

## April 2017

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.

### General Items

What is the Difference between a Recordkeeper and a Third Party Administrator (TPA)?

Dispelling an Urban Legend: Participant Loans Do Not Result in Double Taxation

Employers Key to Retirement Saving, Study Says

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IRS Issues 2016 Required Amendments List for Individually Designed Retirement Plans

Maintaining Retirement Plan Records

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### General Items

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What is the Difference between a Recordkeeper and a Third Party Administrator (TPA)?

Abstract: There are many parties involved with the management of a company's retirement plan. Although we hear certain terms being used, many times we do not understand exactly who does what. A common question I get is "what is the difference between the record-keeper and the third party administrator?" Source: Brightscope.com

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Dispelling an Urban Legend: Participant Loans do NOT result in Double Taxation

Abstract: Pre-tax contributions to a 401(k) or 403(b) plan are not taxed when made to the plan but are taxed when the participant receives a distribution of the contributions. This means that a participant receives a tax benefit in the form of a tax deferral when the contributions are made to the plan. Source: Employeebenefitplanaudit.belfint.com

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Employers Key to Retirement Saving, Study Says

Abstract: Employer-provided retirement plans remain key to retirement saving to a healthy proportion of the employee population, and interest in some aspects of those plans is especially strong, says a recent study. Source: Asppa.org

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## **Fiduciary and Plan Governance Material**

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### DOL Submits Fiduciary Delay Final Rule to OMB

Abstract: Having put its proposed extension of the applicability date out for public comment, the Labor Department has submitted its final rule to the Office of Management and Budget for review. Source: Napa-net.org

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### Five Guiding Fiduciary Principles

Abstract: Plan sponsors face increasingly complex fiduciary requirements, as well as pressure to provide an optimal plan experience for participants at a reasonable cost. Making investment selection decisions under these conditions can prove challenging. Source: T. Rowe Price

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### Could Fiduciary Standards Be Lowered to Encourage ESG?

Abstract: Groom Law says the strong push in international bodies such as the European Commission and OECD to encourage pensions to take into account environmental, social, ethical and governance (ESG) factors could spill over to the United States. Source: Asppa.org

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## **Insights: Studies, Research and White Papers**

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### Case Study Finds Re-Enrollment Effective for Portfolio Diversification

Abstract: Six months after a re-enrollment, 94% of participants and 74% of plan assets were in TDFs, while one year later, 92% of participants and 81% of plan assets were in TDFs, a case study by Vanguard showed. Source: Planadviser.com

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### How Job Changes Affect Retirement Timing by Socioeconomic Status

Abstract: This 8-page paper assesses the effect of voluntarily changing jobs by workers in their 50s on how long they stay in the labor force. The brief also investigates whether any effect differs by socioeconomic status as measured by educational attainment. Source: Bc.edu

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### Courage, not Literacy, Key to Financial Wellness

Abstract: Helping employees become more confident about engaging in financial matters -- improving their financial courage -- is more critical than employers providing benefits that focus solely on financial education, a survey from Mercer suggests. Source: Plansponsor.com

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## **Compliance and Regulatory Related**

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#### Missed the PPA Restatement Deadline?

Abstract: If you missed the PPA restatement deadline and failed to update your 401k plan document, you can still update it. And if you update it by April 30, 2017, then there are discounted penalties from IRS.

Source: [Benefit-Resources.com](http://Benefit-Resources.com)

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#### IRS Issues 2016 Required Amendments List for Individually Designed Retirement Plans

Abstract: In Notice 2016-80 the IRS issued its inaugural list of required amendments for individually designed retirement plans. These lists are scheduled to be issued annually after October 1. The good news for plan sponsors is that the 2016 list includes only one change, which will not affect most plan sponsors. Source: [Towerswatson.com](http://Towerswatson.com)

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#### Maintaining Retirement Plan Records

Abstract: Employers who sponsor a retirement plan are required by law to keep books and records available for the IRS to review. Having these records available is also helpful when determining participant benefits. What records should you keep and how long must they be retained is address in this article. Source: [Consultrms.com](http://Consultrms.com)