

# Raymond James Retirement Plan Monthly Newsletter

**April, 2018**

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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Fifth Circuit Vacates DOL Fiduciary Rule

The Fifth Circuit's decision is sweeping in scope and a resounding defeat for DOL. The Court determined that the Fiduciary Rule conflicts with the statutory text of section 3(21)(A)(ii) of the Employee Retirement Income Security Act of 1974 ("ERISA").

Full Article Available Here --->>

<https://www.groom.com/resources/fifth-circuit-vacates-dol-fiduciary-rule/>

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Evaluating Roth and Pretax Retirement Savings Options

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Abstract: There are two ways to get Roth account exposure: a Roth IRA or through a retirement plan that has a designated Roth account. While Roth IRAs have income eligibility limits, those do not apply to contributions within a 401k plan. Pretax contributions are generally preferable for people who expect their income tax rate to decrease in retirement. Having Roth accounts may make sense for tax diversification, flexibility and as a hedge against higher tax rates. Source: Troweprice.com

Full Article Available Here --->>

<https://www4.troweprice.com/gis/fai/us/en/insights/articles/2018/q1/evaluating-roth-and-pretax-retirement-savings-options.html>

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Are HSAs a Better Investment Vehicle Than 401ks?

Abstract: When considering the tax advantages, an argument can be made that HSAs are a better investment vehicle, particularly when used only for qualified medical expenses, a new report claims. Source: Asppa.org

Full Article Available Here --->> <http://www.asppa.org/News/Article/ArticleID/9562/Are-HSAs-a-Better-Investment-Vehicle-Than-401-k-s>

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Three Reasons Plan Sponsors are Considering CITs - or Should Be

Abstract: CITs are often misunderstood, and many sponsors don't know where to begin when comparing mutual funds and CITs. Admittedly, it's a technical topic, but it's a topic that is increasingly important. Source: Manning-Napier.com

Full Article Available Here --->> <https://www.manning-napier.com/insights/blogs/research-library/converge-volume-16-three-reasons-plan-sponsors-are-considering-cits-or-should-be>

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## **Fiduciary and Plan Governance Material**

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Fiduciary Liability Insurance, Why You May Need It

Abstract: Fiduciary liability insurance isn't the same thing as your ERISA bond and should never be viewed as a substitute for good fiduciary practices, but it is good to know you have backup if claims do arise. Source: Cohenbuckmann.com

Full Article Available Here --->> <https://cohenbuckmann.com/insights/2018/2/20/fiduciary-liability-insurance-why-you-may-need-it>

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## 401k Plan Sponsors Are Increasingly Hiring Fiduciary Advisers

Abstract: Employers sponsoring a 401k plan, especially small business owners, are increasingly hiring investment advisers who serve as fiduciaries to their retirement plan, new research suggests. About 70% of all 401k plans used an independent investment adviser -- separate from the plan's recordkeeper -- to assist with fiduciary responsibility in 2016, according to a new study from the Plan Sponsor Council of America. Source: Investmentnews.com (registration may be required)

Full Article Available Here --->>

<http://www.investmentnews.com/article/20180213/FREE/180219984/401-k-plan-sponsors-are-increasingly-hiring-fiduciary-adviser>

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## Don't Make Your 401k a Litigation Target

Abstract: You are at risk because no plan is safe when there are so many class action lawyers out there aggressively looking for lawsuits to file. Some plans are more attractive lawsuit targets than others, and there are things fiduciaries can do to lower their risk of being hit with a 401k lawsuit. Source: 401ktv.com

Full Article Available Here --->> <https://401ktv.com/401k-litigation-target-ask-lawyer/>

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## Those Pesky Plan Documents: What Do They Have to Do With My Fiduciary Duties?

Abstract: Worrying about plan documents probably is not keeping you up at night, but maybe is should. Although most plan fiduciaries are aware of their duties of prudence and loyalty, they may not be tuned into their equally important duty to follow the terms of their written plan documents. This "sleeper" duty could catch you by surprise. Source: Boutwellfay.com

Full Article Available Here --->> <http://www.boutwellfay.com/wp-content/uploads/2018/01/Boutwell-Fay-Benefits-News-2018-01.pdf>

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## Insights: Studies, Research and White Papers

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### How Does Household Debt Affect Retirement?

Abstract: While there is extensive media coverage regarding Americans' lack of retirement savings, a much less discussed topic is the growing amount of debt that Americans carry into retirement. Larger mortgages, higher student loans and a greater overall comfort with debt than displayed by

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earlier generations has increased the average debt for households approaching retirement by nearly 160%. Source: Thecapitalideas.com

Full Article Available Here --->> <https://www.thecapitalideas.com/articles/how-debt-affects-retirement>

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## Employees Cash Out 401ks in Record Numbers

Abstract: The Bureau of Labor Statistics reports that today's mobile workforce is changing jobs nearly a dozen times. For 35- to 44-year-olds, a little over a third take jobs that last less than a year. It doesn't allow for a lot of time to sock away money in a 401k account and as a result, many workers are cashing out what little they have. Source: Workforce.com

Full Article Available Here --->> <http://www.workforce.com/2018/02/14/retirement-account-bank-account-employees-cash-401ks-record-numbers/>

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## Financial Peace of Mind Is Major Financial Objective of Generation X 401k Savers

Abstract: T. Rowe Price has announced the results of the third installment of its Retirement Savings and Spending survey, revealing that 77 percent of Generation X retirement savers with 401ks view having financial peace of mind as a major financial objective, leading the 16 financial objectives scored in the survey. Source: Troweprice.com

Full Article Available Here --->> <https://www3.troweprice.com/usis/corporate/en/press/generation-x-401k-savers-indicate-financial-peace-of-mind-as-m.html?id=85298>

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## Compliance and Regulatory Related

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### Hardship Withdrawal Changes Under the New Budget Act

Abstract: The Bipartisan Budget Act of 2018 contains changes to the ways in which hardship withdrawals from qualified retirement plans are administered. The changes reviewed here are effective for plan years beginning after December 31, 2018. Source: Consultrms.com

Full Article Available Here --->> <http://www.consultrms.com/Resources/38/Hardship-Withdrawals/124/Hardship-Withdrawal-Changes-under-the-new-Budget-Act>

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### Tax Cuts and Jobs Act -- New Rules for Retirement Plans and IRAs

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Abstract: Although the main feature of this legislation is a significant reduction in the corporate federal income tax rate, the Act also makes several significant changes to the tax treatment of employee benefits. This article addresses the new rules governing employer-sponsored retirement plans and individual retirement accounts. Source: Spencerfane.com

Full Article Available Here ---> <https://www.spencerfane.com/publication/tax-cuts-jobs-act-new-rules-retirement-plans-iras/>

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## 401k Plan Nondiscrimination Testing

Abstract: To ensure a 401k plan is not favoring owners or highly paid employees, the IRS requires certain nondiscrimination testing is performed. The ADP measures the employee deferral contributions and the ACP measures the employer matching contributions. ADP/ACP testing must be completed annually. Here is a quick review. Source: Watkinsross.com

Full Article Available Here ---> <http://watkinsross.com/adp-acp-testing/>

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