

It's Time to Rethink the Modern **LAW FIRM 401(k) PLAN**

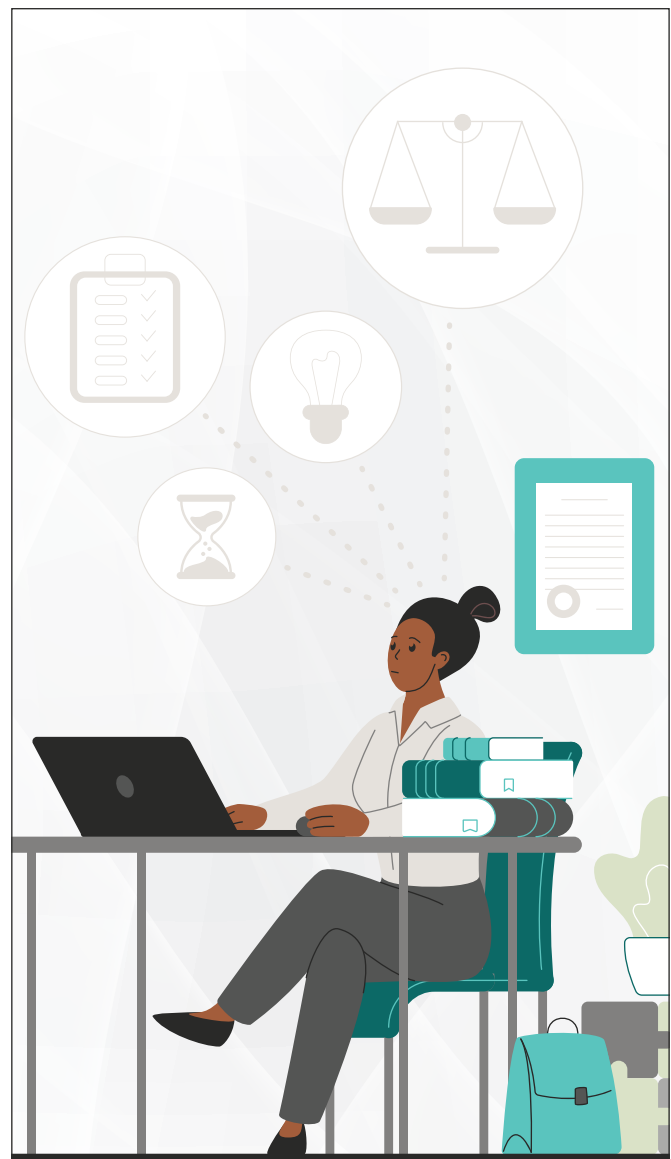
Is your firm's current 401(k) plan truly delivering convenience, sophistication, and personalization to your legal professionals?

Traditional plan designs and platforms often fall short for modern law firms, failing to provide planning flexibility, investment autonomy, and creditor protections that high-earning attorneys and their heirs need. Given the financial status and sophistication of many attorneys, a more tailored approach—by integrating self-directed brokerage accounts (SDBAs) within a 401(k) plan design—can provide the investment flexibility attorneys demand, without increasing fiduciary liability, administrative complexities, and cost for the firm.

Through our innovative ASG Open(k) Plan Designsm which anchors our Law Firm Benefits and Planning Platform, law firms can offer a next-generation retirement plan that meets the highly personalized planning needs of their attorneys, expands investment choice, and enhances financial security through ERISA¹ creditor protection.

A CHALLENGE: TRADITIONAL 401(K) PLANS ARE INADEQUATE FOR MODERN LAW FIRMS

Law firms operate differently from typical businesses, and their retirement plans should reflect that reality. Unlike other industries, many law firms are structured as collectives



\$145,760

Median Annual Income
of U.S. Attorneys

\$675,000

Median Annual Income
of Law Firm Partners

1 in 8

U.S. Attorneys Who
Work Beyond Age 65



of individual practitioners effectively sharing overhead while pursuing independent compensation goals. Attorneys tend to have high incomes, complex financial planning needs, and longer-than-average careers that cookie-cutter platforms can't adequately accommodate.

Key demographic insights:

- With a median annual income of \$145,760 for U.S. attorneys in 2023,² it is reasonable to assume that many fall near or within the top 10% of all wage earners over age 25, a group that typically earns at least \$170,000 annually.³
- Law firm partner median annual income in 2022 was approximately \$675,000, with many earning well over \$1 million per year.⁴ These income levels rank in the top 5% and 1% respectively of all income earners nationally.⁵
- Nearly 1 in 8 attorneys work beyond the age of 65, compared to just 1 in 16 in the general workforce.⁶
- These income levels and potentially longer careers enable attorneys to accumulate high six- and seven-figure retirement account balances, especially if incorporating Cash Balance Pension Plans, requiring sophisticated investment options, and planning advice beyond the basic mutual funds offered and resources available with a traditional 401(k) plan menu and service provider.

These statistics highlight the need for retirement plans that offer more than just a one-size-fits-all approach. Yet, traditional 401(k) menus and planning resources offered by most law firms are often inadequate for high-balance participants by failing to align with attorneys' financial needs, goals, and unique objectives at inflection points in their careers. Failing to acknowledge and address these plan design inadequacies could be catastrophic.

