

## PLAN RELATED EXPENSES

WHO MAY PAY:

Employer

Plan  
(pro rata  
or per capita<sup>1</sup>)

Participant  
(based on usage)

### Design<sup>2</sup>

Plan design proposals and financial projections	X		
Nondiscrimination, other testing re proposed design	X		
Union negotiations	X		
Plan termination decision	X		
Analysis of required amendments	X		
Analysis of required amendments	X		

### Drafting<sup>3</sup>

Plan document-initial	X		
Loan policy	X	X	
Distribution, beneficiary and other administrative forms	X	X	
Amendment ongoing plan - required (ERISA/ qualification)	X	X	
Amendment terminating plan – required (ERISA/ qualification)	X	X	
Amendment - discretionary	X		
Determination letter filing (excluding IRS user fee)	X	X	

### Investments

Trustee fees	X	X	
Investment management fees	X	X <sup>4</sup>	X
Investment advice to individual participants	X	X	X
Commissions		X	X
Self-direction fees/expenses	X	X	X
Valuation of trust assets	X	X	
Preservation, protection of trust assets	X	X	

### Reporting and disclosure

5500	X	X	
Required auditor's report	X	X	
5300 series determination letters (excluding user fee)	X	X	
SPD, SMMC, SAR, benefit statements	X	X	
Investment education	X	X	
404(c) disclosure	X	X	X
Other communication with plan participants	X	X	

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#### Administration/recordkeeping

Testing	X	X	
Accounting, benefit computation	X	X	
Distributions	X	X	X
Loans	X	X	X
QDRO status	X	X	X
Deduction limit computation	X		
Actuarial fees	X	X	
Required fidelity bond	X	X	
Assets purchased to perform administration	X	X	

#### Government imposed amounts

Determination letter user fee	X	X	
EPCRS compliance fee	X		
PBGC premium and termination fee	X	X	
Plan related penalties, fines	X		

*Note:* This table is for general reference only. The context in which a particular fee or expense arises, such as plan installation or plan termination may alter the result. All expenses which a plan pays must be reasonable in amount and are subject to other limitations, including the prohibited transaction rules.

<sup>1</sup> A plan may charge reasonable (non-settlor) expenses to participants pro rata relative to their account balances. A plan also may be able to charge such expenses equally to participants (per capita) provided the charges are fixed expenses not determined on the basis of participant account balances. A plan may charge to a *terminated* participant's account a pro rata share of the plan's reasonable administrative expenses, even if the employer pays those expenses with respect to current-employee participants. Rev. Rul. 2004-10; DOL FAB 2003-3.

<sup>2</sup> The employer must pay "settlor expenses" which include plan design expenses.

<sup>3</sup> A plan may pay expenses associated with the *implementation* of a settlor decision.

<sup>4</sup> The DOL may challenge a per capita allocation of fees determined on the basis of the participant's account balance as arbitrary. DOL FAB 2003-3.