

IFS | Fiduciary Insights Update

Retirement Plan Monthly Newsletter

CONTACT INFORMATION

Institutional Fiduciary Solutions

880 Carillon Parkway
St. Petersburg, FL 33716

April 2020

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

- Coronavirus Concerns for 401k Plan Sponsors
- Education Key to Preventing 401k Cashouts
- 401ks and COVID-19: What Consumers Are Hearing From Financial Experts
- Legislation Would Allow 403(b)s to Invest in CITs

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- 401k Plan Sponsors Fiduciary Duty in Light of Coronavirus Fear
- More to Come From Department of Labor on ESG Factors?
- How Should 401k Plan Sponsors Communicate to Employees Working From Home?
- Fiduciary Responsibility Unclear When Handling Participant Data?

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Guide to Retirement: 2020 Edition
- Retirement Plan Participation Continues to Increase
- DC Plan Sponsors Increasingly Embrace Auto-Escalation as Default Option
- Corona Concerns Cast 'Shadow' on 401ks

COMPLIANCE AND REGULATORY RELATED

- Trump Signs Coronavirus Stimulus Legislation With Retirement Relief Into Law
- Senate Bill Expands Retirement Plan Access for Coronavirus Impact
- New Fidelity Fee Decision Addresses Several Important Issues For Plan Fiduciaries
- The DOL's Fiduciary Rule: Will We Get a New Rule?

GENERAL ITEMS

CORONAVIRUS CONCERNS FOR 401K PLAN SPONSORS

The coronavirus outbreak is starting to become another financial challenge for all of us in the 401k industry and all of us with a 401k balance. As a 401k plan sponsor, the bad news might be worrying you and this article is all about why you shouldn't panic and what you should be considering if the markets remain volatile. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/coronavirus-concerns-for-401k-plan-sp-62278/>

EDUCATION KEY TO PREVENTING 401K CASHOUTS

A well-funded 401k might look like a life preserver to retirement plan participants who are struggling to stay afloat amid the coronavirus pandemic, but a bailout now could put their future on the rocks. Participant education should focus on exploring other sources of income first: other savings, credit cards or loans. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/education-key-to-preventing-401k-cashouts/>

401KS AND COVID-19: WHAT CONSUMERS ARE HEARING FROM FINANCIAL EXPERTS

The mainstream media has been filled with a variety of financial experts doling out advice to a population generally terrified about what the coronavirus pandemic is doing to their 401k. You'll find some common themes among this quick roundup of comments in the past few days. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/401ks-and-covid-19-what-consumers-are-hearing-from-financial-experts/>

LEGISLATION WOULD ALLOW 403(B)S TO INVEST IN CITS

The bill introduced to Congress is designed to ensure public sector and nonprofit retirement plans have the same access to low-cost investments as for-profit retirement plans do. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/legislation-allow-403bs-invest-cits/>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

401K PLAN SPONSORS FIDUCIARY DUTY IN LIGHT OF CORONAVIRUS FEAR

Time will tell if the 2020 Coronavirus becomes virulent that created long-term buying opportunities for alert investors or if it is merely a repeat of the 2002/2003 SARS scare. There's no doubt both strains are deadly, and there's nothing wrong with preparing for the worst in terms of personal choices. Now is the time for 401k plan sponsors to seize their fiduciary mantle and provide the guidance and tools plan participants need to dodge emotional decisions that could ruin their chance for a comfortable retirement. Source: Fiduciarynews.com

Full Article Available Here ---> <https://fiduciarynews.com/2020/03/401k-plan-sponsors-fiduciary-duty-in-light-of-coronavirus-fear/>

MORE TO COME FROM DEPARTMENT OF LABOR ON ESG FACTORS?

A hot topic in the world of money management, including the management of assets in retirement plans, is the consideration of environmental, social, and governance factors when evaluating investments. For ERISA plans, one issue is how to consider ESG factors while satisfying the duties of loyalty and prudence under ERISA, including the duty to make investment decisions in the best interests of participants. Based on recent developments, there is reason to believe that more may be coming from the DOL on this topic. Source: Morganlewis.com

Full Article Available Here ---> <https://www.morganlewis.com/blogs/mlbenebits/2020/03/more-to-come-from-department-of-labor-on-esg-factors-executive-order-dol-document-requests-suggest-yes>

HOW SHOULD 401K PLAN SPONSORS COMMUNICATE TO EMPLOYEES WORKING FROM HOME?

City by city, county by county, state by state, businesses are deciding to tell their employees to work from home. One of the disadvantages, however, is the lack of ease of communicating that exists when working proximity is reduced. You simply can't shut over the cubicle to get your coworker's attention. For retirement plan sponsors, communication is not merely a form of social interaction, it's a fiduciary duty. How does the change in work location impact this duty? And what can 401k plan sponsors do about it? Source: Fiduciarynews.com

Full Article Available Here ---> <https://fiduciarynews.com/2020/03/covid-19-quarantine-question-how-should-401k-plan-sponsors-communicate-to-employees-working-from-home/>

FIDUCIARY RESPONSIBILITY UNCLEAR WHEN HANDLING PARTICIPANT DATA?

