



## FPPA

### Fee Announcement for 2020

#### for the following Self-Directed Plans

- 457 Deferred Compensation Plan
- Statewide Hybrid Plan - Money Purchase Component
- Separate Retirement Account (SRA) if invested at Fidelity
- Deferred Retirement Option Plan (DROP) if invested at Fidelity
- Statewide Money Purchase Plan

**Offering a cost-effective and competitive plan to the FPPA Members who are participants in the self-directed plans is very important to FPPA.**

The FPPA Self-Directed Plans Committee evaluates the costs associated with providing the self-directed plan offerings for our members for the past year and sets the fees as illustrated below.

| 2020 Administrative Fees for these Self-Directed Plans         | Annual Fee Deduction in January | Quarterly % Deduction in March, June, Sept, and Dec |
|--|---------------------------------|---|
| FPPA 457 Deferred Compensation Plan                            | \$10                            | 0.026%  |
| Statewide Hybrid Plan - Money Purchase Component               | \$10                            | 0.030%  |
| Separate Retirement Account (SRA) if invested at Fidelity      | \$10                            | 0.026%  |
| Deferred Retirement Option Plan (DROP) if invested at Fidelity | \$10                            | 0.025%  |
| Statewide Money Purchase Plan                                  | \$0*                            | 0.000%*   |

*\* A fee holiday is in place for this plan in 2020, therefore no administrative fee will be deducted from your account in 2020. This is due to the plan having sufficient forfeitures to cover the expected annual administrative costs. The administrative cost for each plan is reviewed annually and the administrative fee is adjusted as necessary.*

Should you have questions regarding this notice, you may contact FPPA at (303)770-3772 in the Denver metro area or (800)332-3772 toll free nationwide; or by e-mail at [generalbenefits@fppaco.org](mailto:generalbenefits@fppaco.org).



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## Fee Structure

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The fee charged will vary year to year based on the costs associated with administering each plan. For 2020, the FPPA Self-Directed Plans Committee approved an annual administrative flat fee of \$10 which was deducted from each member's account with a balance in January 2020. The total flat fee collected is factored into the analysis that was done during the first quarter to determine the Plan's quarterly asset based percentage fee. In other words, when reviewing the cost to administer the plan and determining the asset based fee needed to cover the costs, the amount collected from the annual flat dollar fee was incorporated into the calculation.

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## Q&A about the new fee structure.

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### Q1 What factors make up the cost of administering the plan?

In order to offer a high quality, and competitive retirement plan there are three primary areas where fees or expenses are charged.

1. Record-keeping services that are provided by Fidelity (currently 0.090%).
2. FPPA administration services, plan oversight and member education (currently 0.062%).
3. Expenses charged by the underlying mutual funds offered within the plan (vary by fund).

### Q2 What is the goal of the fee structure?

The goals of this structure is to minimize investment management fees at the individual fund level by offering institutional priced funds with little or no revenue sharing while equitably assessing plan costs at the individual participant level. We are also working to reduce administrative costs.

### Q3 Why is there a flat dollar fee as well as a quarterly asset based fee?

Collecting a flat dollar fee provides for administrative efficiency thus reducing FPPA's overall administrative cost on the de minimis accounts that need to be record kept.

### Q4 What will I see on my statement?

The administrative fee is assessed in two parts; the flat dollar portion is collected annually each January. The asset based fee is deducted from each participant account, pro-rated on a quarterly basis. Both are denoted as Fees on your statement. Some participants may not see any fee initially as their plan may be using monies from employee forfeitures to offset the costs for recordkeeping and administration.

### Q5 Will the fee vary from year to year?

Yes. The fee charged will vary year to year based on the costs associated with administering each plan.

### Q6 What happens to monies generated from revenue sharing?

As of January 2018 any monies generated from revenue sharing are credited back to the participants on a quarterly basis.

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FPPA has always been focused on providing a high quality and transparent retirement plan platform for its members. These changes will help ensure that the fees charged are equitable and transparent.

