

# Application for Retirement Account Listing/Advertising with The White Coat Investor

## Personal and Firm Information

Your Name: **Konstantin Litovsky**

Name of Firm: **Litovsky Asset Management**

Address of Firm: **Sarasota, Florida**

Best email for clients to contact you: **Konstantin@LitovskyManagement.com**

Best phone # for clients to contact you: **508-292-8380**

Insert link to your website:

[Litovskymanagement.com](http://Litovskymanagement.com)  
[Retirementplanhub.com](http://Retirementplanhub.com)

Insert link to your ADV2 if applicable:

[https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd\\_iapd\\_Brochure.aspx?BRCHR\\_VRSN\\_ID=600687](https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=600687)

Years of financial experience: **18**

Years of administering retirement accounts: **11**

Years your firm has been in business: **16**

Which of the following designations do you hold (Check all that apply):

Other (please list):

**Registered Investment Adviser, ERISA 3(38) fiduciary**

Have you had any events in the past that are reportable to regulatory agencies? If so, please attach explanation.

**No**

Have any of your former clients sued you? What was the outcome? Please attach explanation.

**No**

Are you currently involved in a lawsuit by a client or former client? Please attach explanation.

**No**

Which services do you provide besides retirement account administration:

**Litovsky Asset Management offers [comprehensive retirement plan advisory and investment management services](#). We set up and manage [retirement plans](#) including 401(k) and [Defined Benefit/Cash Balance plans](#) for solo and group medical and dental practices, and we serve in an [ERISA](#)**

**3(38) fiduciary capacity.** Our clients are almost exclusively doctors and dentists, and our retirement plan services are offered nationwide.

Some of the services in addition to ERISA 3(38) investment manager services include:

- Current retirement plan evaluation (fiduciary review including investments, cost, and service provider quality review)
- Design study to determine the best plan for the practice (including Cash Balance plan illustrations and feasibility)
- Service provider selection and evaluation (including record-keeper/TPA/actuary)

What percentage of your time do you spend on retirement account administration:

**100%**

What approximate percentage of the revenue of your business comes from retirement account administration:

**100%**

How many retirement plans have you set up in the last year?

**10**

How many retirement plans are you providing advice to?

**We work with over 130 plans of various sizes. Our clients include small single owner and staff plans, as well as larger plans with dozens of partners and hundreds of staff. We serve a diverse range of businesses, from start-ups to well-established companies with assets exceeding \$100 million.**

What retirement accounts do you administer (check all that apply):

**401(k)/profit-sharing plans**

**403(b)/457(b) plans**

**Defined Benefit/Cash Balance plans**

**SIMPLE IRA\***

**\*Please note: we work with ERISA plans only (for owner and non-spouse employees), not solo/individual plans. We also provide 401(k) vs. SIMPLE analysis to ensure that the right type of plan is opened for the practice if there is any question regarding the type of plan that would fit the practice best. We do not provide ongoing advice on SIMPLE IRA plans, and refer plan sponsors to Vanguard if they need to open a SIMPLE IRA.**

Do you function as a 3(38) fiduciary?

**Yes**

Do you function as a 3(21) fiduciary?

**No**

What types of mutual funds do you usually place into your plans:

**Vanguard, DFA**

Can you set-up a 401(k) plan with the following features? (Yes/No)

**Roth 401(k)**

**After-tax contributions**

**401(k) loans**

**In-plan Roth conversions**

**Brokerage window (Schwab PCRA or similar)**

## **Fee Structure**

What do you charge to do a study/proposal for a small business or practice:

**No charge.**

What is your typical set-up fee for a 401(k)/profit-sharing plan:

**No set up fee. Record-keeper/TPA might have their own set-up fees that are quoted separately.**

What is the typical annual cost for a 401(k)/profit-sharing plan:

**401(k) plan advisory fees range from \$4,800 – \$30,000 for ERISA 3(38) services, with discounts available for multiple plans. All other service providers (Record-keeper, TPA, actuary) are quoted separately.**

Is your annual fee a simple, flat-fee or an AUM fee. If an AUM fee, what is it?

**We charge a flat/fixed fee rather than AUM fees and we use low cost index and passively managed funds (including Vanguard and DFA) to build model portfolios with an average expense ratio of ~0.1%.**

What is the typical set-up fee for a defined benefit plan:

**No set up fee. Record-keeper/TPA might have their own set-up fees that are quoted separately.**

What is the typical annual fee for a defined benefit plan. If an AUM fee, what is it?:

**Cash Balance plan advisory fee ranges from \$2,400 - \$30,000 for ERISA 3(38) services (full discretion). Average expense ratio of ~0.05% for managed portfolios. Discounts are available if we set up multiple plans (such as 401k and Cash Balance). All other service providers (Record-keeper, TPA, actuary) are quoted separately.**

What distinguishes you from your competitors?

