

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

- Behavior Drives Outcomes: Learn How to Enhance Plans to Drive Retirement Success
- The Long Terms Effect of COVID on 401k Plan Providers
- How Employers With 51-100 Employees Can Meet Their CalSavers Deadline
- NYC Will Require Mandatory Retirement Savings for All Private Sector Employees

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- Fiduciary Investment Advice: Implications of DOL Prohibited Transaction Exception 2020-02
- A Long Time Coming: The DOL Issues Cybersecurity Guidance
- DOL Assessing Guidance on Private Equity in TDFs
- Captrust's May Fiduciary Update

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Pooled Employer Plans: Employer Considerations
- Record Balances: DC Plan System Continues to Thrive
- Senate Committee Hearing Explores Retirement Security Measures
- ESG Options in 401k Plans Could Lead to Higher Contribution Rates According to Survey

COMPLIANCE AND REGULATORY RELATED

- The Beltway Is Buzzing With Retirement Proposals
- Summary of Provisions in the Securing a Strong Retirement Act of 2021
- Examining Leakage From Retirement Savings Accounts
- Recovering Retirement Plan Overpayments: Process Is Key

GENERAL ITEMS

BEHAVIOR DRIVES OUTCOMES: LEARN HOW TO ENHANCE PLANS TO DRIVE RETIREMENT SUCCESS

According to the Schroders 2021 Retirement Survey, 37% of DC plan participants said they are offered ESG-related investment options by their employer, while 40% said they did not know. Of those who were aware of their ESG options, 9 out of 10 said they invest in them. Further, of those who said their DC plan did not offer ESG investment options or did not know, 69% said they would or might increase their overall contribution rate if offered ESG options. Only 31% said they would not. Source: Fiduciarydecisions.com

Full Article Available Here --->> <https://www.fiduciarydecisions.com/behavior-drives-outcomes-learn-how-to-enhance-plans-to-drive-retirement-success/>

THE LONG TERMS EFFECT OF COVID ON 401K PLAN PROVIDERS

The COVID pandemic is probably the most challenging thing we have gone through in our lifetime. While COVID has certainly been challenging, it has also opened eyes as to where the retirement plan industry is headed and the profound long-term effect that COVID will have on the retirement business (both good and bad).

Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/the-long-terms-effect-of-covid-on-401k-21799/>

HOW EMPLOYERS WITH 51-100 EMPLOYEES CAN MEET THEIR CALSAVERS DEADLINE

Money penalties apply to employers who don't timely either establish their exempt status or participate in the program. This article is a how-to for employers in the 51+ group, who have approximately six weeks until their CalSavers deadline arrives. Source: Eforerisa.com

Full Article Available Here --->> <https://eforerisa.com/2021/05/10/how-employers-with-51-100-employees-can-meet-their-calsavers-deadline/>

NYC WILL REQUIRE MANDATORY RETIREMENT SAVINGS FOR ALL PRIVATE SECTOR EMPLOYEES

On May 11, 2021, Mayor Bill de Blasio signed into law legislation that will require private-sector employers located in New York City to provide a mandatory retirement savings program for their employees. As a result, New York City employers will soon have to take action to ensure that each eligible New York City employee is properly enrolled in a retirement program. Source: Foxrothschild.com

Full Article Available Here --->> <https://www.foxrothschild.com/publications/nyc-will-require-mandatory-retirement-savings-for-all-private-sector-employees/>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

FIDUCIARY INVESTMENT ADVICE: IMPLICATIONS OF DOL PROHIBITED TRANSACTION EXCEPTION 2020-02

The Exemption regulates the conduct of "Investment Advice Fiduciaries" who provide investment and/or rollover advice. "Investment Advice Fiduciaries" are investment advisers, broker-dealers, banks, and insurance companies and their employees, agents, and representatives. The Exemption very squarely places the responsibility for compliance with its requirements on outside investment advisors. To rely on the Exemption, besides other requirements, Investment Advice Fiduciaries must provide certain disclosure and meet specified standards of conduct. Source: Benefitslawadvisor.com

Full Article Available Here --->> <https://www.benefitslawadvisor.com/2021/05/articles/prohibited-transaction/fiduciary-investment-advice-implications-of-department-of-labor-prohibited-transaction-exception-2020-02/>

A LONG TIME COMING: THE DOL ISSUES CYBERSECURITY GUIDANCE

Given that the majority of plan sponsors and fiduciaries likely already have existing service providers that aid in the administration of their benefit plans, plan sponsors and fiduciaries may consider amending the applicable service agreement to include some or all of the provisions recommended here to the extent there is not sufficient contractual protection under the existing agreement. Source: Frostbrowntodd.com

Full Article Available Here --->> <https://frostbrowntodd.com/a-long-time-comin-the-dol-issues-cybersecurity-guidance/>

