The Standard Manages The ERISA Bucket Transparently, Fairly And Efficiently

The revenue sharing earned by some larger plans may eventually exceed the cost of administering the plan. Many providers retain these dollars; this creates tension with clients who believe that the excess revenue sharing rightly belongs to their plan. A lack of transparency regarding revenue sharing can obscure the real cost of the plan and make it difficult to know how much the plan is actually paying the provider.

Today, some providers tout the "ERISA bucket" account into which excess revenue sharing can be deposited as a new enhancement.[1] ERISA regulations dictate that plan assets can only be used to pay benefits to participants and to pay reasonable expenses to administer the plan. An ERISA bucket facilitates the use of revenues generated by plan assets to pay other legitimate plan expenses. Any excess in the ERISA bucket at the end of the plan year should be allocated to participant accounts.[2]

The Standard: A Leader In Fee Transparency And Fairness

What might be new for some providers has been in place for clients of The Standard for over a decade

The Standard collects revenue sharing from the mutual fund companies, then passes through all fund revenue sharing to benefit the plan and its participants. Each plan has an operational method in place to direct spending of its revenue sharing dollars.

It's not necessary to negotiate the return of revenue sharing to the plan – The Standard continues to be contractually committed to returning all mutual fund revenue sharing to its retirement plan customers.

Let us show you how The Standard manages the ERISA bucket without action by the client. Contact a sales and service representative at 844.239.3561 to learn more.

1 Employee Retirement Income Security Act of 1974. While "ERISA bucket" is the most commonly used term for such accounts, you may also hear them referred to as an "ERISA budget account", "ERISA recapture account", "plan expense account", etc.

2 Examples of expenses which the plan may pay from the ERISA bucket include: recordkeeping and discrimination testing costs, audit fees, plan amendment fees (when amendment is required by law), and certain other professional fees (legal, investment advisory and consulting, if required to maintain the plan).
Plan sponsors are responsible for "settlor" costs, such as those associated with establishing or terminating the plan, as well as amending the plan for reasons other than compliance with current regulations.

The Standard
1100 SW Sixth Avenue
Portland OR 97204

www.standard.com

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