### **-Low cost passively managed funds, no revenue sharing**

Many full-service advisory firms charge AUM fees and/or receive revenue sharing (and use higher cost investment options than necessary) or use service providers that are part of a bundled platform that also receive revenue sharing. Majority also use actively managed funds that typically underperform over time vs. index funds.

### **-Optimally designed investment lineup and managed portfolios**

We limit our investment lineup to no more than about 20 funds, and we assist rank and file participants in reaching their goals and simplifying their investment decisions by making several low-cost managed portfolios available for participants to invest in.

### **-Independent ERISA 3(38) fiduciary, always acting as a fiduciary**

Many firms sell retirement plans, including their own bundled platforms that might not have the best service providers or the lowest possible fees. None of these firms act in a fiduciary capacity, and even when they use an ERISA 3(38), usually this is an entity that is not independent, and it never provides actual advice to the plan sponsor. Most other firms rarely take on full ERISA 3(38) discretion when

managing Cash Balance plan portfolios, but anything less is a dis-service to their clients since the plan sponsor will ultimately bear responsibility for the investment selection and portfolio performance unless an ERISA 3(38) fiduciary takes this responsibility from their shoulders. We never sell anything, and always act in a fiduciary capacity. All our recommendations are made with the best interest of the plan sponsor and participants in mind. We work directly for the plan sponsor (not for any third party), and once we are hired, all our decisions are made in the best interest of the plan.

#### **-Open architecture service providers**

We work with all service providers (including record-keepers, TPAs and actuaries), and we always make sure that all other service providers offer the highest quality advice and are competitively priced. While we recommend a select number of record-keepers, TPAs and actuaries, our clients are free to choose their own service providers.

#### **-Comprehensive advice**

Because we understand plan design, including the design of such plans as 401(k) with profit sharing and combo (401k + Cash Balance) plans, we often assist plan sponsors in making important decisions regarding addition of profit sharing and/or a Cash Balance plan to an existing 401k plan. We also provide ongoing advice to plan sponsors to make sure that their retirement plans have the best possible investment options and services available.

#### What else should potential clients know about you?

**We have prior experience in providing wealth management services for doctors and dentists, so we approach retirement plan advice in the same manner. All advice must be comprehensive, cover all aspects of our clients' retirement plan needs, and must be always offered in the best interest of our clients. We help our clients pick the right retirement plan(s) for their practice, and we make sure that their plan has the lowest possible fees and the best available investments. We also assist our clients in learning more about best investment management practices (including how to build portfolios, manage investment risk, develop optimal accumulation and distribution strategies, and how get the most out of their retirement plans) as well as how to set up their plans to limit their fiduciary liability as the plan sponsor.**

**For doctors and dentists who have much of their money inside retirement plans, keeping costs low is the highest priority. Given the complexity of medical/dental plans in general, customized, and comprehensive advice and service is key. As fiduciaries, we offer unbiased advice, and we have a good understanding of the medical/dental business (including the risks). We use this knowledge to set up appropriate retirement plans for practices of any size, from smallest to largest. We also provide advice on retirement plans of any complexity, and we specialize in working with more complex group practice retirement plans including 401(k) with profit sharing and Cash Balance plans, as well as converting individual brokerage-only plans to plans with a record-keeper and a fund menu. We believe that there should not be any asset-based fees charged for any retirement plan services and service providers. Minimizing overall plan fees, optimizing profit sharing, identifying controlled/affiliated groups, performing Cash Balance plan evaluation/analysis, addressing and fixing fiduciary and compliance issues related to self-directed brokerage accounts - we do it all.**

**I have written several articles related to retirement plans, including the following:**

<https://www.whitecoatinvestor.com/how-to-best-group-retirement-plan/>

<https://www.whitecoatinvestor.com/cash-balance-plans-for-solo-and-group-practices/>

<https://www.whitecoatinvestor.com/evaluating-aum-fees-small-practices/>

**We have also developed a unique retirement plan calculator that can be used to compare various types of retirement plan proposals side by side (that also demonstrates the high cost of AUM fees vs. fixed/flat fees):**

<https://retirementplanhub.com/retirement-plan-cost-calculator/>