RADiUS
Wealth Management LLC

A RADIUS WEALTH MANAGEMENT GUIDE FOR EMPLOYERS

Bundled vs. Unbundled 401(k)

Who does what in your company's plan, how each party is paid, and how to change the structure without disrupting employees.

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Radius Wealth Management LLC · 1 Marina Park Drive, Boston, MA 02210 · radiuswealth.com
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THE QUESTION

Is Your 401(k) Plan Bundled With One Provider?

Every 401(k) plan needs the same handful of jobs done. The difference between plans is who does them, and whether you can see what each job costs.

In a **bundled** plan, one company provides most or all of the services: it keeps the records, supplies the investment menu (often including its own funds), handles the compliance work and may provide the adviser. In an **unbundled** plan, separate firms that specialize in each job work together, and each is chosen and paid on its own terms.

Neither structure is right for every company. Bundled plans can be simple to set up, and for a very small or brand-new plan the convenience may be worth a great deal. As a plan grows, though, many employers find that a single package makes it hard to answer basic questions a fiduciary is expected to answer: *What are we paying for each service? Are the funds on the menu there because they are good choices, or because they belong to the provider? Is anyone looking at this plan on our behalf?*

This guide explains the jobs, the roles that can carry fiduciary responsibility, how money flows, and what is involved in changing the arrangement.

THREE QUESTIONS TO ANSWER FIRST

1. Who is our recordkeeper, who is our third-party administrator (TPA), and who is our plan adviser? Are they the same company?
2. Did each of them give us a written fee disclosure, and can we add up the total?
3. Which of them, if any, has agreed in writing to act as a fiduciary to the plan?

If any answer is "I'm not sure," the rest of this guide will help you find out.

THE JOBS

Who Does What in a 401(k) Plan

ROLE	WHAT IT DOES	WHAT TO ASK
Plan sponsor (your company)	Adopts the plan, chooses and monitors providers, sends payroll data and contributions on time, and remains a fiduciary for the decisions it makes.	Who inside the company is responsible for plan decisions, and are they documented?
Recordkeeper	Tracks each participant's account, processes contributions, loans and distributions, and runs the website, app and statements employees see.	What does it charge per participant or as a percentage of assets? Does it receive revenue from the funds?
Custodian / trustee	Holds the plan's assets. The trustee may be a bank or trust company, or individuals at the company.	Who holds the assets, and who has authority to direct them?
Third-party administrator (TPA)	Maintains the plan document, performs annual nondiscrimination testing, prepares the Form 5500 and many required notices, and advises on plan design and corrections.	Is the TPA independent of the recordkeeper? Does it accept any fiduciary role, such as 3(16)?
Plan adviser	Helps select and monitor the investment menu, supports the committee, and educates employees.	Is the adviser a fiduciary to the plan? How is the adviser paid, and by whom?
Auditor (larger plans)	An independent accountant who audits the plan's financial statements. Generally required when the plan has 100 or more participants with balances at the start of the plan year (plans between 80 and 120 may be able to keep filing as small plans).	Does our plan require an audit this year?

In a bundled plan, the recordkeeper often also provides the TPA work, the custodian and the funds, and sometimes the adviser. In an unbundled plan, the recordkeeper and TPA are often separate firms, the funds come from many fund companies, and the adviser is an independent firm hired by and accountable to the employer.

3(16), 3(21) and 3(38), in Plain English

The numbers refer to sections of ERISA. They describe how much of the fiduciary work a provider formally takes on. A provider's written agreement sets out the fiduciary roles it formally accepts, but anyone who exercises discretion over the plan or its assets can be a fiduciary regardless of the label. Read the agreement, not just the marketing.

ROLE	WHAT THE PROVIDER TAKES ON	WHAT STAYS WITH THE EMPLOYER
3(16) plan administrator	Day-to-day administrative decisions: for example, reviewing distribution and loan requests, distributing notices, and signing the Form 5500. The scope varies widely by provider.	Choosing and monitoring the 3(16) provider, and supplying accurate payroll and employee data.
3(21) investment adviser	Recommends funds and monitors the lineup as a co-fiduciary. The employer makes the final decisions.	Approving each investment decision, and monitoring the adviser.
3(38) investment manager	Has discretion to select, monitor and replace the plan's investments.	Prudently selecting and monitoring the 3(38) manager.
Non-fiduciary provider	Performs services (recordkeeping, a salesperson's support) without accepting fiduciary responsibility.	All fiduciary decisions, with no co-fiduciary sharing them.

> *The one duty an employer cannot hand off: choosing its providers carefully, and continuing to monitor them.*

A common surprise in bundled arrangements is that the person who services the plan is a representative of the provider rather than a fiduciary to the plan, and is paid in part through the funds on the menu. That arrangement is permitted, but it is worth knowing about, because it can mean no one outside the company is formally obligated to put participants' interests first when the menu is chosen.

The 408(b)(2) disclosure each covered service provider must give you states whether it acts as a fiduciary and how it is paid. That document is the quickest way to see where your plan stands.

SIDE BY SIDE

Comparing the Two Structures

	BUNDLED	UNBUNDLED
Who you deal with	One company, one service contact.	Several specialists, usually coordinated by the adviser or TPA.
Investment menu	Often includes, and sometimes is limited to, the provider's own funds.	Open architecture: funds chosen from many fund companies.
Fee visibility	Fees may be combined or paid partly through fund expenses, which makes each service harder to price.	Each provider is priced separately, which makes it easier to see and benchmark each cost.
Adviser	May be the provider's employee or a broker paid through the funds.	Often an independent firm paid a disclosed fee and acting as a fiduciary.
Flexibility	Changing one piece can mean changing all of them.	One provider can be replaced without moving the others.
Setup	Usually simple and quick.	Requires coordination; a good team handles most of it.
Often suits	Very small or new plans that value convenience above all.	Plans that want independent oversight and clear pricing, often as assets and headcount grow.

