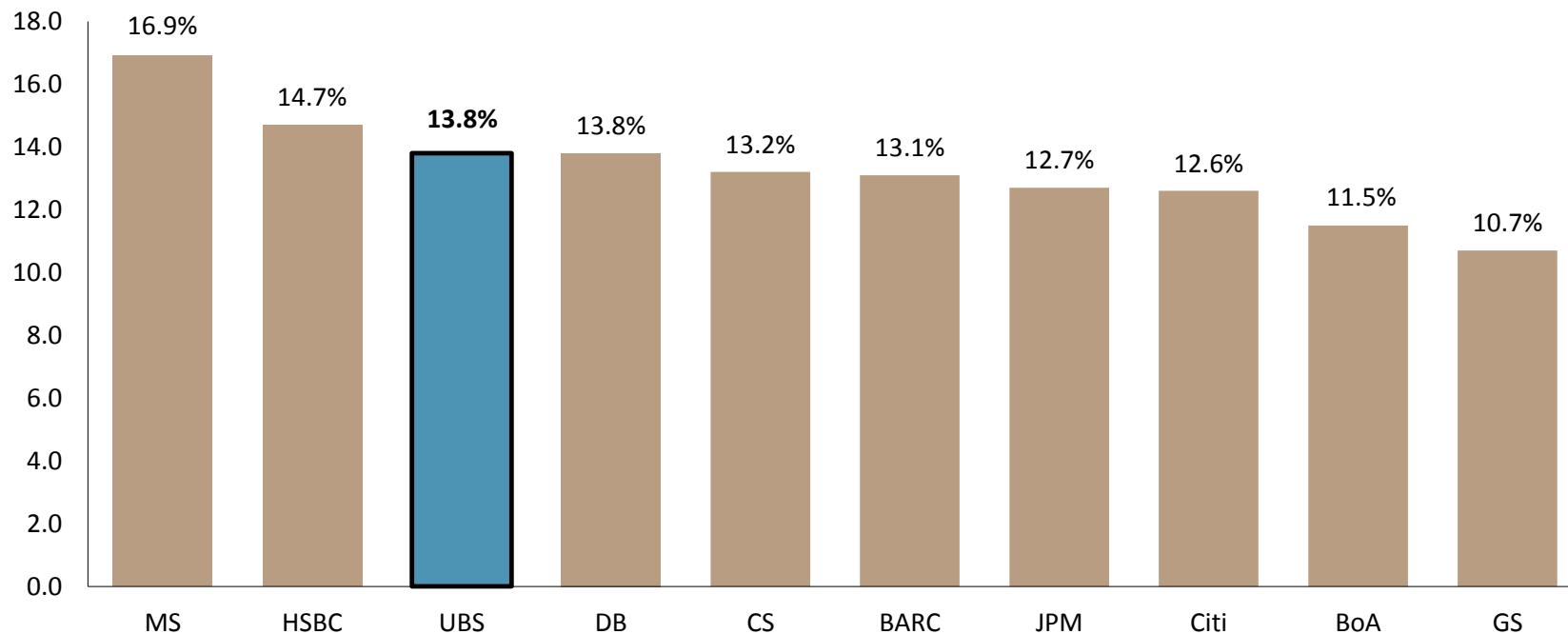
Section 2

# Delivering the strengths of UBS

# UBS Financial Services, Inc—Strong & Well Capitalized

UBS remains financially strong, with solid long-term credit ratings and a BIS Basel III common equity Tier 1 ratio of 13.8%.\*

BIS Basel III common equity Tier 1 ratio (%)-fully applied\* (As of 12/31/2017)



The Basel III framework is a global regulatory standard on bank capital adequacy, stress testing, and market liquidity risk designed to improve the banking sector's ability to absorb shocks arising from financial and economic stress. UBS has surpassed the minimum Basel III CET1 ratio six years early, and has solidified its position as the highest-capitalized bank in its peer group.

Source: Companies reporting

\* All figures are fully applied. UBS and CS are based on Swiss SRB Basel III, other European peers are based on Basel III under CRD IV, while U.S. peers are based on Basel III rule under advanced approach. HSBC and Barclays are as of 9.30.17.



# Committed to servicing retirement plans

---

## A nationwide network

- 400+ Retirement Plan Consultants\*
- 2,000+ retirement plans we advise, from small businesses to the Fortune 500\*
- Listed in *PLANSPONSOR* "Top 5" rankings\*\*

## A firmwide focus

*\$100 billion+ in retirement plan assets\**

UBS Wealth Management Americas:

- \$70 billion—Retirement Plan Consulting and Institutional Consulting Services programs
- \$20 billion—Retirement plans through advisory and brokerage platform
- \$18 billion—UBS Select Program for Retirement Plans

*\$23 billion in defined benefit/defined contribution (DB/DC) assets*

UBS Asset Management:

- \$23 billion—DB/DC assets for Institutional non-taxable U.S.-based clients\*\*\*

\* Source as of 12/31/16, based on UBS reporting. Includes defined contribution and nonqualified deferred compensation plans served through our Institutional Consulting and Retirement Plan Consulting Services programs.

\*\* *PLANSPONSOR*. Consultant Buyer's Guide Survey, September 2014. Ranking criteria based on information self-reported by firms. All data are as of June 30, 2014 unless otherwise noted.

\*\*\* As of 12/31/2016; UBS Asset Management is an affiliate of UBS Financial Services Inc.

