

IFS | Fiduciary Insights Update

Retirement Plan Monthly Newsletter

CONTACT INFORMATION

Institutional Fiduciary Solutions

727-567-2375

IFSInstitutionalFiduciarySolutions@RaymondJames.com

April, 2019

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 Generational Insights Into Retirement Planning
- What You Need to Know About a Safe Harbor 401(k)
- The 401k Term That Confuses People the Most and What It Really Means
- Best in Class 401k Plans

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- EBSA Guidance on Environment, Social, and Governance Factors for Plan Fiduciaries
- As a 401k Sponsor, a Class Action Lawsuit Is the Least of Your Worries
- Fred Reish: Novel Compliance Approach to 401k Fiduciary Standard
- Nitty Gritty Tasks That 401k Plan Sponsors Must Complete

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Financial Wellness Programs Take Center Stage with Employers
- The Digital Fiduciary: Overseeing Retirement Plans in the Digital Age
- 403b Plans Not Adding Up
- DC Plan Participants' Activities, First Three Quarters of 2018

COMPLIANCE AND REGULATORY RELATED

- Litigation Concerns Continue to Hamper 401k Plan Innovation
- Familiar Retirement Reforms Already in Play in New Congress
- More IRS Guidance Needed on Unclaimed 401k Savings: GAO
- Updated IRS 401k Plan Fix-It Guide - Hardship Distributions

GENERAL ITEMS

SEVEN GENERATIONAL INSIGHTS INTO RETIREMENT PLANNING

One in three Americans has nothing saved for retirement and just over 50 percent only have \$10,000 put away for their golden years. Retirement Living wanted to find out how its readers -- retire or soon-to-be retired -- have financially prepared or are financially preparing for their own retirement. So, they asked. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/7-key-insights-into-retirement-planning-by-generation/>

WHAT YOU NEED TO KNOW ABOUT A SAFE HARBOR 401(K)

A key regulation for most 401k plans is subjecting workers to nondiscrimination tests each year to prove a plan doesn't unfairly favor certain employees. A Safe Harbor 401k allows employers the opportunity to cut through the complexity. By setting one up, a business can provide its employees with the same tax benefits as a regular 401k plan but skip the onerous annual testing. Source: Usnews.com

Full Article Available Here --->> <https://money.usnews.com/money/retirement/401ks/articles/what-you-need-to-know-about-a-safe-harbor-401-k>

THE 401K TERM THAT CONFUSES PEOPLE THE MOST AND WHAT IT REALLY MEANS

The most confusing term of all was "glide path," a survey found. Commonly used by financial industry professionals, the term resonated with just 4% of the more than 800 participants, a representative slice of all ages and income levels surveyed in partnership with Maslansky + Partners. Source: Money.com

Full Article Available Here --->> <http://money.com/money/5634981/the-401k-term-that-confuses-people-the-most-and-what-it-really-means/>

BEST IN CLASS 401K PLANS

PLANSPONSOR is pleased to announce the fifth "class" of companies winning the Best in Class 401k Plan designation. Plans were rated by way of a proprietary system that weighted usage/implementation of more than 30 criteria related to plan design, oversight/governance and participant outcomes. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/awards/2019-best-class-401k-plans/>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

EBSA GUIDANCE ON ENVIRONMENT, SOCIAL, AND GOVERNANCE FACTORS FOR PLAN FIDUCIARIES

In recent years, there has been an increase in considering environmental, social, and governance criteria when it comes to investing. However, not all investors agree that ESG factors should be considered when identifying prudent investments. The Department of Labor recently put out a bulletin that clarified how ESG criteria can be used by plan fiduciaries in making investments. Source: Bslp.com

Full Article Available Here --->> <https://www.bsllp.com/esg-criteria-for-investments>

AS A 401K SPONSOR, A CLASS ACTION LAWSUIT IS THE LEAST OF YOUR WORRIES

Plan sponsors often say they have nothing to fear about being sued since their plans are small potatoes. The problem with that view is that a big class action lawsuit is the least of their worries as a plan sponsor. This is why you need to be vigilant and diligent in your duties as a retirement plan sponsor. This article is about the many threats that could hurt you in the pocketbook when it comes to your 401k plan. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/as-a-401k-sponsor-a-class-action-laws-07250/>

FRED REISH: NOVEL COMPLIANCE APPROACH TO 401K FIDUCIARY STANDARD

This article discusses a novel approach for compliance with the fiduciary standard for the selection of investments for 401k plans. All the more interesting, the approach was part of an opinion of the U.S. First Circuit Court of Appeals. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/fred-reish-novel-compliance-approach-to-401k-fiduciary-standard/>

