

# 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

- Safe Harbor 401k Plans: Everything You Need to Know
- DC Plan Executives Get Serious About Playing Games
- Assessing the Choices for the "Distribution Phase" of DC Plans
- Retirement: Everything You Need to Know About Collective Investment Trusts

### FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- Fiduciary Litigation: Best Practices for DC Plan Fiduciaries
- Seven Rules Every Professional Fiduciary Must Follow
- Staying Power Among the Automatically Enrolled, Research Says
- What Makes a 401k Plan Sponsor a "Mark" for Litigation

### INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Financial Wellness Programs Are Improving Retirement Plan Outcomes
- Automatic Features in Retirement Plans Boost Retirement Confidence
- Participants Report Diverse Communication Preferences
- Top Plan Sponsor Concerns Are Shifting

### COMPLIANCE AND REGULATORY RELATED

- Trump Signs Executive Order to Boost Retirement Savings
- IRS Private Ruling on Student Loan Benefit Under 401k Plan Likely to Fuel Interest
- Multiple Choices: All MEPs Not Created Equal
- 8th Circuit Sets High Bar for Labeling Retirement Plan Investments "Imprudent"

## GENERAL ITEMS

### SAFE HARBOR 401K PLANS: EVERYTHING YOU NEED TO KNOW

A safe harbor 401k plan is a type of tax-deductible 401k plan that ensures all employees at a company have some set of minimum contributions made to their individual 401k plans, regardless of their title, compensation, or length of service. A major perk of this plan is that it also helps companies pass IRS non-discrimination testing. Source: Humaninterest.com

Full Article Available Here --->> <https://humaninterest.com/blog/safe-harbor-401k-plans/>

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### DC PLAN EXECUTIVES GET SERIOUS ABOUT PLAYING GAMES

Defined contribution plan executives, providers, tech firms, and academics are all giving "gamification" techniques a closer look in hopes of driving participant engagement, financial literacy, and finding ways to get more employees thinking about and preparing for their financial future. Source: Pionline.com

Full Article Available Here --->> <http://www.pionline.com/article/20180820/PRINT/180829979/dc-plan-executives-get-serious-about-playing-games>

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### ASSESSING THE CHOICES FOR THE "DISTRIBUTION PHASE" OF DC PLANS

The retirement industry has focused on improving the "accumulation phase" of DC plans. But as DC plans enter middle age, the retirement industry should start thinking more about the "distribution phase," when participants are drawing down the assets they have accumulated over their working lives. This article sets out some of the options plan sponsors can offer participants for the distribution phase. Source: Callan.com

Full Article Available Here --->> <https://www.callan.com/distribution-phase/>

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### RETIREMENT: EVERYTHING YOU NEED TO KNOW ABOUT COLLECTIVE INVESTMENT TRUSTS

If you're saving for retirement, it's quite possible you're using not ETFs nor mutual funds but something a collective investment trust or CIT. What are CITs? Source: Thestreet.com

Full Article Available Here --->> <https://www.thestreet.com/retirement/retirement-everything-you-need-to-know-about-collective-investment-trusts-14665782>

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## FIDUCIARY AND PLAN GOVERNANCE MATERIAL

### FIDUCIARY LITIGATION: BEST PRACTICES FOR DC PLAN FIDUCIARIES

When employees allege the employer or plan sponsor has not acted in the sole interest of the participants or followed the plan requirements, the plan sponsor may be liable for losses and damages which result. However, by following the best practices for defined contribution plan fiduciaries, plan sponsors can avoid litigation and limit potential losses. Source: Bsllp.com

Full Article Available Here --->> <https://www.bsllp.com/best-practices-for-defined-contribution-plan-fiduciaries>

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### SEVEN RULES EVERY PROFESSIONAL FIDUCIARY MUST FOLLOW

There are legal rules, then there are common sense rules. This article is about the common-sense rules. Common sense refers to those standards and practices that helps one excel in the front lines of the real world. Here are seven very practical rules every professional fiduciary must follow. Source: Fiduciarynews.com