# Bringing the strength of UBS to your plan

---

A 150-year global heritage and strong financial resources fuel our work

## Bringing the strength of UBS to work for you

- UBS Institutional Consulting has delivered customized investment solutions for 30+ years<sup>1</sup>
- \$1.11 trillion in UBS Wealth Management Americas invested assets<sup>2</sup>
- Best Global Wealth Manager, 2017<sup>3</sup>
- UBS's capital position is strong, and its Basel III CET1 ratio is one of the highest among large global banks<sup>4</sup>

## You will work with our highly credentialed Institutional Consultants

- Certified Investment Management Analyst<sup>®</sup> (CIMA<sup>®</sup>) and Chartered Financial Analyst (CFA)
- An average of 26+ years of industry experience<sup>1</sup>
- Strong internal network for sharing best practices

<sup>1</sup> As of 12/31/2016.

<sup>2</sup> Source: UBS quarterly report 4Q16.

<sup>3</sup> Source: Euromoney, 2017. The Best Global Wealth Manager Award was determined and awarded by the Euromoney editorial team. The Euromoney Awards for Excellence were established in 1992 and are the global benchmarks for the banking industry. These annual awards cover more than 20 global product categories, best-in-class awards in all regions and the best banks in close to 100 countries around the world. UBS did not pay a fee in exchange for the award.

<sup>4</sup> Source: Companies reporting. All figures are fully applied. UBS and CS are based on Swiss SRB Basel III, other European peers are based on Basel III under CRD IV, while US peers are based on Basel III rules under advance approach; HSBC, CS and BARC as of 09.30.16. For more information, see disclaimers at the end of this presentation and 'Capital Management' section in our quarterly and annual reports available at [ubs.com/investors](http://ubs.com/investors).

# Why UBS—the value we deliver

---

In today's challenging environment, you face ongoing change and complexity in managing your responsibilities, and participants must save more due to rising life expectancies and greater responsibility for retirement savings

UBS is well-positioned to address these challenges with more than 30 years of retirement plan consulting experience and the broad financial insights of one of the leading wealth management firms in the world.

## **We provide**

- Plan sponsors with comprehensive retirement plan consulting services and a roadmap for managing plan complexity\*
- Participants with relevant education that helps them make informed financial decisions
- A tailored service experience through dedicated consultants who are supported by the resources of UBS

\* UBS Financial Services Inc., its affiliates and its employees are not in the business of providing tax or legal advice. Clients should seek advice based on their particular circumstances from an independent tax advisor.

---

# Delivering our strengths

---

## UBS advantage



## Your benefit

---

**More than 30 years** of experience providing fiduciary investment advice



Receive advice based on **experience and knowledge**

---

**Customized advice** from a firm with extensive resources and capital strength



Receive advice that is tailored and backed by **broad resources**

---

**High-touch service** from a dedicated Retirement Plan Consultant



Provides you a **single** point of contact for your retirement plan needs

---

A combination of plan consulting services and financial acumen from one of **the world's largest wealth managers**<sup>6</sup>



Our **latest thinking and insights** brought to bear on your plan and **financial experience** beneficial to your participants

Please see citations at the end of the presentation.