NITTY GRITTY TASKS THAT 401K PLAN SPONSORS MUST COMPLETE

Despite how tedious some plan sponsors tasks are, they are all required tasks and failure to complete a task can cause a whole host of problems and money. This article is about tedious tasks that plan sponsors need to make sure is done and done correctly. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/nitty-gritty-tasks-that-401k-plan-spon-58074/>

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

FINANCIAL WELLNESS PROGRAMS TAKE CENTER STAGE WITH EMPLOYERS

Five years ago, employers were just starting to provide workers with financial benefits beyond their retirement plan, but now financial wellness appears to be firmly entrenched in the benefits space, according to a recent report. Nearly two-thirds of employers say they are very likely to take steps in 2019 to create or focus on the financial wellbeing of their workers in ways that go beyond retirement savings. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news/managing-a-practice/industry-trends-and-research/financial-wellness-programs-take-center-stage-with-employers/>

THE DIGITAL FIDUCIARY: OVERSEEING RETIREMENT PLANS IN THE DIGITAL AGE

This 17-page paper examines the potential influence that digital design can have on one's retirement savings decisions. As the use of digital and mobile technologies continues to increase, the paper proposes that plan sponsors and advisors have a responsibility to consider websites and apps that encourage better retirement decision-making, applying the same oversight and diligence that they currently utilize for plan design and investment selection. Source: Voya.com

Full Article Available Here --->> https://forprofessionals.voya.com/sites/forprofessionals.voya.com/files/3052995_DigitalFiduciary_Paper_FINAL.PDF

403B PLANS NOT ADDING UP

Instead of being fleeced by high-cost 403b plans, what would a truly great 403b plan look like? A 403b plan featuring investment options low in costs (and, yes, broadly and deeply diversified to reduce risk), one that would place the interests of too-often abused educators first before the salespeople and insurance companies. Source: Morningstar.com

Full Article Available Here --->> <https://www.morningstar.com/articles/911520/403b-plans-not-adding-up.html>

DC PLAN PARTICIPANTS' ACTIVITIES, FIRST THREE QUARTERS OF 2018

This 14-page report updates results from ICI's survey of a cross section of recordkeeping firms representing a broad range of DC plans and covering more than 30 million employer-based DC retirement plan participant accounts as of September 2018. The broad scope of the recordkeeper survey provides valuable insights about recent withdrawal, contribution, asset allocation, and loan decisions of participants in DC plans. Source: Ici.org

Full Article Available Here --->> https://www.ici.org/pdf/ppr_18_rec_survey_q3.pdf

COMPLIANCE AND REGULATORY RELATED

LITIGATION CONCERNS CONTINUE TO HAMPER 401K PLAN INNOVATION

The percentage of employers citing the threat of lawsuits as a major factor hampering their innovation has tripled since last year. More than 60% of employers say the threat of lawsuits hampers their innovation; this level is up from 53% of respondents who said the same in a 2018 study. Among these respondents in the 2019 study, 12% said the threat of lawsuits is a "major factor," compared to only 4% in 2018. Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/browse-topics/litigation-concerns-continue-hamper-401k-plan-innovation>

FAMILIAR RETIREMENT REFORMS ALREADY IN PLAY IN NEW CONGRESS

Familiar retirement legislation has been introduced in the brief period since the new Congress convened in January. Despite the U.S. House of Representatives flipping to Democratic control in November's midterm elections, retirement reform remains an issue where significant bipartisan support is evident, and clearly growing. Several significant items included in the bill and intended to address the bill's objectives are described. Source: Ascensus.com

Full Article Available Here --->> <https://www2.ascensus.com/news/industry-regulatory-news/2019/02/13/washington-pulse-familiar-retirement-reforms-already-in-play-in-new-congress/>

MORE IRS GUIDANCE NEEDED ON UNCLAIMED 401K SAVINGS: GAO

There may be more than \$100 billion in unclaimed retirement money. The Internal Revenue Service should issue further guidance to clarify the tax treatment of unclaimed 401k plan savings that have been transferred to states, the Government Accountability Office advises. Source: Thinkadvisor.com

Full Article Available Here --->> <https://www.thinkadvisor.com/2019/02/20/more-irs-guidance-needed-on-unclaimed-401k-savings-gao/?slreturn=20190120184019>

UPDATED IRS 401K PLAN FIX-IT GUIDE - HARDSHIP DISTRIBUTIONS

A 401k plan may allow employees to receive a hardship distribution because of an immediate and heavy financial need. But often hardship distributions are not made properly. This document reviews how to fix the mistakes. Source: Irs.gov

Full Article Available Here --->> <https://www.irs.gov/retirement-plans/401k-plan-fix-it-guide-hardship-distributions-were-not-made-properly>

Raymond James & Associates, Inc. member New York Stock Exchange/SIPC