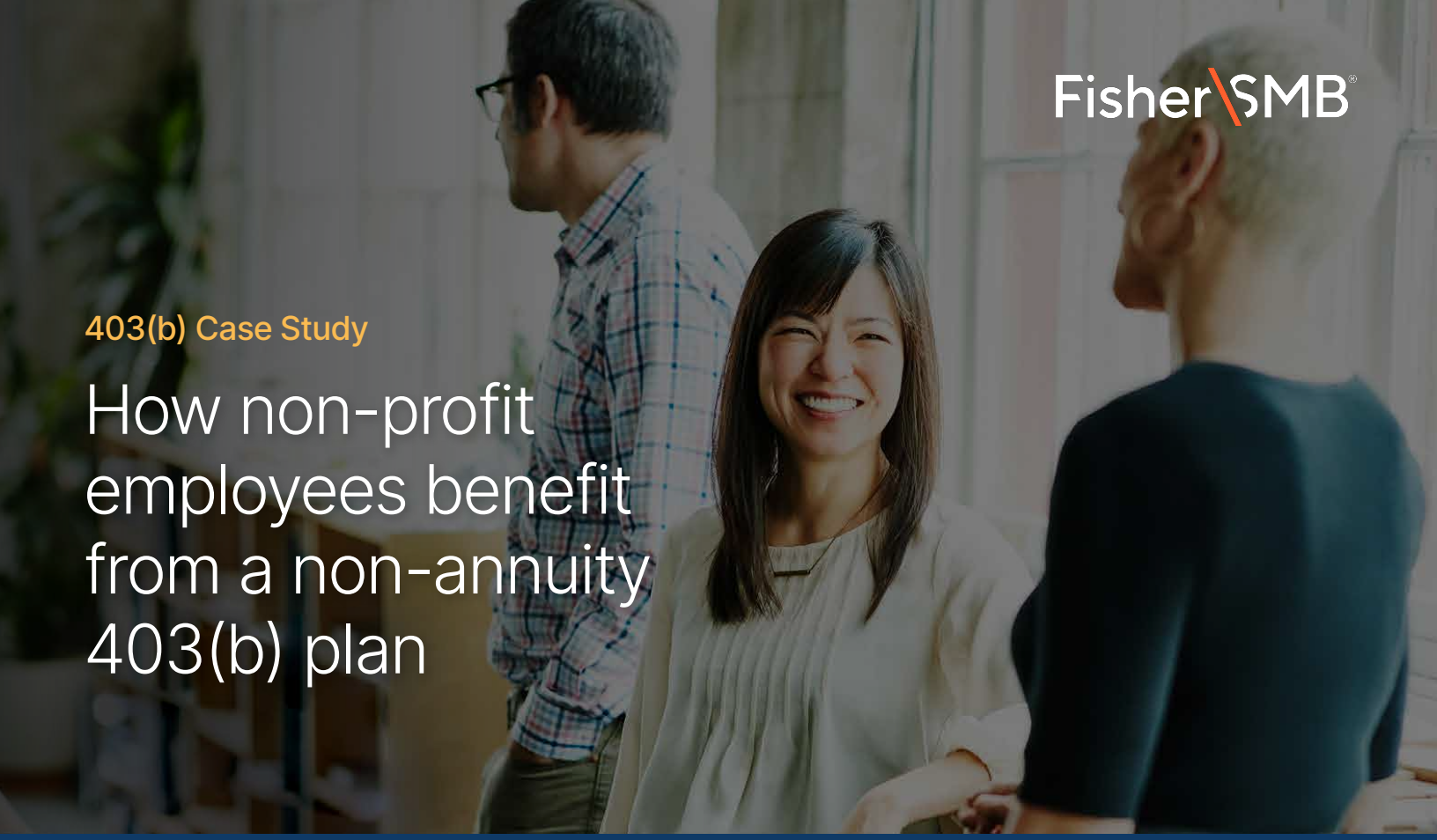


403(b) Case Study

How non-profit employees benefit from a non-annuity 403(b) plan

Increase in retirement savings per employee

+ $227,000

At a Glance

Situation

- Non-profit organization has a 403(b) plan
- The plan is on an annuity platform that is costing the employees big
- The annuity platform has
  - High fees
  - Poor quality funds
  - Low service
- The board switches the 403(b) plan to a non-annuity platform to help employees achieve the retirement they deserve

Benefits

- Lower fees
- Higher quality investments
- Better support for employees
- $227,000 in increased retirement savings per employee

Challenge

Consider an employee who works for a charitable organization. They contribute to the organization's 403(b) plan, and work hard to serve their community. Because they depend on the 403(b) assets for retirement, they hope the plan is high quality, so they can retirement comfortably.

The challenge is that the 403(b) plan is on an annuity platform. This is problematic because the annuity platform causes the plan to have high fees, low quality investments, and poor participant support. The high fees and low quality investments cost the employees big time when it comes to retirement savings. The lack of participant support keeps the employees from understanding how much to contribute and how to allocate their assets to achieve the retirement they deserve.

The board cares deeply about the employees, but isn't sure how to find the best retirement plan for the non-profit organization.