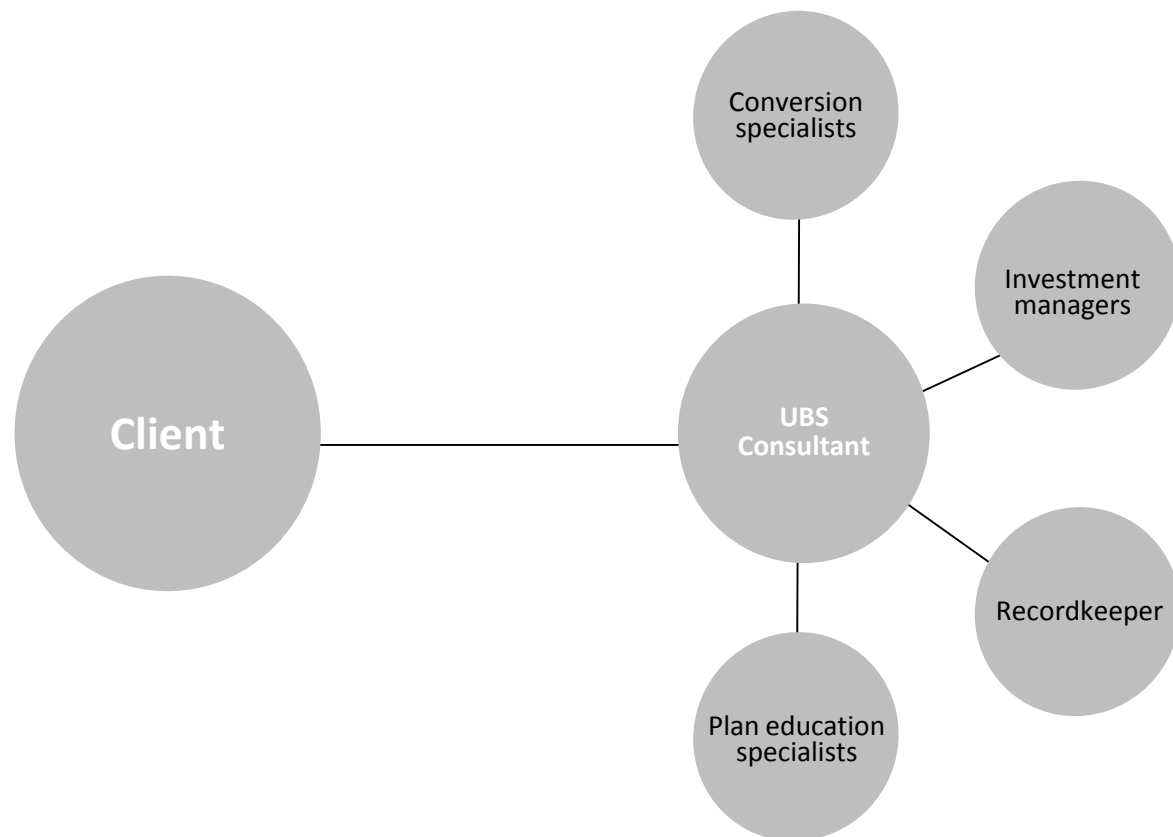
# A simplified approach

---

We employ a coordinated and streamlined approach

## Benefits

- Single point of contact
- Coordination of resources
- Accountability
- Cost efficiencies
- Saves time



## Section 3

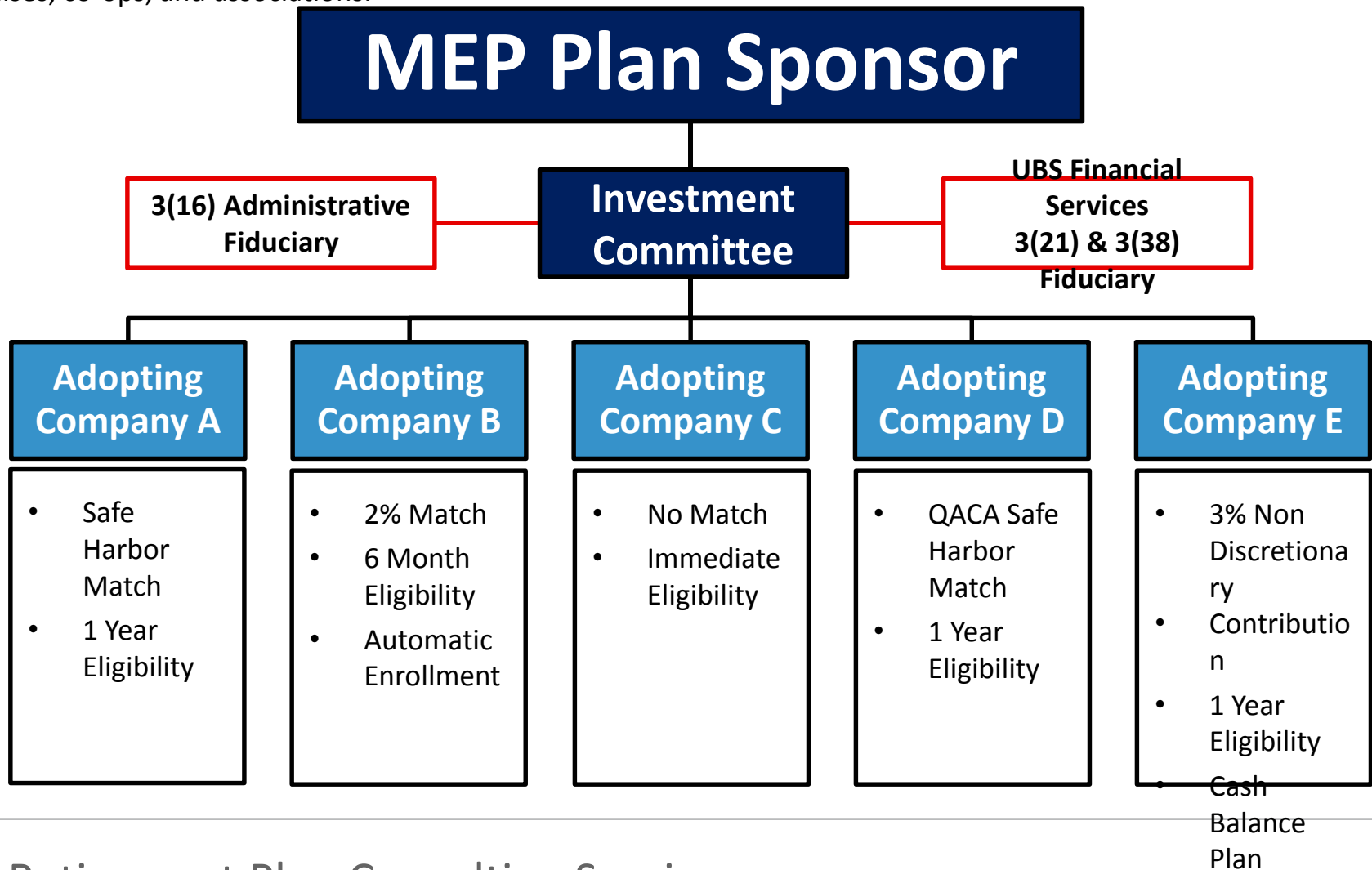
# Overview of multiple employer plans

UBS Financial Services does not create, offer, or provide administration services for Multiple Employer Plans.

