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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

- An ESG Refresher as DOL Makes Progress on New Regs
- Will Gen Z Be the First True DC Plan Generation?
- ERISA 403b vs. ERISA 401k
- Use of CITs in 401ks Continues Growth

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- You Need to Be Organized As a 401k Plan Sponsor
- Ensuring Clean Participant Data
- Don't Ignore Often-Overlooked Fiduciary Duties
- Tips for Plan Committee Best Performance

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Climate Change Defines the Fiduciary
- Retirement Perspectives Brighten, But One Regret Still Looms Large
- Data on Retirement Contributions to Defined Contribution Plans
- Managing Inflation Within Target-Date Strategies

COMPLIANCE AND REGULATORY RELATED

- DOL "Encourages" Retirement Plan Fiduciaries to Recoup Uncashed Checks From Prior Recordkeepers
- Law Group Argues That Court Misapplied "Thole" Ruling in ERISA Case
- IRS Updates Universal Availability Requirement Information for 403b Plans
- IRS Publishes Updated Version of EPCRS

GENERAL ITEMS

AN ESG REFRESHER AS DOL MAKES PROGRESS ON NEW REGS

Industry experts are watching for the imminent filing of new Department of Labor regulations about the use of environmental, social, and governance-themed portfolios by tax-advantaged retirement plan investors. Source: Planadviser.com

Full Article Available Here --->> https://www.planadviser.com/esg-refresher-dol-makes-progress-new-regs/

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WILL GEN Z BE THE FIRST TRUE DC PLAN GENERATION?

While Millennials have had access to defined contribution plans for their full working careers, survey data suggests Generation Z started saving in earnest much earlier, in part because their Generation X parents have demonstrated the value of self-directed savings. Source: Planadviser.com

Full Article Available Here --->> https://www.planadviser.com/will-gen-z-first-true-dc-plan-generation/

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ERISA 403B VS. ERISA 401K

Which is better? It depends! That's the verdict from an industry insider who compared and contrasted the two in a June 29 session of the 2021 NTSA Summit. "A vexing issue," said Mark Heisler, CEO of ADMIN Partners, LLC, of the question. Not only that, he said, it is "probably the number one question he gets." And the answer, he said, "very much depends" on the particular client involved. Source: Asppa.org

Full Article Available Here --->> https://www.asppa-net.org/news/erisa-403b-vs-erisa-401k

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USE OF CITS IN 401KS CONTINUES GROWTH

The use of collective investment trusts has surpassed the use of mutual funds in 401k plans with more than $1 billion in assets, according to data from BrightScope, part of ISS Market Intelligence. CITs more strongly dominate the large plan market, particularly within target-date funds, BrightScope says. Source: Planadviser.com

Full Article Available Here --->> https://www.planadviser.com/use-cits-401ks-continues-growth/

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FIDUCIARY AND PLAN GOVERNANCE MATERIAL

YOU NEED TO BE ORGANIZED AS A 401K PLAN SPONSOR

When it comes to the 401k plan you sponsor, as a plan fiduciary you need to understand that a lack of organization can lead to chaos and chaos can lead to potential fiscal liability. This article is all about organization and how it will minimize your financial liability. Source: Jdsupra.com

Full Article Available Here --->>https://www.jdsupra.com/legalnews/you-need-to-be-organized-as-a-401k-pla-83274/

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ENSURING CLEAN PARTICIPANT DATA

One of the most critical aspects in maintaining a healthy retirement plan is guaranteeing clean participant data, says John Bikus, president of PBI Research Services, a provider of death audit and location services. Keeping participant data accurate could help plan sponsors avoid dealing with missing participants or a cybersecurity attack. Source: Plansponsor.com

Full Article Available Here --->> https://www.plansponsor.com/ensuring-clean-participant-data/

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DON'T IGNORE OFTEN-OVERLOOKED FIDUCIARY DUTIES

Fiduciary duties must be fulfilled. But some are often overlooked, an industry expert warns. "When a job becomes too familiar it's easy to start taking things for granted," writes Christopher Carosa in Fiduciary News. He adds that the belief that a plan can run itself if "the right pieces" are in place is "a dangerous misperception." Advisors may find Carosa's identification of overlooked duties useful in serving their clients. Source: Asppa.org

Full Article Available Here --->> https://www.asppa.org/news/don%E2%80%99t-ignore-often-overlooked-fiduciary-duties

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TIPS FOR PLAN COMMITTEE BEST PERFORMANCE

Plan committees serve an important role, helping plan sponsors provide benefits, as well as protecting the plan and plan sponsor. A recent blog entry offers tips on how a plan committee can best perform its duties.
Source: Ntsa-net.org

