

Fiduciary Insights

Chris Vosmeier, First Vice President, Investments
7030 Pointe Inverness Way, Suite 310, Fort Wayne, IN 46804
T 260-436-9219 // T 888-253-3664

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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

[Retirement Plan Audits, From the CPA Perspective](#)

Summary: At last week's Northeast Area Benefits Conference, co-sponsored by the IRS and ASPPA, two Certified Public Accountants discussed the many moving parts of a retirement plan audit.

Source: Planadviser.com.

[Qualified Plan & IRA Creditor Protection Rules](#)

Summary: Creditor protection rules differ between retirement accounts held within qualified plans subject to Title I of ERISA and Individual Retirement Accounts (IRAs). Participants in qualified retirement plans that are subject to Title I of ERISA should consider the degree of creditor protection afforded when deciding whether to leave their accounts in the qualified retirement plan or rolling them out of the plan into an IRA.

Source: McKay Hochman.

[HR Focuses on Retirement-Plan Governance](#)

Summary: The number of lawsuits, combined with regulatory complexity, the growing cost of benefits and the volatility of investments, has motivated some U.S. companies to beef up the governance of their retirement plans, say experts. But relatively few are proactively addressing governance risks.

Source: HREonline.com.

[Best Practices for Electronic Communications](#)

Summary: Litigation discovery increasingly focuses on electronic messaging. Here are some tips on how best to communicate inside and outside your company in today's world of e-mails, texts, instant messages, tweets, Facebook postings, and LinkedIn messages.

Source: Mintz Levin (PDF File).

[Your 401k Plan Has Auto-Enrollment, Now What?](#)

Summary: There has been a good deal of discussion on success measures for auto-enrollment, and we've previously established that by adding auto-enrollment a plan sponsor can immediately make its plan appear to have 100% participation. But is that enough?

Source: Milliman.

[Missteps in Benefits Communications](#)

Summary: Communications that are infrequent and indecipherable are common mistakes HR leaders make when transmitting information about benefits packages to employees. Using more of a "selling" approach while adopting multiple channels and targeted messages will help, experts say.

Source: HREonline.com.

[401k Companions May Widen Retirement Safety Net](#)

Summary: The financial and emotional scars of the bear market still have many Baby Boomers in limbo, unsure if their savings will last their lifetime. Keying on those worries, the 401k industry has started providing products designed to help transform savings into steady paychecks that will be a safety net throughout retirement.

Source: USAToday.com.</p>

Fiduciary Items

[Ex-Employees Who Don't Rollover – Will 401k Fees Increase Plan Sponsor Liability?](#)

Summary: There's often a debate as to what's in the best interest of ex-employees: to keep their retirement assets in their former company's 401k or to roll those assets over into an IRA? What's often overlooked in this calculation is whether this individual decision can inadvertently increase the fiduciary liability of the 401k plan sponsor at the former firm.

Source: Fiduciary News.

[Have You Looked at Your Investment Committee Lately?](#)

Summary: The committee by-laws are essential for establishing the process by which the committee operates. Other industry best practices with respect to investment committees include nine items.

Source: Fi360.com.</p>

403(b) Plan Items

[403\(b\) Transfers and Exchanges](#)

Summary: The final 403(b) regulations changed the terminology for "transfers" and "exchanges" that take place on or after September 25, 2007. This impacts the methods used to move 403(b) accounts of participants and beneficiaries.

Source: McKay Hochman.

Studies and Research

[401k Match Motivates Retirement Saving](#)

Summary: Most workers are lured into 401k plans by the promise of an employer contribution. 401k matches are the primary reason that workers participate in 401k plans, according to a Boston Research Group survey of 1,000 current and retired 401k participants sponsored by Fidelity Investments.

Source: U.S. News & World Report.

[Not Saving Enough and Living Beyond Means Are Top Obstacles to Financial Success](#)

Summary: Americans continue to show resilience post-financial crisis, but a new study released by the Principal Financial Group and conducted by Harris Interactive reveals that many still need help to envision their financial dreams. Only 1 in 10 financial professionals said their clients find it easy to visualize their financial dreams, according to the study.

Source: 401khelpcenter.com.

