

What is Revenue Recapture and what does it mean to my plan?

An ERISA Account is a plan level account that captures excess income (12b-1 fees, Service Fees) collected by the recordkeeper that can be used to pay eligible plan expenses or allocated back to participants.

The expense ratio of a mutual fund is the annual fee that all mutual funds charge their shareholders. It includes management fees and operating costs, 12b-1 fees, administrative fees, and all other costs incurred by the fund. The differences between share classes (A, I, R, for example) of the same fund are the fees that are added over and above the management/operation cost. These "extra" fees are referred to Revenue Recapture.

An ERISA Account is a plan level account that captures excess income (12b-1 fees, Service Fees). If your Plan is recordkept at Sentinel, and a fund in your Plan's line up provides Revenue Recapture, it is collected in an ERISA Account. The amount collected is then applied toward the Sentinel invoice(s) or returned to employees.

If your plan contains funds that provide Revenue Recapture it may be possible to move to share classes that provide little to no revenue. In doing so plan participants will pay less in mutual fund expenses and therefore should experience an increased return. Making this change will also provide transparency and equability.