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Objective

The board prides itself in taking good care of the employees, and wants to provide a retirement plan that allows the employees to afford the retirement they deserve. Ideally they are looking for a retirement program that has:

- Reasonable fees
- High quality investments
- Services to help employees get on track for retirement

Solution

The board consults with an advisor who specializes in non-profit retirement plans, and learns that their current 403(b) plan is on an annuity platform that is costing their employees big time. The existing plan has:

- **High fees:** The funds are annuity-based, which have higher fees than regular mutual funds. The funds also have extra fees, since their broker receives commission on the funds
- **Low quality investments:** The prior broker recommended the annuity funds that provide him the most commission, rather than the funds that are best for the plan
- **Poor Participant Support:** The broker does not specialize in retirement plans, so doesn't have the expertise or resources to provide education or service to support the plan participants

The specialized advisor helps the board switch their 403(b) to a non-annuity platform that offers:

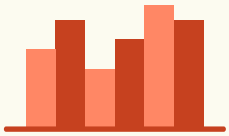
- Reasonable fees
- High quality investments
- Robust participant education





$227,000
increase in retirement saving per employee

60%
increase in investment quality





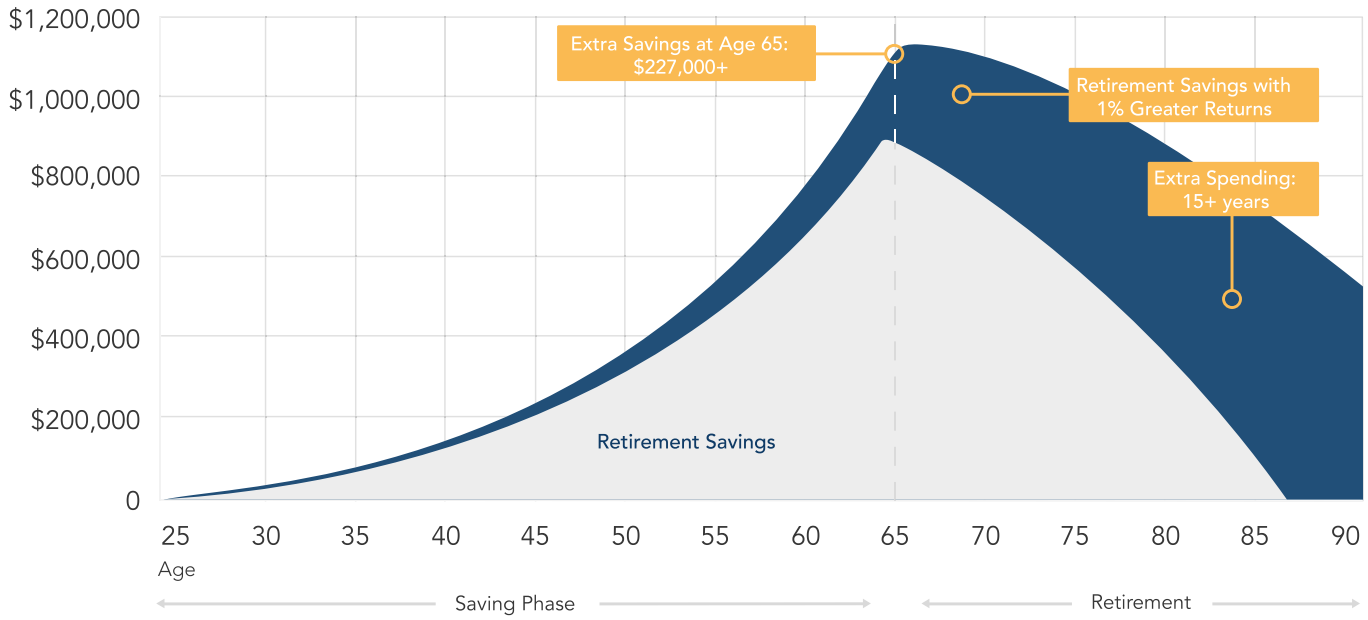
Results

- **Lower 403(b) Plan Costs**
  The board reduces the fund fees by ~20% by switching to a non-annuity platform
- **Higher Quality Investments**
  By switching to a non-annuity platform (and to a specialized advisor) the board increases the investment quality in the plan by ~60%
- **Better Employee Support**
  The new advisor provides robust participant education services, so the employees understand how much to contribute and how to allocate their assets properly to meet their retirement goals. This increases annual plan contributions by ~15% (based on Fisher\SMB actual data.)
- **Peace of Mind**
  The board can rest assured knowing they are helping their valued employees achieve the retirement they deserve

Changing to a non-annuity platform can have a big impact on employee outcomes

Improving plan fees, investments, and employee contributions has a combined impact of ~1% on the plan's annual performance. Which gives each employee an extra $227,000 in retirement savings.

Impact of 1% savings chart[1]



[1]Assumes starting salary of $40,000, which grows annually by 3% over 40 years starting at age 25. Withdrawals begin at age 66 and are equal to 45% of the projected salary at retirement. The lower return portfolio growth assumes 5.5% annual return in the working years and 3.5% return in retirement, while the 1% higher return portfolio growth assumes 6.5% and 4.5%, respectively.

Helpful Resources



403(b) Solutions Chart

There are two main types of 403(b) solutions; annuity based or non-annuity based. Download the chart to compare.



403(b) Plan Guide

Download our free guide to learn how your 403(b) could be costing participants in higher fees.



403(b) vs. 401(k)

Both 401(k) and 403(b) plans are excellent savings vehicles for retirement. Learn the differences.

Give us fifteen minutes and we'll consult on an actionable plan to optimize your 403(b) plan for employees' success.

Schedule a Consultation

K032201MC March 2026