



ACI Advisors Corner

Happy Holidays, or Revenue Sharing is a Wonderful Thing

By Tobi Cogswell, November 2, 2009

This has been a tough year for all of us. Those of you who work on basis points have been doing the same amount of work for 30% less. Clients have struggled with cash flow, layoffs, and wondering how the heck they are going to ever retire without an account balance large enough to support being alive for 30 more years. Business owners aren't clamoring to set up new plans. This article isn't about that. We all know that.

This is about something good!

Our engagement letter for participant directed plans that are recordkept by those providers we all know and love, states:

“ACI does from time to time receive direct or indirect compensation from various insurance companies or mutual fund companies. We disclose these relationships before we enter into those relationships and fully disclose the direct and indirect compensation to our clients. These monies are used to partially or fully offset our fees as outlined in this engagement letter...”

ACI made the decision years ago to not only disclose these reimbursements, but to refund them back to our clients to offset fees. The negotiating of, disclosing, managing and reconciliation of these reimbursements is quite complex, and we do hold 20% to offset our costs; the remaining 80% is refunded directly to our clients.

This year we are proud to say the amount we are crediting to our clients accounts, to be used to offset fees, is **\$94,244.00!!**

Not all firms think and act the same way we do. Some administration firms think of these reimbursements as “free money”. Some firms will be having quite a nice holiday party this year. Some firms do not even tell their clients. That is not the ACI way. Our fees are transparent and we disclose every dime.

So we hope the upcoming Holidays are happy ones for you and for our clients. We hope this \$94k gift makes things a little better for everyone.