

# 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

- Seven Trends in 401k Participant Behavior and Plan Design
- Do 401k Menus Suffer From a Generation Gap?
- Costs Continue to Fall for 401k Investors
- Participants Talk Saving, Retirement Plans and Risk; Research

### FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- Peeling Back the Fiduciary Layers and Unscrambling the Fiduciary Confusion
- DOL Reinstates Five-Part Fiduciary Status Test and Proposes Class Exemption
- Key Concepts You Should Be Aware of as a 401k Plan Sponsor
- How to Communicate Employee Benefits in Uncertain Times

### INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- The Latest on Participant Behavior During the Pandemic
- Assessing the Effects of the CARES Act on 401k Savings
- Wave of Coronavirus Hardship Distributions Still Building
- 401k Survey Finds Savings Goals and Stress Levels on the Rise

### COMPLIANCE AND REGULATORY RELATED

- If it Ain't Broke, Fix it as Needed: The DOL's Revised Fiduciary Rule
- No "Earth-Shattering" Retirement Proposals in Biden Platform
- Judge Finds 401k Participants Proved No Harm From Lack of Stable Value Fund
- Best Practices for ERISA Fiduciary Responsibilities and Cybersecurity for Retirement Plans

## GENERAL ITEMS

### SEVEN TRENDS IN 401K PARTICIPANT BEHAVIOR AND PLAN DESIGN

How are participants behaving with all that's happening? Is plan design keeping up? T. Rowe Price did a deep dive into its recordkeeping data and surfaced with a few important points. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/7-trends-in-401k-participant-behavior-and-plan-design/>

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### DO 401K MENUS SUFFER FROM A GENERATION GAP?

A new whitepaper finds that the use of fixed income options in 401k plans has not kept pace with workplace trends. The whitepaper points out that in the past, investment recommendations may have been more focused on achieving minimum compliance and "checking the fixed income box" rather than anticipating participant investment needs at various life stages. A multi-generational participant population has more complex needs. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/do-401k-menus-suffer-generation-gap>

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### COSTS CONTINUE TO FALL FOR 401(K) INVESTORS

ICI's latest study of 401ks shows that investors continue to benefit from falling expenses and fees, a wide range of account services, and diverse fund investment choices. In this podcast, ICI Economist James Duvall breaks down the latest trends. Source: ICI.org

Full Article Available Here --->> [https://www.ici.org/401k/news/200731\\_fof\\_401kfees](https://www.ici.org/401k/news/200731_fof_401kfees)

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### RETIREMENT ASSETS TOTAL \$28.7 TRILLION IN FIRST QUARTER 2020

Plan Sponsors and their advisors consider many factors when evaluating and defining retirement plan design. One of those should be understanding participant sentiments about saving and retirement benefits. Use findings from our 8th national survey to add insight and value in your discussions and deliberations about participant behaviors and plan features. Source: americancentury.org

Full Article Available Here --->> <https://pro.americancentury.com/content/pro/en/retirement/research/research-and-insights/annual-retirement-savers-study.html>

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## FIDUCIARY AND PLAN GOVERNANCE MATERIAL

### PEELING BACK THE FIDUCIARY LAYERS AND UNSCRAMBLING THE FIDUCIARY CONFUSION

In seeking clarity about the "type" of 401k professional it has retained, plan sponsors often find the answers they are given to be incoherent with a slant in favor of the 401k industry instead of plan participants. The residual fuzziness plan sponsors are left feeling about this topic is a source of significant irritation to them. This comprehensive article attempts to peel back the fiduciary layers and unscramble the fiduciary fuzziness. Source: 401khelpcenter.com

Full Article Available Here --->>

[http://www.401khelpcenter.com/401k/unscrambling\\_fiduciary\\_confusion.html](http://www.401khelpcenter.com/401k/unscrambling_fiduciary_confusion.html)

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### DOL REINSTATES FIVE-PART FIDUCIARY STATUS TEST AND PROPOSES CLASS EXEMPTION

The proposed exemption would create a pathway allowing investment advice fiduciaries under ERISA and the Internal Revenue Code to (i) receive compensation, including that which derives from rendering advice to roll over assets from employee benefit plans to IRAs, and (ii) engage in certain principal transactions that would otherwise violate the prohibited transaction provisions of ERISA and the Code. The proposed exemption would apply to registered investment advisers, broker-dealers, banks, insurance companies, and their employees, agents, and representatives who are investment advice fiduciaries. Source: Wagnerlawgroup.com

Full Article Available Here --->> <https://www.wagnerlawgroup.com/resources/erisa/dol-reinstates-five-part-fiduciary-status-test-and-proposes-class-exemption>

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### KEY CONCEPTS YOU SHOULD BE AWARE OF AS A 401K PLAN SPONSOR

Times change and seasons change. Yet, some things remain the same. When it comes to sponsoring a 401k plan, some key concepts never change, whether there is a global pandemic going on or not. This article is about the key concepts that 401k plan sponsors need to understand. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/key-concepts-you-should-be-aware-of-as-a-92241/>

