



# DAP

A lifelong retirement plan

# Heads Up

## LOWER PLAN ADMINISTRATION FEE (FAQ)

We are all experiencing the toll of rising living expenses as ongoing inflation erodes our purchasing power. It is quite a different story here at the Directed Account Plan. The cost to run the DAP continues to decrease.

**The DAP annual Plan Administration Fee decreased 25% (from 0.12% to 0.09%)**

This newsletter addresses frequently asked questions regarding fees and the IRS Required Minimum Distribution.

### Q - What is the Plan Administration Fee?

A - The fee paid by each participant with an account balance in the DAP. The fee pays for the basic and necessary administrative services to operate a 401(k) plan. The Board of Directors approves an annual Operating Budget in December that includes all of the forecasted plan administration expenses such as the Trustee, Investment Advisor, Recordkeeper, Lawyer, DAP Office, Office Personnel, Board of Director Meetings and Accountant expenses.

### Q - How is the annual Plan Administration Fee determined?

A - The basic formula to determine the annual Plan Administration Fee:

$$\text{(Annual Operating Budget)} / \text{(Forecasted Total Plan Assets)} = \text{Annual Plan Administration Fee}$$

The current annual fee is 0.0009 or 0.09% or 9 basis points

The current monthly fee multiplier is 0.0009 / 12 = 0.000075

The Board of Directors also approves the annual Plan Administration Fee in December. They review this calculation along with a cash flow study in their evaluation. You will be notified by Empower 30 days in advance of a fee change by the communication preference that you have elected - either mail or electronic delivery. The most recent fee change notice delivered in August 2023. The notice reported the lower Plan Administration Fee and other fee changes. (see page two).

### Q - How is the Plan Administration Fee charged to your account?

A - Empower deducts your fee from your account balance on approximately the fifth business day of each month based on your previous month's average account balance. Here is an example:

$$\text{(October average account balance)} \times \text{(monthly fee multiplier)} = \text{monthly fee charged in November}$$

$$\text{Examples) } \$100,000 \text{ Average Account Balance} \times .000075 = \$7.50$$

$$\$500,000 \text{ Average Account Balance} \times .000075 = \$37.50$$

### Q - Where do I see my Plan Administration Fee charges?

A - Login to your personal account at [www.dap401k.com](http://www.dap401k.com). On the Account Overview page / transaction history link, the fee is reported with the description "fee". On your quarterly statement, the description is "participant account fee".

### Q - Why did my Plan Administration Fee change?

A - There are two line items on the Operating Budget that will decrease significantly in 2024. The first line item is the recordkeeper service fee. The recordkeeper service fee is charged on a per participant basis. The fee will change from \$73 to \$50 per participant. This is a 32% fee reduction. The recordkeeper goes through an extensive benchmarking study and evaluation every three to five years. This process took place through the first half of the year and ended with successful negotiations. The second line item is the DAP Office Expense. The DAP Plan Office lease expires in February 2024. The lease will not be renewed because the Executive Director can work remotely. Here is a summary of the total Operating Budgets since 2020. The Board is always looking for improvements in service and lower fees:

2020 - \$931,801

2021 - \$882,413

2022 - \$779,616

2023 - \$711,479

forecasted 2024 - \$592,003

## Q - What are the optional service fee changes?

A - The other fee changes reported in the August notice pertain to optional services. The table below shows the old and new optional service fees.

Type of Optional Service	Description of Service	Old Fee	New Fee Starting 10/1/23
Installment origination/maintenance	There is no installment origination or maintenance fee. Installments are the PPAY and AUTO RMD payments. The participant requests a fixed amount (PPAY) or an amount that meets the RMD only (AUTO RMD). The distribution is made monthly, quarterly, semi-annually or annually.	included (\$0/\$0)	included (\$0/\$0) no change
Partial and Lump Sum Distributions	A one-time distribution taken after separation of service with the company or in retirement that is either part of the account balance or the full balance. This includes payments to self and rollover distributions.	\$0	\$25
Required Minimum Distributions	This distribution is referred to as the RMD Force Out. A one-time distribution made in December if there is a shortage in meeting the RMD. An Installment AUTO RMD (see above) is a low cost way to manage your RMD and prevent the RMD Force Out.	\$0	\$25
In-Service Distributions	A one-time distribution taken while in active employment with the company after meeting the requirements. This includes payments to self and rollover distributions.	\$0	\$25
Hardship Distributions	A one-time hardship distribution taken while in active employment with the company after meeting the requirements.	\$75	\$75 no change
Loan origination/maintenance	Loan origination and maintenance fee for a loan.	\$50/\$25	\$50/\$25 no change
QDRO Fee	Administration to separate participant accounts under the order of a Qualified Domestic Relations Order (QDRO).	\$250	\$400
Express or Wire Special Handling	Express Mail or Wire Transfer Fee per delivery	\$40	\$40 no change

## Q - How do I change to an AUTO RMD?

A - The Required Minimum Distribution Form is available online at [www.dap401k.com](http://www.dap401k.com). Login and go to your **Account Overview** page. On the left side of the page there is a navigation bar. Choose **Forms** and click on the Required Minimum Distribution Request Form. If you have already satisfied your RMD for the year, enter the following year as your start date to prevent double RMD payments or taking more than your required minimum distribution.

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The intent of this communication is to provide useful information, not investment advice. Each participant in the Directed Account Plan is ultimately responsible to make his or her own investment decisions.

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**Informational Web Site:**  
dapretirement.com

**Personal Account Access:**  
www.dap401k.com