

Participant fees—understand your options

Participant fees are one way you can pay some or all of your plan's recordkeeping costs. If you use this option, you'll need to decide how to allocate the fees across your participants.

At TIAA, we provide the flexibility you need to design a fee strategy that meets the needs of your institution. You can use investment-level fees, plan-level fees or a combination of both. The following is an overview of the different participant fee strategies to help you understand your options and make informed decisions.





Investment-level fees and credits

This fee strategy is based on how much revenue sharing is generated by the plan's investment options. The goal is to have the same total administrative fee for each investment (e.g., 0.20%) so participants pay the same proportion of the cost. The calculation involves:

- Determining the required revenue needed to pay the plan's administrative fees
- Identifying the revenue sharing amount for each investment
- Assessing a plan servicing fee to any investment with revenue sharing that is less than the required amount
- Applying a plan servicing credit to any investment with revenue sharing that exceeds the required amount

For example, let's say TIAA's required revenue is 0.20% and you want to pay it using a 0.20% investment-level fee. Here's how the fee (or credit) would be allocated across each investment option.

PLAN SERVICING FEE CALCULATION: $A + B = C$

	A	B	C
			
Investment	Revenue sharing	Plan servicing fee (credit)	Total administrative fee
Option 1	0.35%	(0.15%)	0.20%
Option 2	0.20%	0.00%	0.20%
Option 3	0.15%	0.05%	0.20%

This is a hypothetical example for illustrative purposes only.





Plan-level fees

With plan-level fees, all participants are assessed a fee regardless of their investment choices. The fee can be either a percentage of a participant's total account balance (e.g., 0.20%) or a fixed dollar amount (e.g., \$75.00 annually). This approach is generally used when none of the investments have revenue sharing.

If plan-level fees are assessed as a percentage of assets, you can choose to cap fees at a certain dollar amount.*

Let's assume TIAA's required revenue is 0.20% and you directed TIAA to cap fees at \$400. Here's how a plan-level fee of 0.20% would be assessed across participants. Balances of \$200,000 or greater trigger the fee cap ($\$400/0.20\% = \$200,000$).

PLAN-LEVEL FEE CALCULATION: $A \times B = C$

	A 	B 	C 
Participant	Account balance	Plan-level fee	Dollar amount
John	\$50,000	0.20%	\$100
Mary	\$150,000	0.20%	\$300
Amy	\$300,000	0.20%	\$400**

*Applies only to assets in RC/RCP contracts, and may result in less revenue to satisfy your plan's revenue requirement.

**Fee cap triggered, saving this participant \$200 annually in fees ($\$300,000 \times 0.20\% = \600). While this capability is intended to address fee fairness issues affecting participants with high account balances, a minimum threshold may also be established to exclude fee collection from accounts with smaller balances. An amendment to the recordkeeping agreement is required for either option.




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Combining fee strategies

What if you want to use plan-level fees but some of your investments have revenue sharing? Consider combining plan-level fees with investment credits. With this approach, all revenue sharing is given back to participants using plan servicing credits. Then the plan-level fee is assessed as described above.

For example, let's say you want to use a 0.20% plan-level participant fee to cover plan costs and some of the investments have revenue sharing. Here's how the plan servicing credits would be applied to get to zero revenue sharing.

PLAN SERVICING CREDIT CALCULATION

		
Investment	Revenue sharing	Plan servicing credit
Option 1	0.35%	(0.35%)
Option 2	0.20%	(0.20%)
Option 3	0.00%	(0.00%)

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We're here for you

Many factors, including your plan's investment options and available annuity contracts, may influence which participant fee strategy you choose. We can help you evaluate these factors so you can pick the approach that works best for your plan.

Contact your TIAA representative or call the Administrator Telephone Center at **888-842-7782**, weekdays, 8 a.m. to 8 p.m. (ET).



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