

# 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

- Seven Concerns on the Forefront of Plan Sponsors' Minds Right Now
- How Student Loan Debt Impacts Retirement Savings
- ERISA Industry Stakeholders Analyze Auto-Portability Potential
- 401k Plan Design Drives Best Outcomes and Big Impact

### FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- Bad Reasons for Hiring 401k Plan Providers
- What is a 3(16), 3(21), or 3(38) Fiduciary?
- 401k Sponsors in Serious Need of Fiduciary Training
- Setting Defaults and Auto-Escalations Too Low May Undermine Their Power

### INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Americans Favor Workplace Benefits Over Extra Salary
- Boomers Find Reasons to Retire Later
- Debt Disaster is Real, Especially for Generation X
- Best Intentions: The Unintended Consequences of Plan Design

### COMPLIANCE AND REGULATORY RELATED

- Top Five Post-Election Retirement Policy Observations
- A Simple Recipe for Minimizing 401k Lawsuits
- Closer Examination of DOL MEP Proposal
- 401k Hardship Withdrawals, Account Transfers Might Get Easier

## GENERAL ITEMS

### SEVEN CONCERNS ON THE FOREFRONT OF 401K PLAN SPONSORS' MINDS RIGHT NOW

Plan sponsors, as a collective, share some common concerns regarding their defined contribution plans. What are they and what's the buzz about them? Here's a list of seven issues 401k plan sponsors are either concerned about right now or ought to be concerned about right now. Source: Fiduciarynews.com

Full Article Available Here --->> <http://fiduciarynews.com/2018/11/7-concerns-on-the-forefront-of-401k-plan-sponsors-minds-right-now/>

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### HOW STUDENT LOAN DEBT IMPACTS RETIREMENT SAVINGS

Student debt may play a large part in the finances of these young (and even not-so-young) employees. That's why a complete picture of employee financial wellness should consider it. In addition, carrying student debt may play a role in how much workers are saving for their eventual retirement. Both of these are good reasons for employers to take an interest in the impact of student debt on their workforce. Source: Tra401k.com

Full Article Available Here --->> <https://tra401k.com/news/how-student-loan-debt-impacts-retirement-savings/>

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### ERISA INDUSTRY STAKEHOLDERS ANALYZE AUTO-PORTABILITY POTENTIAL

While enjoying broad support, at this early stage, it is unclear what responsibility a plan sponsor would retain for data security and accurate processing; in addition, auto-portability solutions may be limited by recordkeepers' willingness to share participants' personally identifiable information with a third party. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/erisa-industry-stakeholders-analyze-auto-portability-potential/>

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### 401K PLAN DESIGN DRIVES BEST OUTCOMES AND BIG IMPACT

Employers should be thinking about ways to improve their 401k plan design. Participants in plans that offer features like a generous employer match typically have higher projected income replacement rates, and these plans tend to have better participation rates overall. These are both desirable outcomes for employers considering ways to use 401k plan design to improve plan performance. In short, 401k plan design matters when it comes to offering a competitive workplace retirement plan benefit for employees and helping them to get on a path to a financially comfortable future. Source: 401ktv.com

Full Article Available Here --->> <https://401ktv.com/401k-plan-design-outcomes-impact/>

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## FIDUCIARY AND PLAN GOVERNANCE MATERIAL

### BAD REASONS FOR HIRING 401K PLAN PROVIDERS

Due to how providers may market themselves to you, you may pick a plan provider for the wrong reason and you're breaching your fiduciary duty by hiring plan providers that aren't up to the job. This article is about things that plan providers may tout that shouldn't really impress you because it doesn't mean they'll be good at their job. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/bad-reasons-for-hiring-401k-plan-provi-62242/>

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### WHAT IS A 3(16), 3(21), OR 3(38) FIDUCIARY?

401k Plan Sponsors may consider retaining outside help to assist the organization in meeting various fiduciary responsibilities. To prepare for any meaningful conversation of fiduciary responsibilities, there are a few terms one should be familiar with and have a basic working knowledge of - 3(16), 3(21) and 3(38). Source: 5500audit.com

Full Article Available Here --->> [https://www.5500audit.com/401k\\_blog.php?id=46](https://www.5500audit.com/401k_blog.php?id=46)

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### 401K SPONSORS IN SERIOUS NEED OF FIDUCIARY TRAINING

There is not a legal requirement that committee members receive fiduciary training. Instead, it's a best practice and good risk management. But, what should the fiduciary education cover? Based on an analysis of court decisions on fiduciary responsibility, Fred Reish worries that fiduciaries may not be adequately educated about their basic responsibilities and particularly their administrative oversight duties. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/fred-reish-plan-sponsors-in-serious-need-of-fiduciary-training/>