Full Article Available Here --->> https://www.ntsa-net.org/industry-intel/marketbeat/tips-plan-committee-best-performance

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INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

CLIMATE CHANGE DEFINES THE FIDUCIARY

It is now time for fiduciaries to begin or continue a process to identify and manage both the investment risks and opportunities arising from climate change per their fiduciary obligations under ERISA, especially Department of Labor Interpretive Bulletin 2015-01. This article discusses the unique nature of climate change risk to investments: namely, that it is likely to affect all asset classes and sectors, creating both risk and opportunities for fiduciaries. Source: Fiduciarygovernanceblog.com

Full Article Available Here --->> https://fiduciarygovernanceblog.com/wp-content/uploads/2021/08/17tmcp10revisedGerstein.pdf

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RETIREMENT PERSPECTIVES BRIGHTEN, BUT ONE REGRET STILL LOOMS LARGE

While most expect their standard of living in retirement to be about the same, or a little better than it is now, one regret looms large. According to new research by American Century Investments, 40% worry about running out of money in retirement, and half that many (18%) are concerned about the loss of income and the biggest life regret is not saving more for retirement, cited by just over a third (35%) of respondents. That far outnumbered regrets about career, personal relationships, not doing enough to enjoy life, or "not being a better person overall." Source: Ntsa-net.org

Full Article Available Here --->> https://www.ntsa-net.org/news-resources/retirement-perspectives-brighten-one-regret-still-looms-large

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DATA ON RETIREMENT CONTRIBUTIONS TO DEFINED CONTRIBUTION PLANS

Individuals can save for retirement in two types of tax-advantaged accounts: defined contribution and individual retirement accounts. This Congressional Research Service report provides Internal Revenue Service data on contributions to DC accounts in 2018. Source: Crsreports.congress.gov

Full Article Available Here --->> https://crsreports.congress.gov/product/pdf/IN/IN11721

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MANAGING INFLATION WITHIN TARGET-DATE STRATEGIES

Target retirement strategies continue to grow as a leading default vehicle, offering professionally managed, age-appropriate portfolios that automatically rebalance to keep participants on target. However, there are key differences between providers in how each strategy manages key investment risks as they evolve in importance for participants at each stage of their careers. Inflation is one of these key investment risks that need to be managed to deliver successful retirement outcomes. Source: Ssga.com

Full Article Available Here --->> https://www.ssga.com/us/en/institutional/ic/insights/managing-inflation-within-target-date-strategies

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COMPLIANCE AND REGULATORY RELATED

DOL "ENCOURAGES" RETIREMENT PLAN FIDUCIARIES TO RECOUP UNCASHED CHECKS FROM PRIOR RECORDKEEPERS

Taking the form of a letter-based initiative, the DOL is now urging retirement plan fiduciaries to recoup amounts held by former recordkeepers or paying agents that might have been overlooked during the transition of the service provider relationship to a new vendor. These letters notify retirement plan fiduciaries of the existence of small uncashed check balances, and direct plan fiduciaries to coordinate with former recordkeepers to restore these amounts to the participants and beneficiaries who failed to cash distribution checks. Source: Morganlewis.com

Full Article Available Here --->> https://www.morganlewis.com/blogs/mlbenebits/2021/08/dol-encourages-retirement-plan-fiduciaries-to-recoup-uncashed-checks-from-prior-recordkeepers

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LAW GROUP ARGUES THAT COURT MISAPPLIED "THOLE" RULING IN ERISA CASE

An amicus brief filed in a case involving Universal Health Services says a district court erred when it found the plaintiffs have standing to sue over 401k plan investments in which they did not invest. Source: Planadviser.com

Full Article Available Here --->> https://www.planadviser.com/law-group-argues-court-misapplied-thole-ruling-erisa-case/

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IRS UPDATES UNIVERSAL AVAILABILITY REQUIREMENT INFORMATION FOR 403B PLANS

The IRS has updated the information it provides concerning the universal availability requirement for 403b plans. The information is contained on the IRS website, with hyperlinks to additional resources. Source: Ntsa-net.org

Full Article Available Here --->> https://www.ntsa-net.org/news-resources/irs-updates-universal-availability-requirement-information-403b-plans

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IRS PUBLISHES UPDATED VERSION OF EPCRS

The IRS published an updated version of the Employee Plans Compliance Resolution System in Revenue Procedure 2021-30. This updated version supersedes the previous version outlined in Revenue Procedure 2019-19 and includes changes applicable to both defined benefit and defined contribution plans. Notably, the updated version of EPCRS provides several changes reviewed here. Source: Reinhartlaw.com

Full Article Available Here --->> https://www.reinhartlaw.com/knowledge/irs-publishes-updated-version-of-epcrs/

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