

# IFS | Fiduciary Insights Update

## Retirement Plan Monthly Newsletter

### CONTACT INFORMATION

Institutional Fiduciary Solutions

727-567-2375

IFSInstitutionalFiduciarySolutions@RaymondJames.com

February, 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

- Gamification Retirement Planning Engages Employees
- Do You Know How Much 401k Fees Are Costing You?
- Is There a Future for Financial Wellness Programs?
- How Do Retirement Plan Participants Feel About HSA Benefits?

### FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- 401k Fiduciary Lawsuit Highlights Fee Benchmarking
- ESG Inclusion Is a Major 401k Fiduciary Fail
- Employers Must Act Ahead of Retirement Wave
- Ten Litigation Lessons for 401k and 403b Fiduciaries

### INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Inside The Minds of Plan Participants
- Benefit Plan Cybersecurity Considerations: A Recordkeeper and Plan Perspective
- Closing the Retirement Savings Coverage Gap - Multiple Employer Plans
- What Do Participants Want in Their Investments?

### COMPLIANCE AND REGULATORY RELATED

- Bill Would Allow Use of Retirement Plans to Provide Student Loan Repayment Benefits
- 401k Lawsuits Deserve Attention From Plan Sponsor
- Roundup of Retirement Plan Provisions Currently Coursing Through Capitol Hill

## GENERAL ITEMS

### GAMIFICATION RETIREMENT PLANNING ENGAGES EMPLOYEES

Gamification retirement planning is on the rise. It has become the latest way to inject fun into retirement planning today; a task, admittedly, many workers find daunting. Gamification retirement planning is the process of applying gaming concepts to a traditional non-gaming situation. For example, gamification takes something that already exists -- say, a workplace retirement plan -- and incorporates game mechanics to stimulate participation, engagement and loyalty. Source: 401ktv.com Source:

Full Article Available Here --->> <https://401ktv.com/gamification-retirement-planning-engages-employees/>

-----

### DO YOU KNOW HOW MUCH 401K FEES ARE COSTING YOU?

While most people have focused on maximizing their retirement accounts, they may be in for a shock when they see how much they are losing in fees tied to accounts like their 401k. In fact, it may be considerably more than you'd think even if you believed your employer had selected the best plan available. Source: Forbes.com

Full Article Available Here --->> <https://www.forbes.com/sites/jaimecatmull/2018/12/08/do-you-know-how-much-401k-fees-are-costing-you/#5b534045569c>

-----

### IS THERE A FUTURE FOR FINANCIAL WELLNESS PROGRAMS?

Financial wellness programs were greeted with great hopes when they first debuted. But is the prognosis for their long-term success starting to flag? Amid signs that such programs have not been as impactful as expected, this 12-page white paper takes a 360-degree look at three sets of stakeholders -- plan sponsors, plan participants and retirement plan advisors -- to construct a clearer picture of the state of financial wellness initiatives. Source: Marketstrategies.com

Full Article Available Here --->> <https://www.marketstrategies.com/blog/2018/12/is-there-a-future-for-financial-wellness-programs/>

-----

### HOW DO RETIREMENT PLAN PARTICIPANTS FEEL ABOUT HSA BENEFITS?

HSAs are often used as spending accounts to fund short-term needs rather than saving accounts for long-term healthcare expenses. Many DC plan participants miss the opportunity to accumulate savings for healthcare needs in retirement, not because they do not want to invest, but because they do not know that they can use an HSA to invest. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/how-do-retirement-plan-participants-feel-about-hsa-benefits/>

-----

---

## FIDUCIARY AND PLAN GOVERNANCE MATERIAL

### 401K FIDUCIARY LAWSUIT HIGHLIGHTS FEE BENCHMARKING

Many 401k fiduciary lawsuits have focused on fees including, their reasonableness, their necessity, and whether the fees are being assessed for funds and services add value and help participants achieve their retirement goals. How often do you check up on your retirement plan fees? Investment committees need to be aware of their fiduciary duties and remain vigilant in carrying them out. Source: 401ktv.com Source:

Full Article Available Here --->> <https://401ktv.com/401k-fiduciary-lawsuit-highlights/>

-----

### ESG INCLUSION IS A MAJOR 401K FIDUCIARY FAIL

The context is an op-ed in The Wall Street Journal decrying calls for mandated ESG investing, proponents of which argue it's right for the world and -- more recently -- risk-adjusted returns. The catalyst is the U.N.-sponsored Principles of Responsible Investing, which, like it or not, runs afoul of both finance and ERISA law, as the authors note. Anyone considered a fiduciary must "act for the exclusive benefit of the beneficiaries, considering solely their interests, without regard for collateral benefits." Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/why-esg-inclusion-is-a-major-401k-fiduciary-fail/>

-----

### EMPLOYERS MUST ACT AHEAD OF RETIREMENT WAVE

According to Willis Towers Watson, just over 80% of organizations acknowledge the importance of their older workers and managing the retirement process; however, only about half believe they understand the process well, and just one-quarter feel they have found an effective approach. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/employers-must-act-ahead-retirement-wave/>