DOL ASSESSING GUIDANCE ON PRIVATE EQUITY IN TDFS

Amid ongoing questions surrounding the use of private equity investments in professionally managed funds within 401ks, a senior DOL official confirmed that the department is conducting stakeholder outreach to assess the issue. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/dol-assessing-guidance-private-equity-tdfs>

CAPTRUST'S MAY FIDUCIARY UPDATE

In this installment of Fiduciary Update, Captrust reports on the informal cybersecurity guidance issued by the DOL in April, when plan assets can be seized by a third party, and key takeaways from the DOL's new frequently asked questions on its class exemption regarding the provision of investment advice. Source: Captrust.com

Full Article Available Here --->> <https://www.captrust.com/fiduciary-update-may-2021/>

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

POOLED EMPLOYER PLANS: EMPLOYER CONSIDERATIONS

This article reviews some of the considerations employers may need to address when trying to decide whether to participate in a particular PEP. There will be many PEPs available in the market from which to choose; thus, employers will need to look to a PPP's and/or a PEP's marketing or other materials for more detailed information. But, there is some essential information employers seek and consider. Source: Actuary.org

Full Article Available Here --->> <https://www.actuary.org/sites/default/files/2021-05/PooledEmployerPlans.5.2021.pdf>

RECORD BALANCES: DC PLAN SYSTEM CONTINUES TO THRIVE

Fresh data shared this week by Principal and Fidelity shows defined contribution retirement plan balances have -- yet again -- reached record highs, but the data also underscores the need to improve access for more workers. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/record-balances-dc-plan-system-continues-thrive/>

SENATE COMMITTEE HEARING EXPLORES RETIREMENT SECURITY MEASURES

The Senate Health, Education, Labor, and Pensions (HELP) Committee will hold a hearing this week to examine issues surrounding retirement security and measures Congress may consider to help more of America's workers and retirees save and plan for their golden years. Source: Myirionline.org

Full Article Available Here --->> <https://www.myirionline.org/newsroom/newsroom-detail-view/senate-committee-hearing-explores-retirement-security-measures>

ESG OPTIONS IN 401K PLANS COULD LEAD TO HIGHER CONTRIBUTION RATES ACCORDING TO SURVEY

According to the Schroders 2021 Retirement Survey, 37% of DC plan participants said they are offered ESG-related investment options by their employer, while 40% said they did not know. Of those who were aware of their ESG options, 9 out of 10 said they invest in them. Further, of those who said their DC plan did not offer ESG investment options or did not know, 69% said they would or might increase their overall contribution rate if offered ESG options. Only 31% said they would not. Source: Businesswire.com

Full Article Available Here --->> <https://www.businesswire.com/news/home/20210513005160/en/ESG-Options-in-401k-Plans-Could-Lead-to-Higher-Contribution-Rates-According-to-Schroders-Survey>

COMPLIANCE AND REGULATORY RELATED

THE BELTWAY IS BUZZING WITH RETIREMENT PROPOSALS

The word of the moment in Washington, D.C. when it comes to retirement activity is busy. Legislative and regulatory proposals are floating through the halls of Congress and in the offices of agencies such as the Department of Labor, said Preston Rutledge, who served as assistant secretary of labor for the Employee Benefits Security Administration under President Donald Trump. Source: Insurancenewsnet.com

Full Article Available Here --->> <https://insurancenewsnet.com/conference-post/preston-rutledge-the-beltway-is-buzzing-with-retirement-proposals>

SUMMARY OF PROVISIONS IN THE SECURING A STRONG RETIREMENT ACT OF 2021

This chart summarizes the "Securing a Strong Retirement Act of 2021" as marked up by the House Ways and Means Committee on May 5, 2021. Source: Groom.com

Full Article Available Here --->> <https://www.groom.com/resources/summary-of-provisions-in-the-securing-a-strong-retirement-act-of-2021/>

EXAMINING LEAKAGE FROM RETIREMENT SAVINGS ACCOUNTS

Pre-retirement withdrawals -- often referred to as "leakage" from retirement accounts -- are allowed under certain circumstances, subject to certain penalties or additional taxes. The Joint Committee on Taxation recently issued a report to Congress summarizing its efforts to better understand contributions to, and distributions from, retirement accounts, with a particular emphasis on distributions from retirement accounts to pre-retirement age individuals. Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/examining-leakage-retirement-savings-accounts>

RECOVERING RETIREMENT PLAN OVERPAYMENTS: PROCESS IS KEY

A qualified retirement plan paying more in distributions than a participant is entitled to occur frequently. While unfortunate for participants who received an overpayment, a plan sponsor must recover overpayments on behalf of the retirement plan to protect the plan's tax-qualified status and comply with the sponsor's fiduciary responsibilities under ERISA. A recent court case involving the recovery of an overpayment highlights the value of having a robust administrative process for dealing with the inevitable overpayment issues that arise. Source: Dickinson-wright.com

Full Article Available Here --->> <http://hr.dickinson-wright.com/2021/05/10/recovering-retirement-plan-overpayments-process-is-key/>