---

# What is a Multiple Employer Plan (MEP)?

A **multiple employer plan** is a plan maintained by two or more employers who are not related although a commonality of interest is generally required. The adopting employers of the MEP have plan design flexibility (see example below) and the MEP sponsor or Lead Employer is the Named Fiduciary to the plan. There are several common sponsors of Multiple Employer Plan's including professional employer organizations (PEOs), human resource outsourcing organizations, franchises, co-ops, and associations.



# Different Types of MEPs - Open v Closed

---

## Key differences between "open" and "closed" MEPs

- Under an "open" MEP, any eligible employer may join. An "open" MEP is a single plan with a single plan document under IRS rules but is treated under Department of Labor rules as a separate plan for each Adopting Employer. This means that an individual Form 5500 with audit (if applicable) will be completed and bonding requirements will be monitored for each Adopting Employer.
- By contrast, a "closed" MEP is for an association or group of employers that share a common nexus. One overall Form 5500 and plan audit is completed for the closed MEP as a whole.

## Which is Better, an "open" or a "closed" MEP?

- The advantage of a closed MEP is the single Form 5500 and fidelity bond.
- The disadvantage is that the entire plan must be audited, whereas in an open MEP only those Adopting Employers who are large plan filers require an audit.
- Unless a closed MEP is very large, the audit cost can be substantial, so an open MEP may be preferable for small employers despite the added cost of separate 5500s.



# Significant Advantages of a Multiple Employer Plan

---

## (MEP)

- I. **Fiduciary Outsourcing** – elimination of much of the fiduciary responsibility that goes along with sponsoring a plan under ERISA
  
- II. **Pooling of Resources Results in Cost Savings**
  - *Economies of Scale Pricing by Adopting a Larger More Efficient Plan*
  - *Audit Savings*
  - *Form 5500 & Administrative Outsourcing*
  - *Access to Low Cost Investments*
  
- III. **Outsourcing of Services and Professional Support to the MEP Plan Sponsor**
  - *Governance and oversight*
  - *Simplified Administration*
  - *Staff Time and Labor efficiency*
  - *Recordkeeping services*
  - *Participant Education Resources*
  - *Professional Investment Management*
  - *Professional Retirement Plan Consulting Services*
  
- IV. **Flexibility in Plan Design for Each Adopting Employer**
  - *Customize the plan design elements that matter to you*

# UBS & other service providers

---

<u>UBS Retirement Plan Consulting</u>	<u>Retirement Plan Provider</u>	<u>Third Party Administrator</u>
<ul style="list-style-type: none"> <li>• Can act as an ERISA 3(21) &amp; 3(38) fiduciary with regard to investments in the plan</li> <li>• Assistance with Investment Policy Statement (IPS) development</li> <li>• Analyzes and monitors passive and active investments for the plan</li> <li>• When suitable, recommends replacement investments based on IPS</li> <li>• Plan and Investment fee monitoring</li> <li>• Liaison to other service providers</li> <li>• Additional Consulting services</li> <li>• Fee Benchmarking services</li> </ul>	<ul style="list-style-type: none"> <li>• Provides recordkeeping and administrative services to the plan</li> <li>• Hosts plan &amp; participant websites</li> <li>• Creates and distributes plan participant statements</li> <li>• Holds the assets of the plan</li> <li>• Enrollment kits</li> <li>• Participant education available</li> </ul>	<ul style="list-style-type: none"> <li>• May act as a 3(16) Fiduciary</li> <li>• Creates Form 5500 for the plan taking this burden away from all adopting members</li> <li>• Creates and distributes participant disclosures &amp; participant notices</li> <li>• Services may be bundled with the Retirement Plan Provider</li> </ul>

# Arizona Association of Realtor's Role as the Plan Sponsor

---

The Arizona Association of Realtors has two key roles in association with the MEP.

- The first responsibility is to adopt a plan document and serve as the Plan Sponsor.
- The second responsibility is to serve as Trustee and safeguard the assets and assure that participants are treated fairly.

While the Arizona Association of Realtors oversees the MEP, the day-to-day operations are the responsibilities of the Recordkeeper, TPA & Investment Advisors who typically act as ERISA 3(16), 3(21) & 3(38) fiduciaries. Once the ERISA fiduciaries are in place, it is the plan sponsor's responsibility to review and monitor their work and recommendations.

Section 4

# Roadmap to a stronger plan

# A roadmap with three areas of focus

---

Our efforts are designed to help you manage your plan more effectively



**Fiduciary  
governance**

---

To help you manage your  
**fiduciary responsibilities**



**Plan health**

---

Applying **new strategies** to  
**optimize** your plan



**Retirement  
readiness**

---

To help participants make more  
**informed** financial decisions

# Fiduciary governance—Investment advice

---

<b>IPS development</b>	<ul style="list-style-type: none"><li>• Assist in establishing Investment Policy Statement</li><li>• Help determine key investment selection and review criteria</li><li>• Review periodically</li></ul>
<b>Investment advice</b>	<ul style="list-style-type: none"><li>• Search and recommend investment options that align with your IPS</li><li>• Identify investment options that should be replaced</li><li>• Recommend range of strategies allowing participants to adequately diversify their accounts</li><li>• Review and revise your investment menu on an ongoing basis</li></ul>
<b>Fiduciary acknowledgement</b>	<ul style="list-style-type: none"><li>• ERISA fiduciary with respect to the investment advice we provide</li><li>• Subject to ERISA fiduciary standard of care with respect to investment advice</li><li>• Objective investment advice</li></ul>

