

Fee Reduction in Florida League of Cities' Administered Retirement Plan

by Rodney Walton
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Some people never see or even know there are fees associated with their retirement account. They can be hidden and confusing. This potential for confusion is one reason why the Florida League of Cities, administrator of the Florida Municipal Pension Trust Fund (FMPTF), is extremely transparent with fees.

One of the biggest advantages of the FMPTF retirement plans is low fees. In 2009, when the FMPTF brought in a full lineup of Vanguard funds, the fund drastically reduced the fees in the plan. The average Vanguard investment is at 0.20% annual investment expense. The low fees have always been an incredible value for the fund's smaller plan sponsors.

Now, the FMPTF is announcing that it has reduced its own administration fees for current and new plans that have more than \$2 million [based on combined 401(a) Defined Contribution and 457(b) Deferred Compensation retirement plans asset sizes]. Plans under \$2 million will continue to enjoy the incredibly low fee structure, as they have for nearly a decade. (All fees below are annual fees.)

Old Fee Structure

Fee Group	Combined DC/Def Comp Plan Size in Assets	Active Participants	Inactive Participants	% of Assets
Group A	All plans	\$16/year	\$50/year	0.40%/year

New Fee Structure

Fee Group	Combined DC/Def Comp Plan Size in Assets	Active Participants	Inactive Participants	% of Assets
Group A	Plans under \$2MM	\$16/year	\$50/year	0.40%/year
Group B	>\$2MM-\$5MM	\$0/year	\$50/year	0.40%/year
Group C	>\$5MM-\$10MM	\$0/year	\$50/year	0.30%/year
Group D	>\$10MM-\$30MM	\$0/year	\$0/year	0.20%/year
Group E	\$30MM+	\$0/year	\$0/year	0.14%/year

As an example, let's look at a Group D plan. If a participant enrolled in that retirement plan in her mid-20s saved \$100,000 by her mid-30s, she sees a fee savings of \$200 a year, under the new plan. When compounded over the rest of the 30 years remaining in her career, assuming retirement at age 65, that fee savings is more than \$35,000!

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