

Case Study Tool



Category	Information
Project title	Client A Fee and Service Benchmarking Study
Objective Describe the work we were hired to do, the client's goal and if it is part of a larger effort.	Initially we were hired to do a fee benchmarking study. As an outcome to the results, Client A asked that we continue to assist them with fee negotiations and contract review with current vendor. We also identified some opportunities with their trustee and Client A hired us to assist with the review of their trust agreement.
Client background Describe the client's industry type, number of employees, geographic operations and gross annual revenues.	Client A is in the food and beverage industry. Client A is ranked top 300 on the Fortune 500 List, with nearly \$11 billion in revenue in 2009. Client A has about 70,000 employees but only 11,500 participants in the plan.
Client needs Describe the client concerns, why they need a consultant and what caused their problems.	Client A performs fee benchmarking every 3-years. Client A has outsourced recordkeeping to current vendor for over 10 years. Towers Watson assisted them with the fee and service benchmarking study as part of their overall governance. The results of the study showed that there were potential cost savings. After presentation of the results to the Investment Committee, they asked Towers Watson to assist with fee and service negotiations and trust and recordkeeping contract review.
Work scope/Outcome Describe what services we provided and how we satisfied the project objective. Were any of the services unusual? Did we offer any new or innovative technology?	As a result of the fee and service benchmarking analysis results: <ul style="list-style-type: none"> • Annual savings in administration and trustee fees of more than \$350,000/year • Negotiated a fixed fee structure from an asset based fee structure. This had two positive outcomes including unbundling the investment decisions from the administrative fees and fees will be fixed for the contract term vs. increasing based on increases in asset values due to contributions to the plan and positive market returns. So the year 1 savings are \$350,000 with potential to increase over time as assets increase. • Added Service Level Agreements with fees at risk to ensure performance by the provider. • Improved contractual fiduciary protections for the plan sponsor.