

# IFS | Fiduciary Insights Update

## Retirement Plan Monthly Newsletter

### CONTACT INFORMATION

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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.

### GENERAL ITEMS

- Five Ways to Improve 401ks
- 401k Matching Contributions -- What Employers Need to Know
- Four Ways Modern Plan Design is Driving Better Retirement Results
- Vanguard Drops S&P 500 Index Fund From Its Employees' 401k Plans

### FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- Fiduciaries, Protect Yourself - Hire a Great Adviser
- Why an Unbundled TPA is Better for a Defined Contribution Plan
- Mutual Fund Expense Ratios in 401k Plans Continued to Decline
- Considering Customized Investment Options in a DC Plan

### INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Accurately Evaluating the "Retirement Crisis"
- Retirement Income Gaining Interest Among Plan Sponsors and Participants
- Innovate, But Remember Fiduciary Duty

### COMPLIANCE AND REGULATORY RELATED

- Five New Members Appointed to 2018 ERISA Advisory Council
- Plan Sponsors Need to Give Special Tax Notice Update for 401ks
- Can We Exclude Seasonal Employees From Our 401k Plan?
- ERISA Tips: Participant Plan and Investment Fee Disclosures

## GENERAL ITEMS

### FIVE WAYS TO IMPROVE 401KS

Love it or hate it, the 401k is here to stay. But it is going to change in dramatic ways in the years ahead. Even fans say the 401k, the backbone of the nation's retirement-savings system, could do a better job of creating retirement security. Source: Wsj.com (Subscription may be required)

Full Article Available Here ---> <https://www.wsj.com/articles/five-ways-to-improve-401-k-s-1529460601>

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### 401K MATCHING CONTRIBUTIONS -- WHAT EMPLOYERS NEED TO KNOW

Despite their indisputable benefit to employees, matching contributions are not always the best fit for every 401k plan. Sometimes, nonelective contributions like profit sharing -- which don't require employees to do anything to receive a contribution -- are the better alternative. Source: Employeefiduciary.com

Full Article Available Here ---> <https://www.employeefiduciary.com/blog/401k-matching-contributions>

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### FOUR WAYS MODERN PLAN DESIGN IS DRIVING BETTER RETIREMENT RESULTS

While part of the responsibility for successful planning falls on employees themselves, employers have a critical role to play, too. By providing access to plan features that encourage habits of success, plan sponsors can help employees achieve their retirement goals. Source: 401kspecialistmag.com

Full Article Available Here ---> <https://401kspecialistmag.com/4-ways-modern-plan-design-is-driving-better-retirement-results/>

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### VANGUARD DROPS S&P 500 INDEX FUND FROM ITS EMPLOYEES' 401K PLANS

The S&P 500 index fund, one of the low-cost examples of passive investing that put the firm on the investing map, will be dropped this month from the mutual fund giant's menu of options for its employees' 401(k) plans. Source: Philly.com

Full Article Available Here ---> <http://www.philly.com/philly/business/vanguard-sp-500-retirement-index-fund-20180606.html>

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## FIDUCIARY AND PLAN GOVERNANCE MATERIAL

### FIDUCIARIES, PROTECT YOURSELVES - HIRE A GREAT ADVISER

Caveat emptor is a common Latin phrase meaning "buyer beware." Now that it appears that the decision striking down the Fiduciary Rule will not be appealed to the Supreme Court, plan fiduciaries should keep that warning in mind when dealing with anyone providing investment advice. Smart fiduciaries will take it upon themselves to make sure they are getting outside investment advice from someone who puts the plan participants first and stands behind the advice and won't wait for the SEC or states to protect them. Source: Cohenbuckmann.com

Full Article Available Here --->> <https://cohenbuckmann.com/insights/2018/5/30/fiduciaries-protect-yourself-hire-a-great-adviser>

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### WHY AN UNBUNDLED TPA IS BETTER FOR A DEFINED CONTRIBUTION PLAN

Abstract: If you have a qualified employer sponsored defined contribution retirement plan, you need three types of services: investment, recordkeeping, and administrative. In a bundled arrangement, these services are provided by the same organization, usually the recordkeeper or investment platform. At first glance, having one provider might seem like an effective and cost-saving solution, but this article suggests that having an unbundled TPA is better. Source: Watkinsross.com

Full Article Available Here --->> <https://watkinsross.com/unbundled-tpa-dc-plans/>

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### MUTUAL FUND EXPENSE RATIOS IN 401K PLANS CONTINUED TO DECLINE

The cost of investing in mutual funds through 401k plans fell again in 2017, according to a research paper released by the Investment Company Institute. The report also shows that participants who invest in mutual funds in their 401k plans tend to hold lower-cost funds. Source: ICI.org

