Bundled or Unbundled: That Is the Question

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Employers have a choice when building their company retirement plan and choosing service providers who will help them manage the plan. Excluding those services provided by a financial advisor, the choice is either to “bundle” the plan document, plan administration, reporting, and investments with one provider or to “unbundle” those services with at least two firms who provide services in those areas.

### One-Stop Shop vs. Team Approach

Many employers appreciate the perceived benefit of a one-stop shop, such as with a **bundled provider**. By virtue of adopting a bundled program, the financial advisor will lead the relationship and be the sole local support. In an **unbundled program** (a.k.a. team approach) the financial advisor will lead the relationship, supported by a team of local specialists who work independently to design the plan, perform the annual testing required, file all government reports, and ensure the plan runs smoothly. By leaning on the compliance consultant, the financial advisor and employer shoulder less of the administrative burden and are not required to be experts in 401(k) plans.

Below, we’ve put together a pros & cons chart comparing bundled vs. unbundled plan providers.

### Checks & Balances

Many employers do not create an entire product or service but add to, assemble, and support products or services from other organizations. Those employers appreciate the benefits of outsourcing, so they are comfortable with the unbundled approach. Employers are also used to working with local professionals who specialize in their area of expertise, like a CPA, lawyer or even a uniform supply firm to manage the day-to-day affairs of their business. Having separate service providers who are experts in their field, such as compliance, investments, and record keeping adds a level of checks and balances to protect the client. This added protection is not present when the plan is bundled and only one company is responsible for all of the work.

Bundle or unbundle? We believe that specialization of plan operations with an unbundled program can provide efficiency & lasting benefits for the company retirement plan while increasing its effectiveness to achieve the goals of the employer and their employees.