

Raymond James 401(k) Monthly Newsletter

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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

401ks: Watch Out for Speed Bumps

Summary: Fast-growing companies are particularly prone to having their 401k plans get off track in one way or another. The combination of fluctuating asset levels, executive overload, and Internal Revenue Service rules that are structured in a way to almost ensure closely held companies will violate them means that CFOs at those companies need to keep an especially close watch on them, at least at a high level.

Source: CFO.com

401k Retirement Plans Myths – Debunked

Summary: Common myths about retirement plans are leading law makers to propose changes that have the potential to mar the face of the retirement industry and the primary way Americans save for retirement.

Source: ASPPA

Fiduciary Items

Don't Breach Your 401k Plan Fiduciary Duty

Summary: Because late employee contributions and loan repayments adversely affect employee retirement objectives, the DOL has made these two common fiduciary breaches part of an ongoing nationwide enforcement initiative. What should you do if you learn that your employees' retirement plan contributions and/or loan repayments have not been contributed to your plan?

Source: Masuda Funai

The Duty to Collect Contributions

Summary: In addition to the obvious problems that arise when plan contributions are not timely deposited, the DOL has found that some plan documents expressly absolve plan trustees from the responsibility of monitoring and collecting delinquent contributions. Based on its findings, the DOL issued Field Assistance Bulletin 2008-1 (FAB 2008-01) to provide guidance regarding delinquent deposits into qualified plans, such as 401ks. The FAB addresses two questions.

Source: Kravitz (PDF File)

Why Over Diversification Matters to the ERISA Fiduciary

Summary: The complexities of over diversification – and how it harms 401k investors – represent just one area of investments 401k plan sponsors must educate themselves about.

Source: Fiduciarynews.com

How Plan Sponsors Can Help 401k Investors Avoid Over Diversification

Summary: There is a point at which diversification can move away from being a prudent action and become a limiting factor to further success. Over diversification is one of

those factors ERISA plan sponsors seeking to reduce fiduciary liability must consider. Plan sponsors have two options to help 401k investors avoid this sin. The first remains wholly within their control. The second relies on the employee.

Source: Fiduciarynews.com

Studies and Research

Points of Plan Design Differentiation Emerge in PLANSPONSOR's Annual DC Survey

Summary: Whatever your current method(s) of assessment and evaluation, plan sponsors have long appreciated the reality that, while every program may have its own unique set of circumstances and constraints, there is value in being able to compare your retirement plan designs with a valid set of comparables, if only to ensure that your design remains competitive.

Source: Plansponsor.com

Engaging Under-35 Workers a Challenge for DC Plans

Summary: While most plan sponsors expressed confidence in their plan's ability to prepare younger workers for retirement, nearly 40 percent of plan sponsors and a majority of consultants interviewed were neutral or less than confident on that question. The study indicates that plan sponsors could take a number of steps in the near, medium and longer term to better engage these younger workers.

Source: 401khelpcenter.com

80 Is the New 65 for Americans When It Comes to Retirement

Summary: The concept of a "retirement age" is going the way of the typewriter, another 20th-century relic that has been made irrelevant by changing circumstances. Middle class Americans now expect to work until they have saved enough to afford to retire, according to results from the seventh annual Retirement Survey from Wells Fargo & Company.

Source: 401khelpcenter.com

Regulatory Items

Responsibility to Collect Contributions

Summary: The DOL has been investigating delinquent contributions to qualified retirement plans. In addition to the obvious problems that arise when plan contributions are not timely deposited, the DOL has found that some plan documents expressly absolve plan trustees from the responsibility of monitoring and collecting delinquent contributions.

Source: McKay Hochman

What Fee Disclosure Rules Really Mean for Plan Sponsors

Summary: The DOL rules will impact plan sponsors equally, if not more, than their service providers and will require an overhaul of the plan sponsor's approach to many formerly rote fiduciary activities.

Source: Society for Human Resource Management

Partial Plan Termination . . . What's That?

Summary: If you have had a substantial reduction in your workforce and sponsor a retirement plan, you need to learn what a partial plan termination is right now. The IRS is actively pursuing employers whose retirement plans may have experienced a partial termination event.

Source: Warner Norcross & Judd LLP

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