Full Article Available Here --->> [https://www.ici.org/pressroom/news/18\\_news\\_economics401k](https://www.ici.org/pressroom/news/18_news_economics401k)

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### CONSIDERING CUSTOMIZED INVESTMENT OPTIONS IN A DC PLAN

As DC plans represent a growing share of workers' retirement nest eggs, plan sponsors and consultants may be considering customized investment options for their DC plan investment menus. This 12-page paper discusses the potential benefits and drawbacks of including nonstandard investment options, particularly white-label funds, in a 401k plan. Source: Vanguard.com

Full Article Available Here --->> <https://institutional.vanguard.com/iam/pdf/CUSTPRBR.pdf?cbdForceDomain=false>

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## INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

### ACCURATELY EVALUATING THE "RETIREMENT CRISIS"

In this 17-page paper, researchers from the Employee Benefit Research Institute apply the EBRI RSPM to assess the potential size of the U.S. retirement deficit, and to understand the impact of various related policy initiatives currently under consideration. Source: Ebri.org

Full Article Available Here --->> [https://www.ebri.org/pdf/briefspdf/EBRI\\_IB\\_451.pdf](https://www.ebri.org/pdf/briefspdf/EBRI_IB_451.pdf)

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### RETIREMENT INCOME GAINING INTEREST AMONG PLAN SPONSORS AND PARTICIPANTS

Today, employees are responsible for investing their own retirement assets, and they are also tasked with making decisions about decumulation. A recent MetLife survey called "The Role of the Company" confirmed employees recognize these responsibilities, but they still want help from their employer, viewed as a trusted partner. Roberta Rafaloff, head of MetLife's Institutional Income Annuities business, spoke with PLANSPONSOR about how employers can help guide employees in terms of structuring retirement income. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/thought-leadership/met-retirement-income-gaining-interest-among-plan-sponsors-participants/>

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### INNOVATE, BUT REMEMBER FIDUCIARY DUTY

Taco trucks. Thinking outside the box is often a valued attribute. In the retirement plan universe, it can find expression in arrangements and plan features that offer flexibility, liquidity and portability. But a recently released paper suggests that it is important to be mindful of fiduciary duties while embracing innovation. Source: Asppa.org

Full Article Available Here --->> <http://www.asppa.org/News/Article/ArticleID/10013>

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## COMPLIANCE AND REGULATORY RELATED

### FIVE NEW MEMBERS APPOINTED TO 2018 ERISA ADVISORY COUNCIL

The DOL announced the appointments of five new members as well as chair and vice chair to the 2018 Advisory Council on Employee Welfare and Pension Benefit Plans, known as the ERISA Advisory Council. Source: Dol.gov

Full Article Available Here --->> <https://www.dol.gov/newsroom/releases/ebsa/ebsa20180621>

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### **PLAN SPONSORS NEED TO GIVE SPECIAL TAX NOTICE UPDATE FOR 401KS**

One of the many fiduciary duties of plan sponsors is to provide disclosures to plan participants, including a summary of material modifications, annual reports, and notice of any applicable updates. The Tax Cuts and Job Act went into effect on January 1, 2018. Among the many changes made by the tax plan, the TCJA has changed the period for making eligible rollover loan offsets for 401ks, which will require a notification for plan participants to understand the changes. Source: Bsllp.com

Full Article Available Here --->> <https://www.bsllp.com/tax-law-changes>

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### **CAN WE EXCLUDE SEASONAL EMPLOYEES FROM OUR 401K PLAN?**

There are two general rules to keep in mind. All groups of employees are covered unless the plan document specifically excludes them. It is possible to exclude employees based on the type of work they do, but not their expected length/amount of service. Source: Dwc401k.com

Full Article Available Here --->> <https://www.dwc401k.com/blog/can-we-exclude-seasonal-employees-from-our-401k-plan>

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### **ERISA TIPS: PARTICIPANT PLAN AND INVESTMENT FEE DISCLOSURES**

Title I of ERISA sets basic requirements for the disclosure of information; among those requirements are rules for disclosures concerning the plan and investment fees that are to be made to participants and beneficiaries with the authority to direct their own investments in individual account plans. Source: Ntsa-net.org

Full Article Available Here --->> <http://ntsa-net.org/News/Browse-Topics/Inside-NTSA/Article/ArticleID/9973/ERISA-Tips-Participant-Plan-and-Investment-Fee-Disclosures>

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