A FIDUCIARY DILEMMA: BALANCING FLEXIBILITY WITH COMPLIANCE AND COST

Most 401(k) plans are built to serve the fundamental needs of a national workforce dominated by Non-Highly Compensated Employees (NHCEs) defined by the IRS as an employee making less than \$160,000 in 2025. This demographic typically makes up 90% to

95% of a plan sponsor’s demographics. Law firms, however, are structured differently—with a majority of plan participants classified by the Internal Revenue Service (IRS) as Highly Compensated Employees (HCEs) defined as \$160,000 or more of earnings in 2025. This creates a unique challenge in balancing priorities:

- HCE attorneys often desire more control over their investments and may feel constrained by limited core menu options and hindered by limited planning resources, leading to a potential lack of satisfaction and appreciation for the plan in place.
- Conversely, Plan Sponsor fiduciary oversight committees worry that expanding investment choices to appease the HCEs will increase participant confusion, create administrative complexity, trigger additional oversight burdens, and elevate fiduciary liability risks for the firm.

THE ASG SOLUTION: THE ASG OPEN(K) PLAN DESIGNSM WITH INTEGRATED SELF-DIRECTED BROKERAGE ACCOUNTS

To address these issues, the Advanced Strategies Group (ASG) has partnered with two large financial institutions — Equitable and Charles Schwab — to create our innovative ASG Open(k) Plan DesignSM, featuring integrated Self-Directed Brokerage Accounts (SDBAs). This model strikes the right balance between core investment simplicity for NHCEs, and expanded autonomy, sophistication, and planning resources for high-earning attorneys within the firm, who typically hold the largest account balances.

Key Benefits:

- **Expanded Investment Options:** Plan participants can invest beyond standard mutual funds and access individual stocks and bonds, Exchange Traded Funds (ETFs), real estate funds, alternative investments, and sophisticated professionally managed investment strategies.
- **Flexibility Without Fiduciary Burden:** Plan participants can choose to self-manage their investments or engage independent personal investment advisors without creating fiduciary liability for the firm.



Traditional 401(k) menus are inadequate for highly compensated employees due to misalignment with their financial needs, goals, and unique objectives.



- **Advanced Retirement Income and Legacy Planning Resources:** Plan participants can access sophisticated planning guidance, resources, and technology to optimize retirement income decisions, tax mitigation strategies, and legacy planning for heirs.
- **Stronger Creditor Protection:** 401(k) plans are provided federal ERISA protections, which may have higher limits when compared to Individual Retirement Accounts (IRAs) which are protected by individual state statutes, a key benefit for attorneys in litigation-heavy fields or in retirement.
- **Talent Attraction and Retention:** Offering access to sophisticated investment options and personalized planning helps modern law firms stand out in a highly competitive recruit, retain, and reward environment when financially successful attorneys are the focus.

ADDRESSING COMMON CONCERNS

Some firms hesitate to introduce integrated SDBAs, fearing increased risks or administrative burdens. However, these concerns can be mitigated with proper plan structuring, resources, and education:

Concern: Attorneys might take excessive investment risks.

ASG Solution: ASG offers optional risk-managed portfolios and professional investment management strategies for an additional optional fee paid by the participant directly from their individual SDBA.

Concern: Additional administrative complexity.

ASG Solution: ASG’s recordkeeping platform partners offer seamless, integrated brokerage windows, requiring little extra effort from plan sponsors.

Concern: Increased costs

ASG Solution: The ASG Open(k) Plan Designsm is actually designed to aggressively reduce administrative, recordkeeping, and fiduciary advisory services costs to the firm to under fifty basis points (.50%) on an annualized basis, well below normal industry benchmarks than can be as much as 50% to 150% higher.

Concern: Higher compliance risks and oversight time for the firm’s named fiduciaries.

ASG Solution: SDBAs shift the investment responsibility and oversight of the SDBAs to the individual attorneys using them, thus relegating the firm’s fiduciary liability and oversight time to the core plan and investment menu. This bifurcation can involve less than ninety minutes per year for the firm’s fiduciary oversight committee as opposed to the typical two to four meetings per year for one to two hours. In a world where time is money, this can reflect a significant saving of hours that can be billed elsewhere.

CONCLUSION: THE FUTURE OF MODERN LAW FIRM 401(K) PLANS

As the legal profession evolves, so should retirement platforms, benefits, and planning resources law firms offer. Traditional 401(k) plans and platforms are antiquated and

inadequate for high-earning attorneys and modern law firms competing for the best talent. By implementing the ASG Open(k) Plan Designsm with integrated self-directed brokerage accounts, firms can provide their top talent with greater investment control, personalized planning, and superior creditor protection to help ensure wealth building resources are aligned with financial status.

Empower your legal team with flexibility, security, and autonomy—because a strong retirement plan isn’t just a benefit, it’s the Attorney’s Edge in generational wealth building.

If now is the time to explore modernizing your firm’s 401(k) plan design and platform, begin by comparing your current plan against the ASG Open(k) Plan Designsm by contacting us for a complimentary side-by-side comparison to determine if your firm meets the select profile our innovative offering was built for.

Endnotes

1. Employee Retirement Income Security Act of 1974
2. Bureau of Labor Statistics, May 2023: www.bls.gov
3. Economic Policy Institute, based on 2021 Social Security data
4. Reuters.com: US law firm partner pay hits new highs according to 2022 Partner Compensation Survey by Major, Lindsey, & Africa
5. Economic Policy Institute, based on 2021 Social Security data
6. American Bar Association: ABA Professional Demographics

ABOUT ASG

Advanced Strategies Group is a trusted authority in financial and retirement planning, wealth management, and tax mitigation strategies for law firms, lawyers, lobbyists, and other select client profiles. For law firms, the team helps clients reimagine how their organization recruits, rewards, and retains top talent while enhancing their financial futures. For lawyers and lobbyists, ASG’s primary focus is on protecting their income, assets, and financial independence from creditors, predators, professional pretenders, and confiscators with taxing authority, helping them answer a critical question: “What’s Your Plan for Financial Independence?”sm