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### HOW TO COMMUNICATE EMPLOYEE BENEFITS IN UNCERTAIN TIMES

As employers plan for open enrollment season careful consideration and planning should be given to how to communicate benefits holistically. If shelter in place orders and social distancing practices are still in effect during your enrollment window, it will also impact which communications channels are needed to reach employees. Source: Voya.com

Full Article Available Here --->> <http://voyainsights.voya.com/insights/how-communicate-employee-benefits-uncertain-times-nc>

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## INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

### THE LATEST ON PARTICIPANT BEHAVIOR DURING THE PANDEMIC

While various shifts were seen in savings plan contributions and withdrawals in the first few months of the outbreak, there have been some improvements as of late, according to data from Ascensus. In the first few months of the COVID outbreak, the firm reported on a relatively small percentage of retirement plans that had stopped making contributions altogether due to business interruptions. But on a more positive note, as of the end of June, most of these plans have shown encouraging signs of recovery and are taking steps to return to pre-pandemic levels of savings plan contributions. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/heres-latest-participant-behavior-during-pandemic>

### ASSESSING THE EFFECTS OF THE CARES ACT ON 401K SAVINGS

The CARES Act gives retirement savers added flexibility to access their 401k savings. And while this flexibility is helpful to many workers, it's encouraging that the vast majority have not needed to access their retirement savings and are staying the course on their journey to retirement. Less than 2% of participants had withdrawn assets via coronavirus-related distributions as of May 31, according to How America Saves 2020: The CARES Act. The decision to avoid tapping into retirement savings is consistent with other participant data. Source: Vanguard.com

Full Article Available Here --->> <https://institutional.vanguard.com/VGApp/iip/site/institutional/researchcommentary/article/InvComAssessingEffectOnCARESActSavings>

### WAVE OF CORONAVIRUS HARDSHIP DISTRIBUTIONS STILL BUILDING

Low- to moderate-income retirement plan participants have mostly turned to reducing their spending levels and using credit cards to find financial relief during the pandemic; however, more will be turning to their retirement plans for liquidity, according to research from the nonprofit Commonwealth and the Defined Contribution Institutional Investment Association Retirement Research Center. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/wave-coronavirus-hardship-distributions-still-building/>

### 401K SURVEY FINDS SAVINGS GOALS AND STRESS LEVELS ON THE RISE

Anxiety about long-term retirement savings is up according to a new survey from Schwab Retirement Plan Services, and so is participant engagement. The nationwide survey of 1,000 currently employed 401k plan participants finds that saving enough for a comfortable retirement continues to be their leading source of significant financial stress. Two in five participants also say they made a change to their 401k account due to COVID-19, citing rebalancing and increasing contribution rates as the most common changes. Source: Businesswire.com

Full Article Available Here --->> <https://www.businesswire.com/news/home/20200804005292/en/Schwab-401-Survey-Finds-Savings-Goals-Stress>

## COMPLIANCE AND REGULATORY RELATED

### IF IT AIN'T BROKE, FIX IT AS NEEDED: THE DOL'S REVISED FIDUCIARY RULE

In this Bloomberg Tax article, Groom associate Anthony Onuoha first discusses the historical timeline that provided the impetus for the Proposed Class Exemption. Then, he provides a broad overview of the Proposed Class Exemption along with key takeaways. Source: Groom.com

Full Article Available Here --->> <https://www.groom.com/wp-content/uploads/2020/08/If-it-Ain't-Broke-Fix-it-as-Needed.pdf>

### NO "EARTH-SHATTERING" RETIREMENT PROPOSALS IN BIDEN PLATFORM

Democratic presidential nominee Joe Biden has issued his plan for helping American seniors retire more successfully, dubbed "The Biden Plan for Older Americans." The platform promises to reinforce Social Security and Medicare, though it lacks major economic policy reforms of the type preferred by more progressive Democrats. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/in-depth/no-earth-shattering-retirement-proposals-biden-platform/>

### JUDGE FINDS 401K PARTICIPANTS PROVED NO HARM FROM LACK OF STABLE VALUE FUND

A more than four-years-long lawsuit arguing American Airlines should have offered a stable value fund in its 401k plan rather than the AA Credit Union Fund has ended with a federal judge granting summary judgment to American Airlines. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/judge-finds-401k-participants-proved-no-harm-lack-stable-value-fund/>

### BEST PRACTICES FOR ERISA FIDUCIARY RESPONSIBILITIES AND CYBERSECURITY FOR RETIREMENT PLANS

Data and personally identifiable information have become increasingly more vulnerable to attack as it travels on employer and third-party systems. This has been partially due to the recent advancements in plan administration, technology, online enrollment, and electronic access to account information, the electronic delivery of disclosures including benefit statements, as well as benefit plan transaction processing (including self-certifications of distributions). Most transactions involving retirement plans are conducted electronically, including maintaining and sharing data and information across multiple platforms. This article guides plan fiduciaries of retirement plans on developing prudent policies and procedures to secure information and data. Source: Ebglaw.com

Full Article Available Here --->> <https://www.ebglaw.com/content/uploads/2020/07/Capezza-Lech-Best-Practices-ERISA-Fiduciary-Responsibilities-Cybersecurity-for-Retirement-Plansw-026-7320.pdf>