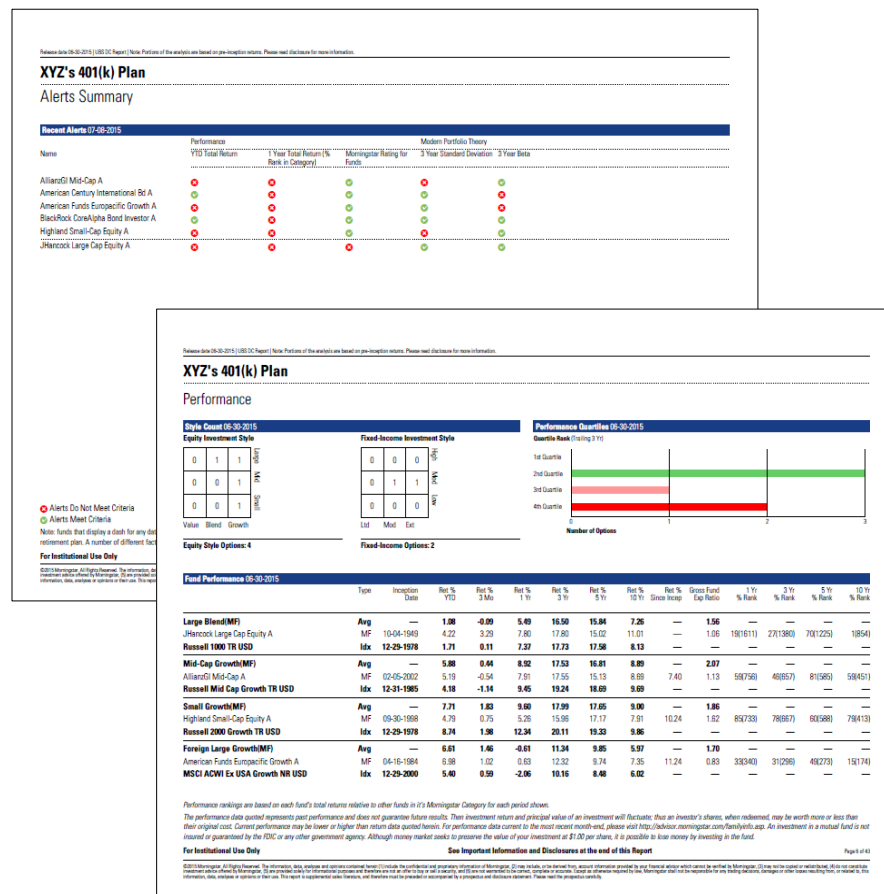
# Fiduciary governance—Ongoing investment reviews

## Investment reviews

- Scorecard showing investments not meeting IPS criteria
- Market snapshot
- Plan asset allocation summary
- Performance comparisons against peers and benchmarks
- Risk and return analysis
- Style analysis
- Expense analysis

## Investment searches

- Search for investment alternatives to ensure alignment with IPS
- Make investment recommendations

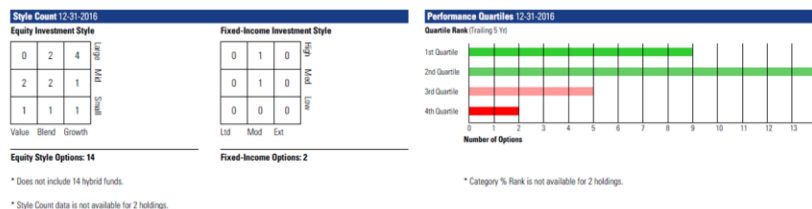


# Fiduciary governance—Investment Committee Meetings

## Customized summaries of all reports

- Market & Economic Overview
- Investment Review
- Plan Health Statistics
- Fiduciary Updates

## Performance Summary

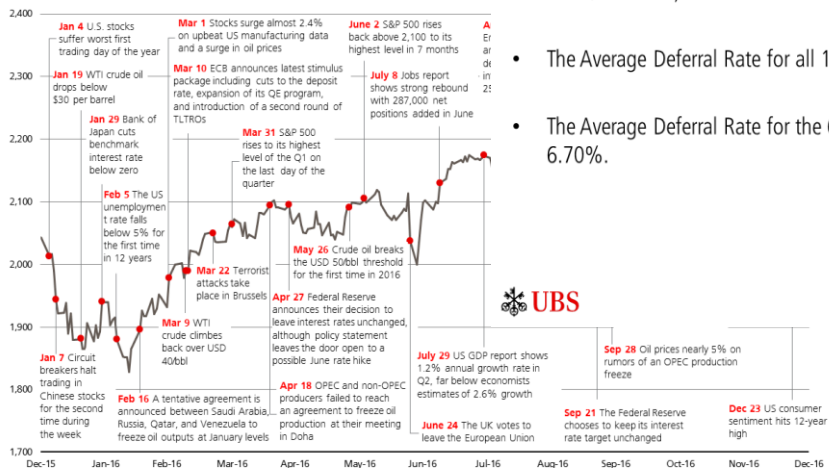


## Participation & Contribution Rates

- There are 85 participants with a balance.
  - 6 of those are terminated with a balance.
- Participation Rate: 57%
  - There are 107 participants on Fidelity's system with Acti
  - 61 of those have a deferral election on file with us. (N participants who may have a flat dollar amount selectec %'s on file).

