



**FIRST HILL**  
TRUST COMPANY

# **Benchmarking Methodology** *and Limitations*

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This document describes the methodology and data sources used in the benchmarking analyses, fee comparisons, peer group references, and illustrative projections that may appear in First Hill Trust Company (“First Hill Trust” or “FHTC”) and BAC Capital Advisors (“BAC”) client and prospect materials, including gap analyses, proposals, benchmark reports, and related deliverables.

It is intended to support plan fiduciaries and other readers in understanding how comparative figures are derived, what those figures do and do not reflect, and the limitations that apply to any benchmarking analysis.

## **01 Purpose**

Plan fiduciaries are expected to conduct periodic reviews of plan fees, services, and provider arrangements as part of their ongoing oversight responsibilities. Benchmarking analyses are one input to that review. They are not a substitute for fiduciary judgment, independent verification of plan-specific facts, or comparison against multiple unaffiliated providers.

The benchmarking content in First Hill Trust and BAC materials is illustrative. It is intended to support discussion, not to serve as a definitive market study or as a recommendation regarding any specific provider, plan design change, or course of action.

## **02 Data Sources**

Benchmarking analyses may draw on the following sources:

- Publicly available Form 5500 and Form 5500-SF filings made by retirement plans with the U.S. Department of Labor. Filings are used to identify peer plans by size, industry, and other comparable characteristics, and to derive aggregate metrics such as participant counts, plan assets, and reported administrative expenses.
- The 401k Averages Book (25th Edition), an industry reference publication that aggregates fee and expense data for defined contribution plans across multiple size tiers. Component fee allocations (investment management, recordkeeping and administration, advisor compensation, and custody) referenced in fee comparison tables are derived from the ratios reported in this publication.
- First Hill Trust’s published rate card, which describes the firm’s standard pricing for discretionary trustee, administration, recordkeeping, and custody services for plans meeting specified asset, participant, and service-scope criteria. References to “FHTC’s published rate” reflect this pricing schedule.
- Other industry research, regulatory filings, and provider-reported data believed to be reliable but not independently verified.

*First Hill Trust and BAC maintain supporting records for the figures referenced in client and prospect materials. Records are retained in accordance with applicable books-and-records requirements under the Investment Advisers Act of 1940 and ERISA.*

### **03 Peer Group Construction**

Peer comparisons reference plans of comparable size and characteristics, identified primarily through Form 5500 filings. Peer groups are typically constructed using one or more of the following dimensions:

- Plan asset range, grouped into size tiers that align with industry survey conventions.
- Participant count, grouped to reflect operational complexity and the regulatory thresholds distinguishing small-plan and large-plan filers.
- Plan type (401(k), 403(b), 457, defined benefit, or other), and where applicable, industry classification.

Peer group composition is necessarily an estimate. Plans within any peer group may differ in investment lineup, service scope, recordkeeping arrangements, participant demographics, and other factors that affect fees and outcomes. References to “peer median,” “top quartile,” or similar comparative positions reflect the construction described above and may differ from comparisons produced using other methodologies or peer group definitions.

### **04 Component Fee Allocation**

Fee comparison tables that present a breakdown of total plan costs into components (typically investment management, recordkeeping and administration, advisor compensation, and custody) rely on allocation ratios drawn from industry references, principally the 401k Averages Book. The total all-in fee reflected for a specific plan may be derived from the plan’s most recent Form 5500 filing, sponsor-provided fee disclosures, or other plan-specific information when available.

Component allocations are estimates. Actual fee structures vary across providers and may include indirect compensation, revenue-sharing arrangements, or service-scope differences that are not separately identified in the comparison.

### **05 Projected Savings and Illustrative Outcomes**

Projected savings figures (for example, “annual savings at FHTC’s published rate”) are illustrative estimates derived by comparing the plan’s current all-in fee against FHTC’s published rate, applied to current plan assets. Multi-year savings figures present the sum of annual savings over the projection period and exclude any investment returns on saved amounts.

Projected savings assume that the plan would qualify for FHTC’s published rate. The published rate reflects standard pricing for plans meeting specified asset, participant, and service-scope criteria; actual pricing for any specific plan depends on plan size, complexity, service requirements, investment structure, and other factors, and may differ from the published rate.

Projected savings do not account for transition costs, conversion expenses, or differences in service scope that may apply in an actual engagement. Projected savings are not binding fee quotes and should not be interpreted as guarantees of outcomes.

## **06 Performance and Rate-of-Return Comparisons**

References to investment performance comparisons (for example, a plan's rate of return relative to a peer benchmark) reflect generalized industry data for plans of comparable size and asset mix. Such comparisons are general observations intended to support discussion and are not predictions of any plan's future returns. Past performance does not guarantee future results.

## **07 Limitations**

All benchmarking analyses are subject to the following limitations:

- Data sources may contain errors, omissions, or reporting inconsistencies. Form 5500 filings reflect self-reported information by plan sponsors and may not capture all expenses, indirect compensation, or service-scope details.
- Methodologies, peer group definitions, and component allocation ratios vary across benchmarking sources. Comparisons constructed using other methodologies may produce materially different results.
- Industry reference publications, including the 401k Averages Book, reflect data as of a specific publication date and may not capture subsequent market changes.
- Service-scope differences between providers (for example, fiduciary status, depth of plan administration, participant education, and compliance support) are not fully captured in fee-only comparisons.
- First Hill Trust and BAC have a financial interest in plan sponsors engaging one or both affiliated entities. Plan fiduciaries are encouraged to obtain comparable information from unaffiliated providers as part of any prudent review.

## **08 Use of This Information**

Benchmarking analyses produced by First Hill Trust and BAC are provided for informational and discussion purposes only. They do not constitute legal, tax, investment, fiduciary, or accounting advice, nor an offer or solicitation to provide investment advisory, trust, or recordkeeping services.

Plan fiduciaries should independently evaluate all providers, services, fees, investment options, and fiduciary considerations in light of the plan's specific circumstances, objectives, and participant needs. Decisions regarding plan design, provider selection, or service arrangements should be made after appropriate due diligence and, where applicable, consultation with independent advisors and counsel.

## **09 Additional Information**

Additional regulatory information, including BAC Capital Advisors' Form ADV Part 2A brochure, Form CRS, privacy notices, and related disclosures, is available at [firsthilltrust.com/disclosures](http://firsthilltrust.com/disclosures).

Questions regarding the methodology described in this document may be directed to:

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