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### SETTING DEFAULTS AND AUTO-ESCALATIONS TOO LOW MAY UNDERMINE THEIR POWER

BlackRock took a look at various cases where a plan sponsor made changes to plan design to see what the outcomes were and found some unintended consequences. They conclude that the three cases are an "argument for better data and deeper analysis." The company recommends that retirement plan advisers and sponsors "review plan objectives. Conduct plan and participant analysis, and test plan changes." Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/setting-defaults-auto-escalations-low-may-undermine-power/>

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## INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

### AMERICANS FAVOR WORKPLACE BENEFITS OVER EXTRA SALARY

Eighty percent of Americans would favor a job that offered high-quality workplace benefits over one that paid 30% more salary but no benefits, the American Institute of CPAs learned in a survey of 2,026 adults. Only 20% would prefer the job with the higher salary but no benefits. A 401k match and health insurance are the benefits they value the most. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/americans-favor-workplace-benefits-extra-salary/>

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### BOOMERS FIND REASONS TO RETIRE LATER

It is one of "the most significant labor market trends" in the United States, says Wellesley College researcher Courtney Coile. She's referring to big increases since the 1980s and 1990s in the share of older Americans in the labor force, including one in three men in their late 60s. Given the implications of this trend for retirement security -- the longer people work, the better off they'll be -- Coile and many other researchers have investigated what's driving it. They agree on several things that are changing the retirement calculation. Source: Bc.edu

Full Article Available Here --->> <http://squaredawayblog.bc.edu/tag/retirement-age/>

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### DEBT DISASTER IS REAL, ESPECIALLY FOR GENERATION X

The generation of flannel and grunge are heading into their highest earning years yet, compared to other generations, Gen Xers have also accumulated the most debt. In fact, a recent LightStream survey found that one in four Gen Xers who are currently in debt say they are not confident in the way they manage it, and 22 percent don't see a way out. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/debt-disaster-is-real-especially-for-generation-x/>

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### BEST INTENTIONS: THE UNINTENDED CONSEQUENCES OF PLAN DESIGN

DC plans are complex, and changes often bring unintended consequences. The most well-intentioned and carefully considered plan design decisions may have unexpected results and even successful implementations occasionally reveal the limits of some baseline assumptions. Source: Blackrock.com

Full Article Available Here --->> <https://www.blackrock.com/investing/financial-professionals/defined-contribution/news-insight-analysis/consequences-of-effective-plan-design>

## COMPLIANCE AND REGULATORY RELATED

### TOP FIVE POST-ELECTION RETIREMENT POLICY OBSERVATIONS

The historic 2018 mid-term elections are in the rearview mirror, and Democrats are poised to take control of the House in January while Republicans will expand their majority in the Senate. The new political landscape fundamentally changes the retirement policy dynamic in Washington and there is a very real possibility of significant reforms over the next two years. There are five key issues to keep in mind. Source: Groom.com

Full Article Available Here --->> [https://www.groom.com/wp-content/uploads/2018/11/Bloomberg-Law\\_View-From-Groom\\_Top-Five-Post-Election-Retirement-Policy-Observations.pdf](https://www.groom.com/wp-content/uploads/2018/11/Bloomberg-Law_View-From-Groom_Top-Five-Post-Election-Retirement-Policy-Observations.pdf)

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### A SIMPLE RECIPE FOR MINIMIZING 401K LAWSUITS

Here is a simple recipe for minimizing the likelihood that a 401k plan will be the subject to a lawsuit. Advisors can use this recipe to help their 401k plan clients avoid trouble, or to open the door with 401k plan prospects that may appreciate a review of their current practices. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/a-simple-recipe-for-minimizing-401k-lawsuits/>

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### CLOSER EXAMINATION OF DOL MEP PROPOSAL

Those industry stakeholders disappointed by the limited scope of the proposed regulations can take heart in the fact that DOL staff calls for detailed commentary on ways the proposal could be expanded, including into the area of "open MEPs" and "corporate MEPs." Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/closer-examination-dol-mep-regulations/>

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### 401K HARDSHIP WITHDRAWALS, ACCOUNT TRANSFERS MIGHT GET EASIER

Taking hardship withdrawals from 401k plans may soon be easier for plan participants, while plan sponsors could face fewer risks when transferring small "left behind" 401k accounts to departing employees' individual retirement accounts and new 401k plans. Source: Shrm.org

Full Article Available Here --->> <https://www.shrm.org/ResourcesAndTools/hr-topics/benefits/Pages/proposed-401k-rules-hardship-withdrawals.aspx>

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