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Participant accounts are charged the **Net Expense Ratio** listed below. The **Net Expense Ratio** reflects a reduction of the funds gross expense due to the fact that certain fees have been waived by the investment manager. **The fund performance returns shown on the Quarterly Performance Update are net of the expense ratio.** The administrative fees listed on Page 1 are deducted from the member's account and will be reflected on the quarterly statement. The revenue sharing amount shown is part of the expense ratio, not an additional fee.

| Investment Name   | Ticker | Gross Expense Ratio | Net Expense Ratio | Redemption Fee | Redemption Break-point | Revenue Sharing |
|---|--------|---------------------|-------------------|----------------|------------------------|-----------------|
| Invesco Oppenheimer Developing Markets Fund                       | ODVIX  | 0.85%               | 0.85%             |                |                        | 0.00%           |
| Fidelity International Small Cap Opportunities                    | FSCOX  | 1.01%               | 1.01%             |                |                        | 0.00%           |
| American Funds Europacific Growth R6                              | RERGX  | 0.49%               | 0.49%             |                |                        | 0.00%           |
| The Vanguard Total International Stock Index Fund                 | VTIAX  | 0.11%               | 0.11%             |                |                        | 0.00%           |
| The American Funds New Perspective Fund                           | RNPGX  | 0.45%               | 0.45%             |                |                        | 0.00%           |
| Hood River Small Cap Growth Instl.                                | HRSMX  | 1.11%               | 1.11%             | 1.00%          |                        | 0.15%           |
| BNY Mellon Small Cap Value I                                      | STSVX  | 1.01%               | 1.01%             |                |                        | 0.30%           |
| The Artisan Mid Cap Fund  | APHMX  | 0.96%               | 0.96%             |                |                        | 0.00%           |
| The John Hancock Disciplined Mid Cap Value Fund                   | JVMRX  | 0.77%               | 0.76%             |                |                        | 0.00%           |
| The Fidelity Growth Company Fund                                  | FGCKX  | 0.76%               | 0.76%             |                |                        | 0.20%           |
| The Vanguard Total Stock Index Fund                               | VITSX  | 0.03%               | 0.03%             |                |                        | 0.00%           |
| The American Beacon Large Cap Value Fund                          | AADEX  | 0.62%               | 0.62%             |                |                        | 0.04%           |
| The Vanguard Target Retirement 2065 Institutional Fund            | VSXFX  | 0.09%               | 0.09%             |                |                        | 0.00%           |
| The Vanguard Target Retirement 2060 Institutional Fund            | VILVX  | 0.09%               | 0.09%             |                |                        | 0.00%           |
| The Vanguard Target Retirement 2055 Institutional Fund            | VIVLX  | 0.09%               | 0.09%             |                |                        | 0.00%           |
| The Vanguard Target Retirement 2050 Institutional Fund            | VTRLX  | 0.09%               | 0.09%             |                |                        | 0.00%           |
| The Vanguard Target Retirement 2045 Institutional Fund            | VITLX  | 0.09%               | 0.09%             |                |                        | 0.00%           |
| The Vanguard Target Retirement 2040 Institutional Fund            | VIRSX  | 0.09%               | 0.09%             |                |                        | 0.00%           |
| The Vanguard Target Retirement 2035 Institutional Fund            | VITFX  | 0.09%               | 0.09%             |                |                        | 0.00%           |
| The Vanguard Target Retirement 2030 Institutional Fund            | VTTWX  | 0.09%               | 0.09%             |                |                        | 0.00%           |
| The Vanguard Target Retirement 2025 Institutional Fund            | VRIVX  | 0.09%               | 0.09%             |                |                        | 0.00%           |
| The Vanguard Target Retirement 2020 Institutional Fund            | VITWX  | 0.09%               | 0.09%             |                |                        | 0.00%           |
| The Vanguard Target Retirement 2015 Institutional Fund            | VITVX  | 0.09%               | 0.09%             |                |                        | 0.00%           |
| The Vanguard Target Retirement Income Institutional Fund          | VITRX  | 0.09%               | 0.09%             |                |                        | 0.00%           |
| The MacKay Shields High Yield Bond CIT Class I                    | NA     | 0.35%               | 0.35%             |                |                        | 0.00%           |
| PIMCO Global Bond Opps (unhedged) Instl.                          | PIGLX  | 0.65%               | 0.65%             |                |                        | 0.00%           |
| The Dodge & Cox Income Fund                                       | DODIX  | 0.42%               | 0.42%             |                |                        | 0.08%           |
| The Vanguard Total Bond Index Fund                                | VBPIX  | 0.04%               | 0.04%             |                |                        | 0.00%           |
| The Wells Fargo Stable Return Fund                                |        | 0.58%               | 0.58%             |                |                        | 0.00%           |
| The Fidelity Institutional Money Market Government Portfolio Fund | FIGXX  | 0.21%               | 0.18%             |                |                        | 0.00%           |



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