-----

### TEN LITIGATION LESSONS FOR 401K AND 403B FIDUCIARIES

401k and 403b plan litigation is not going away. If you are a plan fiduciary looking to avoid (or win) future lawsuits over fees and investments, there are lessons to be learned from recent decisions and settlements about the best ways to protect yourself in 2019. Here are some important takeaways from recent litigation activity. Source: Cohenbuckmann.com

Full Article Available Here --->> <https://cohenbuckmann.com/insights/2018/12/11/10-litigation-lessons-for-401k-and-403b-fiduciaries-apply-them-in-2019>

-----

## INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

### INSIDE THE MINDS OF PLAN PARTICIPANTS

Retirement confidence is noticeably higher than it has been in over a decade, but retirement readiness is still on shaky ground for many Americans. One important way to improve how workers save is developing more targeted communications and engagement methods that can increase the financial literacy and investment capabilities of different investor “personas.” Source: alliancebernstein.com

Full Article Available Here --->> <https://www.alliancebernstein.com/sites/library/Instrumentation/Inside-the%20Minds-of-Plan-Participants-2018-Survey-Research-Paper.pdf>

---

### BENEFIT PLAN CYBERSECURITY CONSIDERATIONS: A RECORDKEEPER AND PLAN PERSPECTIVE

The U.S. has no comprehensive national law governing cybersecurity and no uniform framework for measuring the effectiveness of protections, though retirement plan record keepers maintain the personally identifiable information on millions of workers. Plan sponsors frequently engage consultants and attorneys to help them secure sensitive data, but more work is necessary to engage a larger discussion around this issue. The SPARK Institute has outlined a flexible approach for an independent third-party reporting of cyber security capabilities with several key control objectives. Source: Pensionresearchcouncil.wharton.upenn.edu

Full Article Available Here --->> <https://pensionresearchcouncil.wharton.upenn.edu/wp-content/uploads/2018/12/WP-2018-16-Rouse-et-al.pdf>

---

### CLOSING THE RETIREMENT SAVINGS COVERAGE GAP - MULTIPLE EMPLOYER PLANS

The retirement coverage gap can and should be narrowed. While a variety of solutions are possible, there is a growing consensus in Washington that one of the broadest and most expedient ways would be to expand access to multiple employer plans, or MEPs, for small employers and their employees. This 12-page paper outlines the legislative and regulatory actions that would be needed to broaden access to MEPs. It also describes the features that a model MEP might incorporate. Source: Prudential.com

Full Article Available Here --->> [http://www3.prudential.com/email/retirement/IMFPWeb/hosted\\_documents/1011640-00001-00.pdf](http://www3.prudential.com/email/retirement/IMFPWeb/hosted_documents/1011640-00001-00.pdf)

---

### WHAT DO PARTICIPANTS WANT IN THEIR INVESTMENTS?

When it comes to investing for retirement, a frequently asked question is, "How do defined contribution plan participants make decisions regarding their investment elections?" Very often, participants do not possess the technical skills to assess the appropriateness of an investment for their DC portfolio. Therefore, it is important to understand what characteristics of an investment they value most and least. Source: Napa-net.org

Full Article Available Here --->> [https://www.napa-net.org/wp-content/themes/mequoda/popup\\_pdf.php?guide\\_id=86641](https://www.napa-net.org/wp-content/themes/mequoda/popup_pdf.php?guide_id=86641)

## COMPLIANCE AND REGULATORY RELATED

### **BILL WOULD ALLOW USE OF RETIREMENT PLANS TO PROVIDE STUDENT LOAN REPAYMENT BENEFITS**

The Retirement Parity for Student Loans Act would permit 401k, 403b, and SIMPLE retirement plans to make matching contributions to workers as if their student loan payments were salary reduction contributions. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/bill-allow-use-retirement-plans-provide-student-loan-repayment-benefits/>

-----

### **401K LAWSUITS DESERVE ATTENTION FROM PLAN SPONSOR**

401k lawsuits are on the rise. However, the legal responsibilities associated with 401k lawsuits are not always crystal clear. Plan fiduciaries who manage and administer 401k and 403b plans struggle with knowing how to perform. There are many grey areas, and so questions persist about fiduciary duties and 401k lawsuits. A 2018 paper from the Center for Retirement Research at Boston College explores the reasons behind these lawsuits, as well as their implications for plan sponsors and the retirement industry. Source: 401ktv.com

Full Article Available Here --->> <https://401ktv.com/401k-lawsuits-deserve-attention/>

-----

### **ROUNDUP OF RETIREMENT PLAN PROVISIONS CURRENTLY COURSING THROUGH CAPITOL HILL**

Among the many year-end bills that are circulating in the U.S. Senate and House of Representatives are a number that include fixes for Individual Retirement Accounts and 401k-type retirement savings plans. Some of the fixes are found in several bills; others are in just one of the bills. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/roundup-of-retirement-plan-provisions-currently-coursing-through-capitol-hill/>

-----

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