

# Raymond James 401(k) Monthly Newsletter

**December 2011**

Welcome to Fiduciary Insights, the monthly newsletter that keeps you in touch with issues, trends, events, and insights of significance to individuals connected with the retirement plan industry. The articles have been carefully selected from a variety of high quality sources.

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General Items  
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## [Retirement Beneficiary Designations: Getting the Right Assets to the Right People](#)

Summary: As more and more people put significant amounts of money into retirement accounts such as 401ks and individual retirement accounts (IRAs), making sure that the assets in those accounts are distributed to the right people is even more important.

Therefore, it is essential that you complete the proper beneficiary designations and keeping them up to date after life changes.

Source: 401khelpcenter.com

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### [How Many Investment Options Should 401k Plan Sponsors Offer?](#)

Summary: Far too many 401k plan sponsors don't know how to answer this important question. Of greater concern for 401k investors, far too many 401k plan sponsors fail to even ask the question. Instead, they opt to trust the guidance of their service providers, who may have a pecuniary interest in maximizing the number of offerings.

Source: Fiduciarynews.com

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### [Best Practices for Reducing Loans, Hardship Withdrawals, and Impulsive Investment Decisions](#)

Summary: Negative behaviors such as using the 401k plan as an emergency fund instead of a long-term retirement savings account and taking excessive loans and hardship withdrawals is a symptom of a bigger problem among the employee population. The same is true for impulsive investment decisions that could ultimately delay employees' retirement. A combination of plan design and financial education works well to improve employees' financial wellness by casting a wider net in order to help employees help themselves without feeling pushed.

Source: 401khelpcenter.com

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### [Six Steps to the Perfect 401k](#)

Summary: The perfect 401k may seem like an elusive retirement vehicle, but Catherine Collinson, president of Transamerica Center for Retirement Studies, believes six steps would lead to just that. Collinson defines the perfect 401k as one that "helps ensure that workers are participating, contributing and managing investments wisely in order to adequately fund their future retirement and that workers have a strategy for saving, investing and transitioning into retirement." Collinson lists the key ingredients of a perfect 401k.

Source: Benefitspro.com

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### [The End of Human Resources as We Know It](#)

Summary: The challenges are great, and a new kind of HR executive is emerging to meet them. In the process, these strategic leaders are turning our traditional concept of human resources on its head. Here are five major forces that are driving the changes that will end HR as we know it by the year 2020.

Source: HREonline.com

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### [Fiduciary Items](#)

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### [Meeting Your Fiduciary Responsibilities](#)

Summary: To meet their responsibilities as plan sponsors, employers need to understand some basic rules, specifically the Employee Retirement Income Security Act. ERISA sets standards of conduct for those who manage an employee benefit plan and its assets (called fiduciaries). Meeting Your Fiduciary Responsibilities provides an overview of the basic fiduciary responsibilities applicable to retirement plans under the law.

Source: 401khelpcenter.com

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### [The Fiduciary Safe Harbor for Investment Managers](#)

Summary: There appears to be an increasing interest by plan sponsors in using 401k investment managers, sometimes called 3(38) managers. Unlike an adviser, an investment manager actually selects, monitors, removes, and replaces the 401k investments. The advantage to plan sponsors is that there is a "safe harbor" from fiduciary liability for the investments. However, the plan sponsor -- or, more likely, its plan committee -- must prudently select and monitor the investment manager. Here are some steps in that process.

Source: Plansponsor.com

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### [Ten Things You're \(Probably Still\) Doing Wrong As an ERISA Fiduciary](#)

Summary: Those who seek to know what they might be doing wrong are not generally the ones that need the "help." However, because the standards imposed on plan

fiduciaries by ERISA are demanding, the potential to misstep without meaning to is ever-present. Here is a list of 10 things to be aware of.

Source: Plansponsor.com

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### [Service Provider Disclosures: The Impact on Plan Sponsors](#)

Summary: April 1, 2012, is a significant date for plan sponsors and their plan committees. By that date, they should have received - and will need to begin evaluating - fee disclosure information from their plan's service providers. This article identifies the key issues for plan sponsors and provide an overview of the fiduciary responsibilities.