How the money flows

401(k) costs are paid in a few ways, often in combination:

- **Fund expenses.** Every mutual fund or collective trust charges an expense ratio, deducted from the fund's returns. Participants rarely see it as a line item.
- **Revenue sharing.** Part of a fund's expense ratio may be paid to the recordkeeper or adviser (12b-1 fees, sub-transfer agency or shareholder servicing fees). It is legal and must be disclosed, but it can make the cost of recordkeeping or advice hard to see.
- **Asset-based fees.** A percentage of plan assets, charged by the recordkeeper or adviser and deducted from participant accounts.
- **Per-participant and flat fees.** Common for recordkeeping and TPA work. These can be paid by the plan or by the company.

When the company pays some fees directly, they are generally deductible business expenses and they reduce what comes out of employees' accounts. That is a plan design choice worth discussing with your tax professional.

What a Switch Actually Involves

The biggest worry is disruption. The effort depends on which pieces change.

OPTION 1: CHANGE THE ADVISER OR TPA ONLY

If your plan already sits with a recordkeeper that supports outside advisers and TPAs (most large national recordkeepers do), you can often replace the adviser, or move administration to an independent TPA, without changing recordkeepers.

- Usually no move to a new recordkeeper
- Usually no blackout period, though fund changes need advance notice to participants
- Employees keep the same accounts and login

OPTION 2: CHANGE THE RECORDKEEPER

Moving to a new recordkeeper is a full conversion: routine for experienced providers, but it takes a few months of planning.

- Assets are mapped to the new lineup
- A short blackout period while records transfer
- Employees must receive a blackout notice, generally at least 30 days in advance

A typical conversion timeline (varies by provider and plan)

Weeks 1 – 4	Review current plan, fees and contracts (including any surrender or termination charges). Request proposals. Select providers and sign agreements.
Weeks 4 – 8	New plan document or amendment. Investment lineup and fund mapping approved. Payroll file format agreed. Blackout and fund-change notices sent.
Weeks 8 – 12	Blackout begins. Assets and records transfer. Reconciliation of balances, loans and vesting.
After transfer	Blackout ends. Employee meetings and new website access. First payroll processed and checked against the new records.

Questions to ask your current provider

- What is our total annual plan cost, in dollars, broken out by service?
- Which funds on our menu are affiliated with you, and what do they cost compared with similar funds?
- Do you receive revenue sharing, and is any of it credited back to the plan?
- What would it cost to leave, and are there any contract charges?

HOW WE WORK

The Radius Approach

Radius Wealth Management serves as the investment adviser to company 401(k) plans in an unbundled structure. Each part of the plan is handled by a firm that specializes in it:

ROLE	WHO
Recordkeeper	A national recordkeeper, with its affiliated custodian or trustee holding plan assets, that handles participant accounts, online access and payroll integration.
Plan administrator (TPA)	An independent third-party administrator for plan documents, compliance testing and government filings, with 3(16) administrative services available.
Plan adviser	Radius Wealth Management, as the plan's investment adviser: an open-architecture investment lineup, reviewed at least annually with documented rationale, plus education for employees.

If your plan is already with a major recordkeeper, we can often step in as your plan's adviser, alongside an independent TPA, without changing recordkeepers.

> A COMPLIMENTARY PLAN REVIEW
>
> Send us your current 408(b)(2) fee disclosure. We will lay out who does what in your plan today, what each service costs, and what an unbundled structure would look like, then explain what we find in plain terms. There is no cost and no obligation. If you later hire Radius as your plan's adviser, we are paid an advisory fee, which we disclose in writing before you decide. Start at **radiuswealth.com/business-owners** or call **(617) 765-2200**.

RELATED GUIDES FOR EMPLOYERS

- *The 401(k) Fiduciary Checklist*: forty questions for owners, HR and finance
- *How to Read Your 401(k) Fee Disclosure*, with an all-in cost worksheet

SOURCES

- U.S. Department of Labor, EBSA: *Meeting Your Fiduciary Responsibilities*; *Understanding Retirement Plan Fees and Expenses*; *Tips for Selecting and Monitoring Service Providers for Your Employee Benefit Plan*.
- ERISA sections 3(16), 3(21), 3(38), 404 and 405; DOL regulation 29 CFR 2550.408b-2 (service provider disclosure); 29 CFR 2520.101-3 (blackout notices).

Important disclosures. This guide is provided for general educational purposes only and is not legal, tax, accounting or personalized investment advice, nor an offer or solicitation to buy or sell any security. The comparison of bundled and unbundled arrangements is general; costs and services vary by provider and plan, and an unbundled structure will not necessarily cost less for every plan. Changing providers may involve contract charges, transition costs and a blackout period. Consult your ERISA counsel, third-party administrator and tax professional about your plan. Radius Wealth Management LLC does not provide legal or tax advice. Investing involves risk, including the possible loss of principal. Radius Wealth Management LLC is a Registered Investment Adviser; registration does not imply a certain level of skill or training. Information is believed to be accurate as of November 2026 and is subject to change. Additional information is available in our Form ADV Part 2A and Form CRS at radiuswealth.com/disclosures.