## What has happened recently?

Markets continue to hover near all-time highs



- The Average Deferral Rate for all 107 active/eligible participants is 3.82%.
- The Average Deferral Rate for the 61 participants with deferral elections on our records is 6.70%.



# Fiduciary governance—Education and process

---

We provide fiduciary education and help you document your process and decisions

- Fiduciary Guide
- Fiduciary Checklist
- Sample benefit committee meeting minutes and Board of Directors resolutions
- Checklist to help ensure ERISA 404(c) compliance
- Plan Administration Checklist to track key events and deadlines

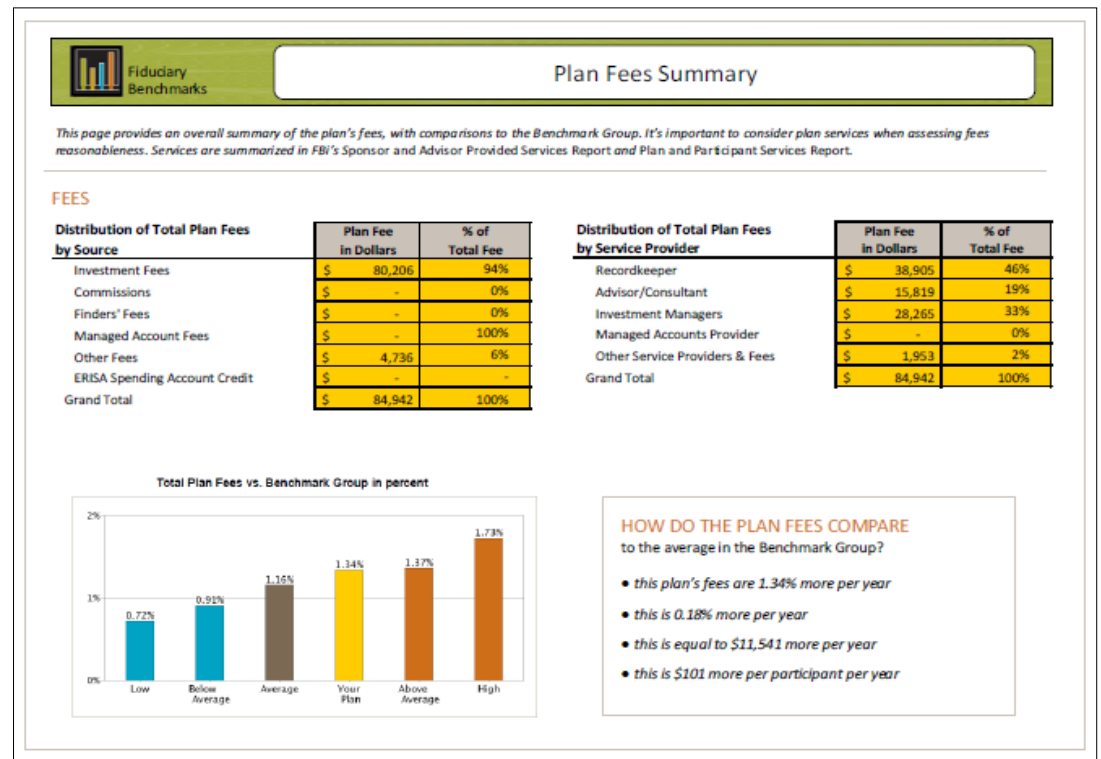




# Fiduciary governance—Fee analysis and benchmarking

Ongoing support to review and evaluate plan expenses

- Understand how fees are derived
- Determine whether fees are reasonable in light of services provided
- Document a prudent process



# Plan health—Strategies to optimize your plan

---

We help you evaluate indicators of plan health, recommend key tactics to optimize your plan and assess progress

- Participation rate
- Deferral rate
- Diversification\*
- Robust provider services and capabilities
- Participant engagement

\*Diversification does not guarantee a profit or protect against a loss in a declining financial market.

# Plan health—Your plan liaison

---

We can help you manage day-to-day provider issues

- Assist in obtaining fee and expense information
- Assist you when negotiating fees and services
- Identify potential service enhancements
- Help resolve issues

# Retirement readiness—Addressing employee concerns

---

“**When** will I be able to retire?”

“**How much** should I contribute?”

“**What** funds are available to me?”

“**How** do I make sense of the markets?”

# Retirement readiness—Education is key

---

Strategic planning and consultation on your education program



## Assess

- Current participant education strategy
- Provider education services
- Plan demographics and participant educational needs



## Deliver

- Customized participant education strategy
- Education through workplace seminars
- Ongoing financial education



## Resources

- Newsletters
- Brochures and worksheets
- Educational seminars

# Retirement readiness—Education is key

UBS Financial Wellness Center—for retirement plan participants

[www.ubs.com/financialwellness](http://www.ubs.com/financialwellness)

- An online resource available through your Retirement Plan Consultant
- Curated by UBS wealth management professionals
- A multimedia experience with videos, podcasts, tutorials, articles and worksheets
- Information and insights for every life stage and major life events—starting out, managing priorities, nearing retirement
- Empower employees to make smarter financial decisions
- Improve retirement readiness and overall financial wellness

UBS

UBS Financial Wellness Center

Home Starting out Managing your priorities Nearing retirement Life events UBS insights

It's your future, plan for it your way

Valuable knowledge for retirement plan participants

With some thoughtful planning and a little bit of discipline, you can create a brighter financial future for you and your family. Your employer, along with UBS, is providing you this educational resource to help you do just that. Use it to help improve your financial wellness and make knowledgeable decisions for your future.