Source: Drinker Biddle & Reath LLP (PDF File)

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### [15 Symptoms That a Plan Sponsor's Retirement Plan Might Be Ill](#)

Summary: There are symptoms as to when a retirement plan is ill, but plan sponsors are often unaware of what to look for. This article is intended to serve as a wakeup call on what symptoms to look for to determine whether your retirement plan might be "ill."

Source: The Rosenbaum Law Firm

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### [Fiduciary Rules Related to Automatic 401ks](#)

Summary: The fiduciary rules which apply to private employers maintaining a 401k plan or a 403(b) plan, which is governed by ERISA, with automatic enrollment can seem intimidating. This article will assist the employer in sorting through these rules, and how they will apply.

Source: Retirement Made Simpler

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### [Studies and Research](#)

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### [Study: What Are Plan Sponsors Focused on and Concerned About Today?](#)

Summary: 'Report on Retirement Plans - 2011' portrays a complex retirement plan environment in which plan sponsors are balancing the need to encourage employees to better prepare for their retirement, while managing expenses in a dynamic market.

Source: 401khelpcenter.com

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### [Forty Percent of Americans Save Nothing Towards Retirement](#)

Summary: The eNation survey, conducted on behalf of LIMRA, also found that 19 percent of adults not yet retired typically save less than \$100 a month, while more than a quarter (27%) of consumers save \$100 to \$499 a month. Even those with household incomes of \$50,000 or more, a sizeable proportion (42%) are either saving \$100 or less, or nothing, each month.

Source: 401khelpcenter.com

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### [PSCA Releases Results of Annual Survey of 401k Plans](#)

Summary: The Profit Sharing/401k Council of America has released its 54th Annual Survey of Profit Sharing and 401k Plans. This survey provides up-to-date information available on current practices and trends in profit sharing and 401k plans.

Source: 401khelpcenter.com

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### [Boomers Making More 401k Investing Mistakes Than Younger Folks](#)

Summary: A new study of how workers have invested their 401ks finds that those approaching retirement have been more likely to mismanage their accounts than their younger coworkers. One indication: A small but still significant percentage of baby boomers panicked during the 2008 market crash and dumped their stocks at the bottom, missing out on the market's 2009 rebound.

Source: Forbes

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### [Court and Legislative Items](#)

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### [Second Circuit Joins Five Other Circuits in Ruling Company Stock Investments in 401k Plans Are Presumptively Prudent](#)

Summary: Given the Second Circuit's embrace of the presumption of prudence standard, it is incumbent on all 401k plan fiduciaries to again review their 401k plan's

company stock investment language. Properly drafted company stock language may help ensure the presumption of prudence is applied in the event the price of company stock rapidly declines.

Source: Winston & Strawn LLP (PDF File)

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### [Problem Employees and the Hazards of Disregarding ERISA Information Requests](#)

Summary: A recent case from the 5th Circuit Court of Appeals, *Kujanek v. Houston Poly Bag I Ltd.*, highlights a number of important ERISA rules that may come up in the context of contentious employee terminations. The take-away from this case is that employers must be diligent in responding to an employee's ERISA document and information requests, even if the employee has not satisfied the technical plan rules for making the request.

Source: Hawley Troxell Ennis & Hawley LLP

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### Commentary and Opinion

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### [Five 401k Industry Trends](#)

Summary: Nevin Adams, Editor-in-Chief of Plansponsor magazine, offers some notions about what the next five years will bring in terms of industry trends.

Source: Plansponsor Institute

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### Regulatory Items

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### [DOL Probing Improper BD, IA Compensation From ERISA Plans](#)

Summary: The Department of Labor is investigating broker-dealer and registered investment advisors' services to ERISA retirement plans. The CAP initiative is a national enforcement project designed to focus on the receipt of improper or undisclosed compensation by employee benefit plan consultants and investment advisers.

Source: Benefitspro.com

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