

IFS | Fiduciary Insights Update

Retirement Plan Monthly Newsletter

CONTACT INFORMATION

Institutional Fiduciary Solutions

880 Carillon Parkway
St. Petersburg, FL 33716

727-567-2375

IFSInstitutionalFiduciarySolutions
@RaymondJames.com

December 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

- 2019 Participant Survey
- Student Loan and Retirement Plan Guidance on IRS Priority List
- HSAs Shine Brightly in the Retirement Savings Universe
- Great 401k Participant Features That Can Land You in Plan Sponsor Hot Water

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- 401k Plan Sponsors' Fiduciary Obligation to Former Employees
- Misperceptions of Fiduciary Responsibilities Persist
- The Truth About Your Need of a 401k Investment Policy Statement
- Department of Labor Proposes New Electronic Disclosure Rule

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Five Key Points on 401k Plan Fees From ICI Research
- 403(b)s Boost Participation, Contributions, Financial Wellness
- ERISA Tips: What Is an ERISA Fidelity Bond?
- The Over-Stated Retirement Crisis

COMPLIANCE AND REGULATORY RELATED

- Feds Weigh in on 'Actual Knowledge' Standard
- ARA Raises Urgent Concerns With IRS on Final Hardship Rules
- Senators Call for Passage of SECURE Act ASAP
- Retirement Plan Cybersecurity the Issue in a New Lawsuit

GENERAL ITEMS

2019 PARTICIPANT SURVEY

Participants provide valuable insights for plan sponsors. The 2019 PLANSPONSOR Participant Survey found that a retirement plan's initial automatic deferral rate plays an important role in what employees save. Twenty-eight percent of plan participants said they accepted the default deferral rate. Perhaps because that rate is typically low, 41% of respondents save 5% or less -- a more sizable group than the 34% last year and 35% in 2017. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/research/2019-participant-survey/>

STUDENT LOAN AND RETIREMENT PLAN GUIDANCE ON IRS PRIORITY LIST

The IRS has released its fiscal year 2019-2020 Priority Guidance Plan. Employee benefit-related items on the list include "Guidance on student loan payments and qualified retirement plans and 403b plans." Both employers and federal lawmakers have made student loans a high-profile issue, due in part to debt burdens that are said to be limiting employees' ability to participate fully in their employers' retirement plans, and in the U.S. economy. Source: Ascensus.com

Full Article Available Here --->> <https://www2.ascensus.com/news/industry-regulatory-news/2019/10/11/student-loan-and-retirement-plan-guidance-on-irs-priority-list/>

HSAs SHINE BRIGHTLY IN THE RETIREMENT SAVINGS UNIVERSE

In the universe of retirement options, there are a lot of bright stars, 401ks (and their nonprofit and public-sector counterparts, 403b and 457 plans), IRAs, and Roth 401ks and IRAs. And while each of these retirement savings options offers its own distinct advantages, shining brightest among them in the retirement stratosphere is the often-overlooked HSA (health savings account). Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/thought-leadership/umb-hsas-shine-brightly-retirement-savings-universe/>

GREAT 401K PARTICIPANT FEATURES THAT CAN LAND YOU IN PLAN SPONSOR HOT WATER

Within a 401k Plan, some options are truly beneficial to plan participants when it comes to increasing retirement savings or allowing access for a participant's benefit. The problem with these options is that if you and/or your plan provider aren't careful, there may be a compliance headache coming your way. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/great-401k-participant-features-that-c-26694/>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

401K PLAN SPONSORS' FIDUCIARY OBLIGATION TO FORMER EMPLOYEES

There is fiduciary ramification raised when former employees leave their money in their old company's 401k plan. At the very least, employers have a responsibility to educate their former employees regarding their choices and clearly explaining the impacts of each choice available. Also, fulfilling the obligations of a plan sponsor can increase administrative costs when it comes to ex-employees. They still need to provide the required notices and ultimately keep track of them if they have moved. Source: Fiduciarynews.com

Full Article Available Here --->> <http://fiduciarynews.com/2019/10/401k-plan-sponsors-fiduciary-obligation-to-former-employees/>

MISPERCEPTIONS OF FIDUCIARY RESPONSIBILITIES PERSIST

Surveys still find that many plan sponsor representatives who oversee their companies' 401k or other DC plans don't realize that they are fiduciaries under ERISA. And some believe they can offload all of their fiduciary responsibilities for investments to a third party. Plan sponsors who harbor misperceptions like these or who are unaware of their fiduciary status risk violating ERISA's fiduciary standards, harming participants and exposing themselves and their firms to liability. A sound understanding of fiduciary status, responsibilities, liabilities, and protections can help ensure that plans are well administered and continue to evolve for the best interests of participants while protecting individual plan fiduciaries and their organizations. Source: Jpmorgan.com

Full Article Available Here --->> <https://am.jpmorgan.com/us/institutional/library/misperceptions-of-fiduciary-responsibilities-persist>