If you were directed to this site by your employer and need more information about the content here, please contact your Human Resources representative. To learn more about UBS, visit [ubs.com/nf](http://ubs.com/nf).

Trending conversations

**Reality check: The true costs of long-term care**  
The good news is we're living longer. The bad news is many of us are in denial about how much we'll need to take care of ourselves as we age. Listen now to this podcast and learn how to prepare.

Starting out

Plan now for the future you want.

**The importance of starting early**  
• Watch the video   
• More about planning for your future

**Living on a budget: One of the keys to a better financial future**  
• Read the article   
• More about budgets, credit and debt

**Smart saving ideas: 10 easy strategies to spend less and save more**  
• Read the article   
• More about saving strategies

Managing your priorities

Bring some balance to your complex life.

**Catch-up strategies**  
• Watch the video   
• More about retirement readiness

**Mid life investing: Making the most of your asset-building years**  
• Read the article   
• More about building your savings

**A smarter way to save for education**  
• Read the article   
• More about education funding



# Retirement readiness—Financial Planning Resources



## 3 simple questions. The one answer you need.

Find out if you have a **retirement income gap** with iRetire®

What's your age?

What are your current retirement savings?

How much income would you like in retirement?

Answer these three questions and your UBS Financial Advisor can estimate where you stand—and illustrate a way that may help you get closer to the number that's really important: the income you want once you retire. You can even choose a solution right then to help close the gap between today and retirement.

It's simple. And it's important.

We believe having enough for retirement is one of the biggest concerns investors have today. So many factors beyond your control can affect how much you'll need, such as: spending more time in retirement, helping out aging parents and kids well into adulthood, and facing rising healthcare costs.

iRetire® by BlackRock®

<p><b>See</b> where you stand today based on:</p> <ul style="list-style-type: none"> <li>• your age</li> <li>• your savings to date</li> <li>• your ideal income</li> </ul>	<p><b>Explore</b> what you can do differently:</p> <ul style="list-style-type: none"> <li>• work longer</li> <li>• save more</li> <li>• invest differently</li> </ul>	<p><b>Choose</b> a UBS Managed Portfolio of Funds <i>House View</i> Strategy portfolio to help put the iRetire® approach into action*</p>	<p><b>Boost</b> your confidence about having what you need in retirement</p>
---	---	---	--

Go a step further and get a roadmap to all your financial goals

Retirement is only part of your financial picture. Education, philanthropy, your mortgage, even banking and insurance play an important role in how you plan for your future. Find out how you can see your overall net worth in one place, so you and your Financial Advisor have broader insight into how to plan for your future.

Talk to your UBS Financial Advisor today.

\* Only the UBS Managed Portfolio of Funds *House View* Strategies are identified in the tool, and they do not represent the full universe of investments that could compose a portfolio or help you reach your retirement income goals.



## A plan for your financial life

Finding the right path to **pursue your goals**

Financial Goal Analysis with UBS

At UBS, the Financial Goal Analysis is our written financial plan that uses sophisticated analytics to help you evaluate whether you are on a path toward achieving your personal financial goals. When you incorporate a financial plan as part of our overall wealth management process, you'll have a clearer vision of what steps to take along the way.

### Our wealth management process

**Discover.** This is where we gain vital information about your goals and resources. We'll discuss the most important aspects of your financial life so that we can assess your current situation and uncover unmet needs. We can analyze both sides of your personal balance sheet—your assets, real estate, insurance, annuities and any windfalls that might come your way. We can also review your liabilities, tax situation and expenses. Your Financial Advisor will ask questions about your larger life—your priorities, life goals, causes you're passionate about, your needs, wants and wishes. We'll also learn about your time horizon for saving and overall risk tolerance.

**Create.** The next step includes creating your comprehensive written financial plan. Based on knowledge gained during the discovery phase, your

Financial Advisor will develop a strategic approach for your specific needs. The written plan will include an executive summary with clear action steps for you to consider, as well as "what-if" scenarios that let you evaluate alternative planning strategies and their possibilities. (See Exhibit 1).

**Agree and understand.** Once all your priorities have been identified, and you understand and agree on the plan, it's time to implement it.

**Implement.** Outside of your financial plan, we also offer a variety of products and services that can help you put the full range of strategies into action—from banking services to life insurance and more. And because you and your Financial Advisor have had comprehensive discussions about your goals, you'll be in a better position to determine which of these services complement your overall strategy.



**Current situation:** If you make no changes to your current situation, you have a 45% probability of success.



**"What if" scenario:** We'll help you see how different actions can improve the probability of success.

This scenario illustrates the impact of:

- Retiring later
- Reducing spending
- Increasing savings
- Adjusting the portfolio allocation

For illustrative purposes only. Results vary for every client. The FGA report is based on various assumptions including financial information, personal preferences and other information provided by the client. The report details the assumptions upon which the plan is based. **Important:** The projections or other information generated by the FGA regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

Advice. Beyond investing. plan access save borrow grow protect give

# Our insights. Your advantage.

---

We're ready to put our strengths to work for you



**Fiduciary  
governance**

---

To help you manage your  
**fiduciary responsibilities**



**Plan health**

---

Applying **new strategies** to  
**optimize** your plan



**Retirement  
readiness**

---

To help participants make more  
**informed** financial decisions

Section 5

# Fee Comparison Examples

# MEP & 401(k) Plan Comparisons - Small Company

<b>Example #1:</b> <b>10 Employees</b> <b>\$100,000 Assets</b>		
	Current Estimate	MEP Estimate
<b>Participant Fees:</b>	\$ -	\$ -
<b>Advisor:</b>	1.18%	0.25%
<b>Recordkeeping:</b>	2.25%	0.65%
<b>Average Investment Cost:</b>	0.56%	0.32%
<b>Total Costs</b>		
\$	\$ 3,990	\$ 1,220
%	3.99%	1.22%

\* Current estimates based on data in the 401k Averages Book, 17th Edition.