Fiduciary responsibility has blurred lines around the use of participant data. Can your vendors use participant data to sell participants other products and services? This practice is called cross-selling, and it became a big issue for company fiduciaries after it was raised in some 403b and 401k plan lawsuits. The new focus on this issue reflects growing worldwide concerns over data privacy, but the jury is still out on whether such cross-selling to plan participants violates ERISA. Source: 401ktv.com

Full Article Available Here ---> <https://401ktv.com/fiduciary-responsibility-participant-data/>

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

GUIDE TO RETIREMENT: 2020 EDITION

Updated annually, the Guide to Retirement provides an effective framework for supporting your retirement planning conversations with clients. It includes charts and graphs to help you explain complex issues clearly and concisely. A description and audio commentary are available for every slide. Source: Jpmorgan.com

Full Article Available Here --->> <https://am.jpmorgan.com/us/en/asset-management/gim/adv/insights/guide-to-retirement>

RETIREMENT PLAN PARTICIPATION CONTINUES TO INCREASE

ICI research shows that most workers who are likely to have the ability to save for retirement and to be focused primarily on saving for retirement participate in an employer-sponsored retirement plan. Among workers who have both the desire and the means to save for retirement, the vast majority -- 78 percent -- participate in a plan either directly or through a spouse. Source: Ici.org

Full Article Available Here --->> https://www.ici.org/research/retirement/retirement/200306_fof_retirement

DC PLAN SPONSORS INCREASINGLY EMBRACE AUTO-ESCALATION AS DEFAULT OPTION

Ten years ago, many DC plan sponsors that offered escalation features required participants to opt-in, but that appears to be changing, according to a new survey. A NEPC survey shows that 76% of corporate plans and 54% of healthcare plans have included an automatic enrollment feature into their plan designs as a measure to help increase overall plan participation. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/dc-plan-sponsors-increasingly-embrace-auto-escalation-default-option>

CORONA CONCERNS CAST 'SHADOW' ON 401KS

It was indeed a wild month for the markets, which at mid-month registered all-time highs, only to suffer, in the last week of February, the worst weekly decline since the 2008 financial crisis. As one would expect that downdraft had an impact on 401k balances. According to estimates from the nonpartisan Employee Benefit Research Institute, in February the average 401k account balance for younger (25-34), less tenured (1-4 years) workers slid 4.3%. Older (age 55-64) workers with more than 20 years of tenure, whose average balance is generally more influenced by market moves than contributions, fared a bit worse, falling 4.4% for the month. Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/corona-concerns-cast-shadow-401ks>

COMPLIANCE AND REGULATORY RELATED

TRUMP SIGNS CORONAVIRUS STIMULUS LEGISLATION WITH RETIREMENT RELIEF INTO LAW

President Trump signed into law the sweeping \$2 trillion stimulus bill that includes retirement relief provisions. The retirement-based provisions stick closely to what was initially proposed by Senate Majority Leader Mitch McConnell, including provisions to ease retirement plan hardship and loan rules to free up funds for individuals impacted by the pandemic and to provide relief from the required minimum distribution rules. Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/trump-signs-coronavirus-stimulus-legislation-retirement-relief-law>

SENATE BILL EXPANDS RETIREMENT PLAN ACCESS FOR CORONAVIRUS IMPACT

Senate Majority Leader Mitch McConnell, on behalf of the Senate Republican caucus, introduced the Coronavirus, Aid, Relief, and Economic Security (CARES) Act, which includes key provisions advocated by the American Retirement Association affecting hardship distributions and plan loans. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/senate-bill-expands-retirement-plan-access-coronavirus-impacts>

NEW FIDELITY FEE DECISION ADDRESSES SEVERAL IMPORTANT ISSUES FOR PLAN FIDUCIARIES

On March 27, 2020, the District of Massachusetts issued a decision finding that Fidelity breached its fiduciary duties to its own 401(k) Plan by failing to monitor investments and administrative expenses. Although the decision involved unique facts relating to the implementation of a settlement of a prior case brought against Fidelity, the court's 67-page opinion addresses several significant legal issues. Source: Groom.com

Full Article Available Here --->> <https://www.groom.com/resources/new-fidelity-fee-decision-addresses-several-important-issues-for-plan-fiduciaries/>

THE DOL'S FIDUCIARY RULE: WILL WE GET A NEW RULE?

The Department of Labor has included the proposal of a new fiduciary rule on its Regulatory Agenda. The Agenda indicated that it would be issued in December of last year. But, of course, it hasn't. That raises the question of, if we get a proposed regulation in the near future, will it ever become a final rule? Source: Fredreish.com

Full Article Available Here --->> <http://fredreish.com/the-dols-fiduciary-rule-will-we-get-a-new-rule/>

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

M20-3042205 Exp. 4/14/2021