

Raymond James 401(k) Monthly Newsletter

May 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

[The Impact Financial Education Has on Plan Participant Saving and Investing Behavior](#)

Summary: Increasingly, participant retirement education is being evaluated with the bottom line in mind, with companies demanding that the programs they roll out to their employees actually change behavior. It is about time for us to begin to track the

statistical success of these programs, to evaluate them on the bottom line numbers and to ask the tough questions.

Source: 401khelpcenter.com.

[Employer Contributions are Rebounding, but Move With Caution](#)

Summary: There is a trend towards restoring employer matching contributions, but just as the rules dictate how to suspend contributions, technical qualification requirements need to be satisfied when contributions are restored. Following the rules now can avoid future audit problems or the need to file under a voluntary correction program. Here are some tips for avoiding those problems.

Source: Pensionsbenefitslaw.com.

[Retirement Coaching Gives Employees a Handle on Future](#)

Summary: Retirement looks a lot different from decades past when traditional pensions were common, Social Security was a sure thing and people had shorter life spans. Today, with more employees bearing the responsibility to prepare for a secure retirement, a growing number of employers are offering retirement coaching as part of their benefits package.

Source: Society for Human Resource Management.

[An Improved Economic Forecast Brings Out the Old and the New in 401k Education Programs](#)

Summary: As the economy starts to stabilize, retirement plan experts say plan sponsors need to emphasize certain elements of their retirement education and advice programs to get workers back on track and saving for retirement. The first thing employers need to recognize is that employees are ready to hear the message again about saving for retirement.

Source: Employee Benefit Adviser.

[401k Account Balances as Monthly Retirement Income](#)

Summary: About a year ago, the Departments of Labor and Treasury issued a RFI about sustainable retirement income. The Institutional Retirement Income Council (IRIC), provided detailed and thoughtful responses to the questions. This article quotes four of

the questions asked by those agencies and provides the answers given by IRIC. The purpose is not to persuade you to agree with those conclusions, but rather to encourage you to think about the questions and answers.

Source: Reish & Reicher (PDF File).

[Best Practices for Evaluating Employee Retirement Preparedness](#)

Summary: The first step in evaluating your employees' retirement preparedness is to examine your retirement plan data. All retirement benefits managers should review numbers on a quarterly basis, with a formal retirement preparedness analysis presented to the investment committee on an annual basis. This article covers the key retirement plan metrics that retirement benefits managers should benchmark in their quarterly and annual plan reviews.

Source: 401khelpcenter.com.

[401k Fee Disclosure for the "You Never Told Me" Employees](#)

Summary: For employees who believe their 401k is free—bad news. These "you never told me" employees could blame their employer for allowing fees to be taken out of their accounts without telling them. Despite past omissions, starting now to be clear and forthright about fund and plan fees can promote trust and encourage employees to use their employer-provided plan to save for their retirement needs.

Source: Society for Human Resource Management.

[Linking 401k Participation to Open Enrollment](#)

Summary: When employers present employees with an easy, one-click option to enroll in or make a contribution change to their 401k plan during the annual health benefits process, the result is significant increases in 401k participation.

Source: Employee Benefit News.

[Managing Disclosure Requirements, One Step at a Time](#)

Summary: Fee disclosure regulations coming in 2011 and 2012 may seem daunting, but they also abound in opportunities. James Delaplaine, Partner at Davis & Harman LLP,

discussed the two types of disclosure requirements on a Webcast hosted by the Principal Financial Group.
Source: Planadviser.com.

403(b) Plan Items

[New Guidance on 403\(b\) Plan Terminations](#)

Summary: Plan sponsors wanting to terminate their 403(b) plans have struggled with a lack of clear guidance on certain key issues since 2007 when IRS regulations specifically authorized 403(b) plan terminations. Some of the termination requirements set out in those regulations – especially those related to distribution of plan assets – have raised difficult questions for some 403(b) plans. A recent revenue ruling from the IRS answers some of these questions.

Source: Poyner Spruill LLP.

Studies and Research

[EBRI Releases Their 2011 Retirement Confidence Survey](#)

Summary: In a sign that Americans are recognizing the realities they face about their chances for a comfortable retirement, the 2011 Retirement Confidence Survey (RCS) finds workers are more pessimistic than at any time in the two decades the RCS has been conducted: More than a quarter (27 percent) of workers now say they are "not at all confident" about retirement, up 5 percentage points from the level measured just one year ago.

Source: 401khelpcenter.com.

[Trends and Insights: Focusing on the Fiduciary Agenda](#)

Summary: Summary of Grant Thornton's 7th annual Retirement Plan Survey. Trends and insights: Focusing on the fiduciary agenda, seeks to gain a general assessment of the level of understanding of investments, fees and administrative practices related to retirement plans.

Source: 401khelpcenter.com.

[401k Plans: Improved Regulation Could Better Protect Participants from Conflicts of Interest](#)

Summary: Recent volatility in financial markets highlights the need for prudent investment decisions if 401k plans are to provide an adequate source of retirement income. While plan sponsors and participants may receive help in assessing their investment choices, concerns have been raised about the impartiality of the advice provided. GAO was asked to describe circumstances where service providers may have conflicts of interest in providing assistance related to the selection of investment options for (1) plan sponsors and (2) plan participants, and (3) steps the Department of Labor (Labor) has taken to address conflicts of interest related to the selection of investment options.

Source: U.S. Government Accountability Office.

[DC/401k Survey Reveals Widening Gender Gap in Retirement Confidence](#)

Summary: Among women, confidence in investment decisions and the stock market is much lower vs. men and the gap is widening, pointing to a significant opportunity for retirement plan advisors and providers to do even more to help educate participants regarding their investments.

Source: 401khelpcenter.com.

[Court and Legislative Items](#)

[SunTrust Served With 401k Suit](#)

Summary: A retiree has sued SunTrust Banks, alleging that it favored investment plans operated by SunTrust or its subsidiaries that performed poorly and charged higher fees than plans offered by independent investment companies.

Source: Planadviser.com.

Commentary and Opinion

[In 401k Litigation, You Could Lose More Than Your Day in Court](#)

Summary: Last week brought to light an aspect of 401k litigation that doesn't generally get a lot of coverage—and the participant-plaintiff was presented with a \$50,000 bill.
Source: Plansponsor.com.

Regulatory Items

[1,176 New DB Plans and 5,098 401k Plans Approved by the IRS in Fiscal 2010](#)

Summary: The Internal Revenue Service issued approved determination letters to 1,176 new defined benefit plans covering 483,455 participants and 6,747 defined contribution plans covering 1,069,095 participants during the fiscal year ending Sept. 30, 2011. There were 5,098 new 401k plans covering 349,492 participants included in the 6,747 defined contribution plan total, the IRS reported in the Internal Revenue Service Data Book, 2010.
Source: CCH.

[IRS Provides Compliance Tips for Employers With Pre-Approved Retirement Plans](#)

Summary: The IRS notes that, regardless of the type of retirement plan or pre-approved plan, the employer is responsible for making sure that the plan complies with all the legal requirements. In so doing, the employer needs to understand the service agreement and adoption agreement, pay close attention to all communication from the pre-approved sponsor and administrator, coordinate with the payroll processor, and periodically review the plan document and operations. The IRS sets out some tips for employers who have adopted pre-approved retirement plans.
Source: CCH.

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