

IFS | Fiduciary Insights Update

Retirement Plan Monthly Newsletter

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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

- Proactive Steps Every 401k Plan Sponsor Should Take
- What Is the Average 401k Return?
- Successful 401k Plans Come in Many Shapes and Sizes
- How Student Loans Hurt Retirement Security

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- The Need to Investigate Collective Trusts
- Tailoring Plan Designs to Reflect Shorter Employee Tenure
- Addressing 401ks, Health Benefits, and Compensation After a Merger or Acquisition
- Time to Review Your 403b Plan

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Retirement Delayed: Working Past 65 Hits 57-Year High
- Fee Disparity Linked to Size of Defined Contribution Plans
- DC Plan Participants Share Incentives for Saving More
- Ethnicity and Culture Influence Views on Retirement

COMPLIANCE AND REGULATORY RELATED

- Small 401(k) Plan Faces Excessive Fee Lawsuit
- Sixteen Retirement Plan Provisions in the SECURE Act
- Impact of Executive Order on ESG, Proxy Voting May Be Muted
- Senate Committee Eyes Lack of Guidance on ERISA Cybersecurity

GENERAL ITEMS

PROACTIVE STEPS EVERY 401K PLAN SPONSOR SHOULD TAKE

A 401k plan can be used as a weapon against you because of the potential liability exposure from litigation by participants or penalties from the Internal Revenue Service or Department of Labor. This article is how you can be proactive in maintaining your 401k plan. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/proactive-steps-every-401k-plan-sponso-68349/>

WHAT IS THE AVERAGE 401K RETURN?

Many people save and invest in a 401k plan with the hope that they can accumulate enough to eventually pay for retirement. In addition to your savings rate and employer contributions, your 401k investment returns have a big impact on your final account balance. Consider these factors to determine the return you might get on your 401k plan. Source: Usnews.com

Full Article Available Here --->> <https://money.usnews.com/money/retirement/401ks/articles/what-is-the-average-401-k-return>

SUCCESSFUL 401K PLANS COME IN MANY SHAPES AND SIZES

Factors that can contribute to the success of a 401k plan come from a variety of sources. This includes a strong message from the CEO concerning the importance of saving for retirement and delivering a regular and consistent message. Learn how a strong leadership team with good communication skills and a quality retirement plan can make for a successful 401k plan. Source: 401ktv.com

Full Article Available Here --->> <https://401ktv.com/successful-401k-plans-many-shapes-sizes/>

HOW STUDENT LOANS HURT RETIREMENT SECURITY

With the amount of student loan debt currently topping \$1.56 trillion, that's \$521 billion more than the total U.S. credit card debt, it's no wonder that financially stressed employees aren't contributing to their retirement plans. But that stressed-out employee may not be who you think it is. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/how-student-loans-hurt-retirement-security/>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

THE NEED TO INVESTIGATE COLLECTIVE TRUSTS

Some recent Courts decisions have taken different approaches to the issue of a plan fiduciary's obligation to consider collective trusts and insurance company separate accounts as alternative investments to mutual funds. Source: Wagnerlawgroup.com

Full Article Available Here --->>

<https://info.wagnerlawgroup.com/hubfs/The%20Need%20to%20Investigate%20Collective%20Trusts.pdf>

TAILORING PLAN DESIGNS TO REFLECT SHORTER EMPLOYEE TENURE

Recent research reports suggest average employee tenure in the U.S. has trended downward; retirement industry experts agree this fact should inform plan design discussions and participant-level services. Source: Planadviser.com

Full Article Available Here --->>

<https://www.planadviser.com/tailoring-plan-designs-reflect-shorter-employee-tenure/>

ADDRESSING 401KS, HEALTH BENEFITS, AND COMPENSATION AFTER A MERGER OR ACQUISITION

Integrating the employee benefits of the acquired employees following an acquisition is of critical importance, but it can be a difficult task for a buyer of a business from legal, administrative and employee relations perspectives. Making the transition a smooth one requires careful consideration and planning. Here are some important benefits issues that organizations should consider in connection with an acquisition. Source: Voya.com

Full Article Available Here --->>

<http://voyainsights.voya.com/insights/addressing-401ks-health-benefits-and-compensation-after-merger-or-acquisition-nc>