[The Hartford Finds More Americans Saving for Retirement](#)

Summary: Despite a sluggish economy, more Americans say they are confident their personal finances will improve during the next 12 months. This trend is translating into more people saving for retirement, according to new research from The Hartford.

Source: 401khelpcenter.com.

[Americans Focus on New Approach to Post-Recession Retirement](#)

Summary: Americans have emerged from the economic recession with a new set of expectations around the purpose, timing and funding of retirement, according to a new study sponsored by SunAmerica Financial Group in collaboration with Age Wave.

Source: 401khelpcenter.com.

[Rising Employer Confidence is Translating Into a Renewed Commitment to Retirement Benefits](#)

Summary: A new report released today reveals an encouraging sign that employer confidence is rising and that it appears to be translating into a renewed commitment to retirement benefits for the first time since the recession began.

Source: 401khelpcenter.com.

[Vanguard Issues New Profile of Participant Trends in 401k Plans of Eight Industries](#)

Summary: For the first time, supplemental industry reports to How America Saves analyze the behavior of plan participants in eight industries, including the ambulatory health care; finance and insurance; information services; legal services; manufacturing; mining, oil and gas extraction; technology; and utility industries. Plan sponsors in these industries can use a new benchmarking tool to compare their plan data with others in their industry and Vanguard plans overall.

Source: 401khelpcenter.com.

[Too Many Choices Impair 401k Decisions](#)

Summary: When individuals are faced with too many options they become paralyzed and don't make the best decisions -- even when it comes to 401k options, according to a new study co-authored by Columbia Business School and University of Chicago Booth School of Business.

Source: Employee Benefit News.

Court and Legislative Items

[New Puerto Rico Tax Code Requires Big Changes to Retirement Plans for Puerto Rico Employees](#)

Summary: On January 31, 2011, the Commonwealth of Puerto Rico adopted a new Internal Revenue Code which substantially overhauls the tax qualification requirements for retirement plans that cover Puerto Rican employees. The qualified retirement plan provisions found in the 2011 PR Code contain requirements that parallel the requirements found in Section 401(a) of the US Internal Revenue Code. However, the 2011 PR Code made a number of significant changes thereby creating differences between the U.S. Code and the 2011 PR Code. Employers sponsoring Puerto Rican plans or United States plans covering Puerto Rican employees should review their plans.

Source: Wagner Law Group (PDF File).

Commentary and Opinion

[DOL Coordinates Disclosure Deadlines—The Cart Before the Horse No Longer](#)

Summary: Just as consumers demand to know what they pay for all goods and services, plans sponsors and participants should enjoy the same privilege. Additionally, as fiduciaries, plan sponsors have a legal duty and obligation to determine the reasonableness of plan expenses.

Source: Society for Human Resource Management.

[Automatic Enrollment -- Not The End, A Great Beginning](#)

Summary: The July 7 Wall Street Journal article suggesting that the decline in the average 401k participant savings rate is the result of companies recently implementing automatic enrollment (AE) misses the bigger picture. It may be a minor contributing factor, but the principal reason for that decline has been the economy.

Source: Profit Sharing/401k Council of America.

[Why Retirement Plans Need a Financial Advisor](#)

Summary: Picking investment options under a retirement plan is only a small part of what a financial advisor brings to the table, it's their expertise and background in monitoring investments and investment education that are their most important roles in serving plan sponsors and trustees for their retirement plan needs. In addition, some of these financial advisors offer themselves as independent ERISA §3(21) and §3(38) fiduciaries which can greatly mitigate a plan sponsor's and trustee's fiduciary liability.

Source: The Rosenbaum Law Firm.

[Regulatory Items](#)

[DOL's Borzi Fights Critics of Proposed Fiduciary Rule](#)

Summary: Phyllis Borzi, head of the Department of Labor's Employee Benefits Security Administration, fought back on recently against criticisms EBSA has received regarding its controversial regulation amending the definition of fiduciary under ERISA.

Source: Advisor One.

[IRS Gets Better at Catching Illegal Retirement Plans](#)

Summary: The Treasury Inspector General for Tax Administration found that the IRS has improved its process for selecting potentially noncompliant retirement plans for examination. This has resulted in an increase in the percentage of examinations where the IRS detects noncompliance with the Tax Code.

Source: Accountingtoday.com.</p>

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