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Fees Eating Away at Your 401(k) Retirement Savings...And You Probably Aren't Even Aware of Them
- Four of out Five Investors Don't Know How Much They Pay -

Rochester, N.Y. – There's an 80 percent chance you don't know how much you are really paying to participate in your company's 401(k) plan. National statistics show four of five investors don't know about fees associated with their plan. Before you go blaming your company for not letting you know, there is a good reason why your employer hasn't alerted you. New investigations into 401(k) fees show that employers are often left in the dark about 401(k) fees also.

“The typical provider isn't going out of their way to steer you toward learning more about fees and expenses,” says Bob Judd, president of EPIC Advisors, Inc. “Fund expenses are just the tip of the iceberg when it comes to plan fees.”

Judd adds that his company does not keep fees a secret. In 2006, EPIC received several Best in Class awards by PLANSPONSOR magazine. In the category Plan Sponsor Services, EPIC received Best in Class recognition for fee fairness and fee disclosure. Usually, figuring out how much a 401(k) costs can be difficult not only for participants, but also for plan administrators.

“By offering full disclosure of fees, we are able to let plan sponsors know how much they are paying in fees, that way they can let their employees know, if the question should arise,” says Judd. “The employer is responsible for making sure fees are fair for the services provided. Over time, excessive fees can easily eat up much of plan participants' retirement savings.”

For example, an employee who has 20 years until retirement and a current 401(k) account balance of \$45,000 averaging an 8 percent annually return and paying 0.5 percent in plan fees and expenses could grow retirement savings to \$191,000, even if there are no further contributions to the

account. If fees and expenses are 1.5 percent, however, the account balance would grow only to \$159,000. The 1 percent difference in fees and expenses would reduce the amount balance at retirement by \$32,000. Workers are entitled to know the fees they pay.

“Workers can generally pay between half a percent and three percent a year for investment management and administrative-related services depending on their investment approach and service provider,” says Judd.

Just last month, a lawsuit was filed against ABB Inc. and Fidelity Management Trust Co. alleging they overcharged employees participating in ABB’s 401(k) retirement plan. Since last fall, many suits have been brought toward some of the nation’s biggest companies, including Lockheed Martin Corp., General Dynamics Corp., and International Paper Corp. The suits contend that 401(k) fees and expenses paid by the plans, and borne by employees, are too high and the companies don’t disclose them properly. The issue is so significant that the Government Accountability Office has asked Congress to amend laws governing pensions so that Department of Labor documentation makes the information more detailed and easily accessible. The Department of Labor is also working on several measures to increase fee transparency.

“We are passionate about helping employees achieve retirement security and we’re committed to earning the trust of both employers and employees,” says Judd. “That is why there are no secrets when it comes to fees and everything is fully disclosed.”

EPIC Advisors, Inc. is a leading full-service 401(k) plan recordkeeping firm serving financial institutions and small to midsize companies since 1993. Headquartered in downtown Rochester, New York, with 55 full-time employees, EPIC currently serves clients in 29 states comprising over 850 retirement plans with \$2.2 billion in assets. Robert F. Judd serves as President and James M. Genthner as Executive Vice President. EPIC specializes in participant-directed plans, using daily valuation recordkeeping. For more information about EPIC Advisors, visit www.epic1st.com.

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