

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

- Seven Industry Trends That Will Shape the Future
- Defining Financial Wellness
- Retirement Is in Peril for Most Working-Class Americans, Warns New Report
- Employers Could Be Squandering a Huge Recruiting Opportunity With Their 401k

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- Understanding Fiduciary Roles: 3(21) vs 3(38)
- Self-Directed Brokerage Windows in 401k Plans: Do Fiduciaries Have to Look Inside?
- 401k Plans May Soon Experience Higher Fees for Ancillary Services
- Fiduciary Science

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Callan's DC Trends Study -- Automatic Enrollment, Escalation and Default, Roth 401k
- Have CITs in 401k Plans Reached a Tipping Point?
- Retirement Security Has Improved Since Pre-Recession
- Will Small Employers Widely Adopt More Accessible Multiple Employer Plans?

COMPLIANCE AND REGULATORY RELATED

- Understanding the Unwinding of DOL's Fiduciary
- How Trump's Executive Order on Retirement Plan Changes Could Affect You
- Common Retirement Plan Sponsor Misconceptions
- TPA Issues in DOL Investigations of Client Plans

GENERAL ITEMS

SEVEN INDUSTRY TRENDS THAT WILL SHAPE THE FUTURE

Step inside the chamber, and we will gaze at the crystal ball. American Retirement Association Chief Content Officer Nevin Adams shared his insights on major factors whose impact will be felt for years to come. Source: Asppa.org

Full Article Available Here --->> <http://www.asppa.org/News/Browse-Topics/Details/ArticleID/10302>

DEFINING FINANCIAL WELLNESS

Most employers are confused about what makes Financial Wellness different from other workplace benefits, despite knowing the dramatic impact it can have on their business. This article features a helpful infographic explaining key factors that separate financial wellness from typical offerings currently on the market. Source: Fiduciaryeducation.com

Full Article Available Here --->> <https://fiduciaryeducation.com/blog/2002486/defining-financial-wellness>

RETIREMENT IS IN PERIL FOR MOST WORKING-CLASS AMERICANS, WARNS NEW REPORT

Retirement is in peril for most working-class Americans cautions a new report by the National Institute on Retirement Security, a Washington think tank. The report contends nearly four out of five working Americans are falling short of conservative retirement savings targets. Roughly the same number have less than one year's income saved in retirement accounts, according to the study. Source: Forbes.com

Full Article Available Here --->> <https://www.forbes.com/sites/tedknutson/2018/09/17/retirement-is-in-peril-for-most-working-class-americans-warns-new-report/#52afa0da5742>

EMPLOYERS COULD BE SQUANDERING A HUGE RECRUITING OPPORTUNITY WITH THEIR 401K PLANS

Most of the respondents (67%) in a Betterment for Business survey described a good 401k plan as an "important" or "very important" consideration in evaluating a job offer. But despite the plans' favorable standing among job seekers, 30% of respondents said details about their employers' 401ks never surfaced during the job search. Betterment polled 845 employees who work at client employers. Source: Hrdive.com

Full Article Available Here --->> <https://www.hrdive.com/news/employers-could-be-squandering-a-huge-recruiting-opportunity-with-their-401/531066/>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

UNDERSTANDING FIDUCIARY ROLES: 3(21) VS 3(38)

Due to ERISA's increased standard of care, the now defunct DOL rule and other potential regulatory replacements, plan sponsors are faced with the heightened importance to understand the fiduciary roles and responsibilities for their retirement plan. This article outlines the ways of becoming a fiduciary, the differences between ERISA 3(21) and 3(38), and which is best depending on your plan and plan committee. Source: Planpilot.com

Full Article Available Here --->> <http://planpilot.com/understanding-fiduciary-roles-321-vs-338/>

SELF-DIRECTED BROKERAGE WINDOWS IN 401K PLANS: DO FIDUCIARIES HAVE TO LOOK INSIDE?

One might think that there is a lower level of liability risk for plan fiduciaries where a brokerage window is available, particularly where the window supplements a menu of selected investment options, because it gives plan participants greater choice without any expectation that the fiduciaries are responsible for each investment available through the window. However, there can still be fiduciary obligations related to offering the brokerage window that, if not met, could trigger liability. Source: Morganlewis.com

Full Article Available Here --->> <https://www.morganlewis.com/blogs/mlbenebits/2018/08/self-directed-brokerage-windows-in-plans>

401K PLANS MAY SOON EXPERIENCE HIGHER FEES FOR ANCILLARY SERVICES

401k plan fee reductions have been occurring in recent years as retirement plan vendors made a land grab for their share of the DC plan market. To date, those 401k plan fee reductions have applied mostly to costs for core services, such as administration and recordkeeping. If they haven't already, sponsors may soon experience higher 401k and 403b plan fees for "extras" such as plan distributions or loans that only occasionally impact a portion of participants. Source: 401ktv.com