TIME TO REVIEW YOUR 403B PLAN

Because of a March 2020 deadline set by the IRS to implement a "safe harbor plan," many companies are now taking the time to review their 403b plans and ensure the plan and plan documentation meets IRS requirements. Source: Hallbenefitslaw.com

Full Article Available Here --->>

<https://hallbenefitslaw.com/time-to-review-your-403b-plan/>

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

RETIREMENT DELAYED: WORKING PAST 65 HITS 57-YEAR HIGH

More older Americans are staying in the workforce past traditional retirement age and they tend to be highly educated, pushing up incomes for older workers. As of February, more than 20% of Americans aged 65 or older are working or looking for work, doubling the percentage from a low of 10% in 1985. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/retirement-delayed-working-past-65-hits-57-year-high/>

FEE DISPARITY LINKED TO SIZE OF DEFINED CONTRIBUTION PLANS

Sponsors of small and midsize plans may be paying too much in fees, particularly if they're being charged a percentage of total plan assets, according to industry experts. The disparity can be attributed to both the plan sponsors themselves and the recordkeepers. Sponsors of small and midsize plans often don't have the time or knowledge to benchmark fees. Meanwhile, recordkeepers have pursued their own self-interest, pushing smaller plans into asset-based fee models, which may hurt participants long term, industry observers say. Source: Pionline.com

Full Article Available Here --->> <https://www.pionline.com/article/20190415/PRINT/190419910/fee-disparity-linked-to-size-of-defined-contribution-plans>

DC PLAN PARTICIPANTS SHARE INCENTIVES FOR SAVING MORE

A company match contribution or bigger company match, more education and access to financial advice are among incentives for savings identified in a recent survey. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/dc-plan-participants-share-incentives-saving/>

ETHNICITY AND CULTURE INFLUENCE VIEWS ON RETIREMENT

One size does not fit all for today's diverse consumers when it comes to retirement. In fact, it is increasingly becoming a very personalized journey, as underscored by the latest research from MassMutual. The survey underscores different diverse consumers' attitudes about retirement, including timing, proclivity to plan, expectations, and sources of income. Source: Massmutual.com

Full Article Available Here --->> <https://www.massmutual.com/about-us/news-and-press-releases/press-releases/2019/04/the-retirement-spectrum-ethnicity-and-culture-influence-views-on-retirement>

COMPLIANCE AND REGULATORY RELATED

SMALL 401(K) PLAN FACES EXCESSIVE FEE LAWSUIT

A plan with assets totaling less than \$250 million is accused of failing to employ a prudent and loyal process in evaluating investment and administrative fees. A participant in the Plan has filed a proposed class action lawsuit alleging it breached its fiduciary duties under the Employee Retirement Income Security Act (ERISA). Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/small-401k-plan-faces-excessive-fee-lawsuit/>

SIXTEEN RETIREMENT PLAN PROVISIONS IN THE SECURE ACT

Employee benefits consulting firm Strategic Benefits Advisors helpfully -- and succinctly -- lists the provisions of the bipartisan Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019, which was advanced by the House Ways and Means Committee on April 2. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/16-retirement-plan-provisions-in-the-secure-act-simplified/>

IMPACT OF EXECUTIVE ORDER ON ESG, PROXY VOTING MAY BE MUTED

The White House issued an executive order on the evolving topic of proxy voting and environmental, social and governance investing programs being put into practice by retirement plans subject to ERISA. One ERISA expert says fiduciaries already evaluating ESG risks and those being active in proxy voting will continue parsing whatever ad hoc disclosures are volunteered by companies. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/impact-executive-order-esg-proxy-voting-may-muted/>

SENATE COMMITTEE EYES LACK OF GUIDANCE ON ERISA CYBERSECURITY

There is no definitive answer to the question of whether the sponsor of a benefit plan is subject to the fiduciary standards of ERISA with respect to implementing cybersecurity measures to protect participants' financial data. Acknowledging a complete lack of guidance, a Senate committee sent a letter to the U.S. Government Accountability Office requesting guidance from the GAO on issues related to cybersecurity and the private retirement system. Source: Truckerhuss.com

Full Article Available Here --->> <https://www.truckerhuss.com/2019/04/u-s-senate-committee-eyes-lack-of-guidance-on-erisa-cybersecurity/>

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