- Estimated costs savings of \$2,770 or 69% annually
- Fiduciary responsibilities significantly reduced with the inclusion of ERISA 3(38), 3(21) & 3(16) fiduciaries to the MEP
- Access to institutional class investment funds with zero revenue share
- Total Cost can be reduced to 1.05% or lower thru the use of index funds ranging from 0.04% - 0.15%.

# MEP & 401(k) Plan Comparisons - Larger Company

<b>Example #2:</b> <b>50 Employees</b> <b>\$2,500,000 Assets</b>		
	Current Estimate	MEP Estimate
<b>Participant Fees:</b>	\$ -	\$ -
<b>Advisor:</b>	0.50%	0.19%
<b>Recordkeeping:</b>	0.33%	0.35%
<b>Average Investment Cost:</b>	0.56%	0.32%
<b>Total Costs</b>		
\$	\$ 34,750	\$ 21,500
%	1.39%	0.86%

\* Current estimates based on data in the 401k Averages Book, 17th Edition.

- Estimated costs savings of \$13,250 or 38% annually
- Access to institutional class investment funds with zero revenue share
- Fiduciary responsibilities significantly reduced with the inclusion of ERISA 3(38), 3(21) & 3(16) fiduciaries to the MEP
- Company administrative duties significantly reduced as investment reviews and participant notices are now handled by the MEP

<sup>1</sup> Manganaro, John. "Tibble v. Edison Case Heard by U.S. Supreme Court." *planadviser.com*. 2/24/2015. Web (12/18/2015).

<sup>2</sup> Randazzo, Sara. "Plaintiffs' Lawyer Takes On Retirement Plans." *wsj.com*. 8/25/2015. Web (12/18/2015).

<sup>3</sup> Bradford, Hazel. "DOL Moving Forward on New Fiduciary Standard." *pionline.com*. 8/24/2015. Web (12/18/2015).

<sup>4</sup> Editors, *Consumer Reports*. "Does Your 401K Plan Need a Makeover?" *consumerreports.org*. 8/27/2015. Web (12/18/2015).

<sup>5</sup> Wasik, John F. "Finding, and Battling, Hidden Costs of 401k Plans." *nytimes.com*. 11/7/2014. Web (12/18/2015).

<sup>6</sup> Source: The Scorpio Partnership Global Private Banking Benchmark 2015. The Scorpio Partnership Global Private Banking Benchmark is the leading analysis of the international wealth management market from strategists Scorpio Partnership. The 2015 report includes data based on results from 203 private banks around the world with total assets under management of USD 16.4 trillion. The report includes more than 2,000 data points on the private banking industry's key performance indicators: business model analysis, regional analysis, assets under management, market share, net new money, income breakdown, expenses breakdown, cost income ratios and gross margins. The benchmark seeks data relating to the firm's actively managed high net worth private client assets, including discretionary portfolio management, advisory portfolio management, securities or brokerage accounts, own mutual funds, term deposits, fiduciary deposits, savings accounts and managed trust assets.

UBS does not provide legal, tax or actuarial advice. You will be responsible for ensuring that your investment policy statement and other plan documents comply with ERISA, state or local laws, or other regulations or other requirements that apply to you. You should consult with your legal and tax advisors regarding those matters.

Our services do not include a review of the performance or recommendations regarding whether a plan should offer or continue to offer employer securities as an investment option under the plan. If our fees are based on the value of the assets in your plan, we will not include the value of the employer securities when we calculate the RPCS Program Fee.

Our investment searches will not include UBS affiliated/proprietary mutual or sub-advised funds. Inclusion of affiliated or proprietary mutual or sub-advised funds in our investment searches raises a conflict of interest as purchasing those funds will result in increased compensation to UBS and/or a member of the UBS organization.

While we can identify investment funds from an extensive list of options, our investment searches are limited to those which are offered by the Firm or for which the Firm has conducted a review and are available on the plan's record keeper platform.

UBS Retirement Plan Consulting Services is an investment advisory program. Details regarding the program including fees, services, features and suitability are provided in the ADV Disclosure.

#### **Important information about advisory and brokerage services**

As a firm providing wealth management services to clients, we offer both investment advisory and brokerage services. These services are separate and distinct, differ in material ways and are governed by different laws and separate contracts. For more information on the distinctions between our brokerage and investment advisory services, please speak with your Financial Advisor or visit our website at [ubs.com/workingwithus](http://ubs.com/workingwithus).

#### **For plan sponsor use only. Not for participant distribution.**

© UBS 2016. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC.

ubs.com/fs  
160912-6315

IS1504926 Date of First Use: 12/17/2015.