THE TRUTH ABOUT YOUR NEED OF A 401K INVESTMENT POLICY STATEMENT

When you're a 401k plan sponsor, you hear a lot about an investment policy statement (IPS) and how you need one. Yet most sponsors like you don't know what it is and what it does. This article breaks down what an IPS is, what it does, and what it doesn't do. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/the-truth-about-your-need-of-a-401k-in-10222/>

DEPARTMENT OF LABOR PROPOSES NEW ELECTRONIC DISCLOSURE RULE

Consistent with President Donald J. Trump's Executive Order 13487, the U.S. Department of Labor today announced a proposed rule to allow online retirement plan disclosures to reduce printing and mail expenses. Source: 401khelpcenter.com

Full Article Available Here --->> http://www.401khelpcenter.com/401k_press/pr_dol_102219.html

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

FIVE KEY POINTS ON 401K PLAN FEES FROM ICI RESEARCH

Thanks to innovation and a competitive market, 401k mutual fund fees keep falling. ICI has a window into this information through our study of the cost of providing 401ks, in which they take a close look at the expenses and fees of mutual funds incurred by 401k plan investors, and in related research on fund fees through a collaborative research effort between ICI and BrightScope. Source: Ici.org

Full Article Available Here ---> https://www.ici.org/viewpoints/19_view_401kfees

403Bs BOOST PARTICIPATION, CONTRIBUTIONS, FINANCIAL WELLNESS

According to the 11th annual 403b plan survey from the Plan Sponsor Council of America, increased contributions by both participants and organizations continue to have a positive impact on retirement readiness. Also, the employers that sponsor those programs have a burgeoning interest in financial wellness; a quarter of organizations have a formal financial wellness program in place. Nearly half (47%) have plans or interest in implementing one. Source: Asppa.org

Full Article Available Here ---> <https://www.asppa.org/news/403bs-boost-participation-contributions-financial-wellness>

ERISA TIPS: WHAT IS AN ERISA FIDELITY BOND?

An ERISA fidelity bond is a type of insurance that protects the plan against losses caused by acts of fraud or dishonesty: larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, wrongful conversion, willful misapplication, and other acts. An ERISA fidelity bond is not the same thing as fiduciary liability insurance. Source: Ntsa-net.org

Full Article Available Here ---> <https://www.nts-net.org/news-resources/erisa-tips-what-erisa-fidelity-bond>

THE OVER-STATED RETIREMENT CRISIS

To address the question of whether a retirement savings crisis is at hand, this 14-page paper takes a broader view of retirement savings, considering workplace retirement plans in the context of the greater retirement system. When this system is considered as a whole, Americans today: Have greater access to workplace retirement plans than in the past; are saving proportionately more; will have more money in retirement; and, have better protections in place to help guard their savings. Source: Empower-retirement.com

Full Article Available Here ---> https://docs.empower-retirement.com/empower-institute/Over_Stated_Retirement_Crisis.pdf

COMPLIANCE AND REGULATORY RELATED

FEDS WEIGH IN ON 'ACTUAL KNOWLEDGE' STANDARD

In a case with huge implications for the impact of plan disclosures on starting the clock on the timing of filing suit in ERISA cases, the federal government says that "actual knowledge" means just that. In an amicus brief filed with U.S. Supreme Court, U.S. Solicitor General Noel Francisco and lawyers from the Labor Department have thrown their support behind Christopher Sulyma, a former participant in the Intel plan. Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/feds-weigh-actual-knowledge-standard>

SENATORS CALL FOR PASSAGE OF SECURE ACT ASAP

A group of seven Republican senators is urging the Senate Majority Leader to act on one of the most consequential pieces of retirement security legislation in more than a decade. "We encourage the Senate to take action on the SECURE Act as soon as possible. Doing so would demonstrate to our constituents that the Senate can lead in a bipartisan way for workers saving for retirement, for tax fairness, and for family financial security," says the Oct. 15 letter. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/republican-senators-call-passage-secure-act-asap>

RETIREMENT PLAN CYBERSECURITY THE ISSUE IN A NEW LAWSUIT

A former participant in the Estee Lauder 401k plan has sued the plan sponsor and plan providers for failing to safeguard her retirement account. According to the complaint, in September and October 2016, an unknown person or persons stole the participant's retirement savings by withdrawing a total of \$99,000 in three separate unauthorized distributions from her account in the plan. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/retirement-plan-cybersecurity-issue-new-lawsuit/>

ARA RAISES URGENT CONCERNS WITH IRS ON FINAL HARDSHIP RULES

The American Retirement Association in an Oct. 8 letter to IRS Employee Plans Division Director Robert Choi reiterated its concern over aspects of the final hardship distribution regulations. Those regulations were issued in September. Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/ara-raises-urgent-concerns-irs-final-hardship-rules>

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