Full Article Available Here --->> <https://401ktv.com/401k-plan-fee-reductions/>

FIDUCIARY SCIENCE

Determining whether a breach of fiduciary duty has occurred is a science. It is an organized way of gathering and analyzing evidence about the behaviors and methodologies of those who make choices. Source: 401khelpcenter.com

Full Article Available Here --->> http://www.401khelpcenter.com/401k/shikes_fiduciary_science_2018.html

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

INSIGHTS FROM CALLAN'S DC TRENDS STUDY -- AUTOMATIC ENROLLMENT, ESCALATION AND DEFAULT, ROTH 401K

Callan's 2018 Defined Contribution Trends Survey report, like the ten that have preceded it, contains a lot of information, especially for anyone willing to work through all 50 pages of statistics and commentary. This article covers some basics about the sampling, as well as design features like automatic enrollment, escalation and default options, Roth features, and plan sponsor priorities for 2018. Source: Fiduciaryplangovernance.com

Full Article Available Here --->> <http://www.fiduciaryplangovernance.com/blog/insights-from-callans-dc-trends-study-automatic-enrollment-escalation-and-default-roth-401k>

HAVE CITS IN 401K PLANS REACHED A TIPPING POINT?

Collective investment trusts have long been heralded as "the next big thing" in the DC industry, but a new report suggests that, in recent years, the market has turned a corner. The third quarter 2018 issue of The Cerulli Edge-U.S. Retirement Edition finds that CIT adoption is finally experiencing a meaningful increase. Source: Asppa.org

Full Article Available Here --->> <http://www.asppa.org/News/Article/ArticleID/10333/Have-CITs-in-401-k-Plans-Reached-a-Tipping-Point>

RETIREMENT SECURITY HAS IMPROVED SINCE PRE-RECESSION LEVELS

American workers are more secure in their retirement preparations now than before the Great Recession, but much more can and should be done, according to a comparative analysis of survey findings released today, Source: 401khelpcenter.com

Full Article Available Here --->> http://www.401khelpcenter.com/401k_press/pr_transamerica_092518.html

WILL SMALL EMPLOYERS WIDELY ADOPT MORE ACCESSIBLE MULTIPLE EMPLOYER PLANS?

President Trump's August 31 Executive Order instructs the Secretary of Labor to consider new rules around when a group or association of employers qualify for a MEP (the "common nexus" requirement). It asks the Secretary of the Treasury to consider amending regulations to address consequences if employers within MEPs fail to meet plan requirements (the "one bad apple" rule). But, will small employers adopt more widely available MEPs? Source: Ebriorg.wordpress.com

Full Article Available Here --->> <https://ebriorg.wordpress.com/2018/09/20/will-small-employers-widely-adopt-more-accessible-multiple-employer-plans/>

COMPLIANCE AND REGULATORY RELATED

UNDERSTANDING THE UNWINDING OF DOL'S FIDUCIARY RULE

This 14-page article discusses the implications of the Fifth Circuit's vacatur of the U.S. Department of Labor's fiduciary rule, best interest contract and principal transactions exemptions, and related amendments to other prohibited transaction exemptions, or PTEs, in Chamber of Commerce of the United States v. United States Department of Labor. Source: Groom.com

Full Article Available Here --->> <https://www.groom.com/wp-content/uploads/2018/09/Law360-Understanding-The-Unwinding-Of-DOL.pdf>

HOW TRUMP'S EXECUTIVE ORDER ON RETIREMENT PLAN CHANGES COULD AFFECT YOU

Changes could be coming to the way you save and plan for retirement. President Donald Trump signed an executive order to expand access to retirement plans to make it easier for small businesses to offer retirement plans through pooled plans. The directive also asks for a review of current required minimum distribution (RMD) rules. Source: Bankrate.com

Full Article Available Here --->> <https://www.bankrate.com/retirement/donald-trump-executive-order-retirement-plans/>

COMMON RETIREMENT PLAN SPONSOR MISCONCEPTIONS

Due to the large amount of work in starting and maintaining their retirement plan, sponsors often overlook certain aspects that may expose them to potential liability. Additionally, some plan sponsors are unaware of the ongoing fiduciary duties which can result in misconceptions about the plan and its participants. These misconceptions can be costly, and sponsors may find themselves in trouble with the IRS or the Department of Labor. Source: Planpilot.com

Full Article Available Here --->> <http://planpilot.com/common-plan-sponsor-misconceptions/>

PRUDENT PRACTICES FOR ASSESSING BUNDLED SERVICES IN THIS ERA OF 401K PLAN FEE LITIGATION

Given the prevalence of ERISA fee litigation, 401k plan fiduciaries are very concerned about identifying and implementing best fee practices to insulate themselves from liability against such claims. Over 50 so-called "fee cases" have been filed to date, with the majority pursued as class actions. Like most fiduciary benefit claims, however, the liability risk can be substantially mitigated through preventive practices. Source: Bna.com

Full Article Available Here --->> <https://www.bna.com/insight-unpacking-bundleprudent-n73014482461/>

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