Full Article Available Here --->> <http://fiduciarynews.com/2018/08/7-rules-every-professional-fiduciary-must-follow/>

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### STAYING POWER AMONG THE AUTOMATICALLY ENROLLED, RESEARCH SAYS

Automatic enrollment has long been touted as an effective means to increase participation in retirement plans; a recent study has found strong retention among employees added to plan rolls automatically. Source: Asppa.org

Full Article Available Here --->> <http://www.asppa.org/News/Article/ArticleID/10233>

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### WHAT MAKES A 401K PLAN SPONSOR A "MARK" FOR LITIGATION

Certain 401k plan sponsors can be targets for litigation because they're showing something glaring that shows that they are not exercising their fiduciary duty in a prudent manner. To avoid being a "mark" for 401k litigation, the plan sponsor should avoid the items noted in this article. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/what-makes-a-401k-plan-sponsor-a-mark-01060/>

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## INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

### FINANCIAL WELLNESS PROGRAMS ARE IMPROVING RETIREMENT PLAN OUTCOMES

Employees are seeking their employers' help in the interest of saving more for their retirement future and are tapping into financial wellness programs with success. Employers are educating workers early and often. Plan sponsors are assisting plan participants and improving retirement readiness. Source: 401ktv.com

Full Article Available Here ---> <https://401ktv.com/financial-wellness-program-improving-outcomes/>

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### AUTOMATIC FEATURES IN RETIREMENT PLANS BOOST RETIREMENT CONFIDENCE

Although 25% of sponsors are not using automatic enrollment due to their fear of participant pushback, 82% of participants are either in favor of or neutral towards automatic enrollment. Among the participants who have been automatically enrolled, 95% are satisfied. Only 1% opted out, and 33% said that if they had not been automatically enrolled, they probably would not have enrolled in the plan. Among those who have been automatically escalated, 97% are satisfied. Source: Plansponsor.com

Full Article Available Here ---> <https://www.plansponsor.com/automatic-features-in-retirement-plans-boost-retirement-confidence/>

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### PARTICIPANTS REPORT DIVERSE COMMUNICATION PREFERENCES

Results of a participant survey conducted by CUNA Mutual show a close tie between in-person training, short topical online videos, and self-guided learning modules as the preferred way to receive education about retirement plans. Source: Plansponsor.com

Full Article Available Here ---> <https://www.plansponsor.com/participants-report-diverse-communication-preferences/>

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### TOP PLAN SPONSOR CONCERNS ARE SHIFTING

Employers are more worried about whether their retirement plan is effectively preparing employees for retirement. It's a distinct change from 2017, when the focus was on reducing business costs related to the plan, according to Fidelity Investments' annual plan sponsor attitudes study. Source:

401kspecialistmag.com

Full Article Available Here ---> <https://401kspecialistmag.com/top-plan-sponsor-concern-shifts-from-reducing-costs-to/>

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## COMPLIANCE AND REGULATORY RELATED

### TRUMP SIGNS EXECUTIVE ORDER TO BOOST RETIREMENT SAVINGS

President Donald Trump on Friday signed an executive order aimed at boosting retirement savings by giving Americans more time to keep their money in tax-deferred accounts and allowing small businesses to band together to offer 401ks. Trump described the order as a "very bold action to lower the costs of retirement plans so that they can become an affordable option for businesses of all sizes." Source: Politico.com

Full Article Available Here --->> <https://www.politico.com/story/2018/08/30/trump-retirement-savings-executive-order-763351>

### IRS PRIVATE RULING ON STUDENT LOAN BENEFIT UNDER 401K PLAN LIKELY TO FUEL INTEREST

Many employers have been looking for ways to help their employees cope with their student loan debt. Companies have chosen to provide aid by making tax-deferred contributions to their 401k or other DC plans for affected participants. Interest in this approach increased greatly after June 26 when Abbott Labs announced its "Freedom 2 Save" program on which it had received an IRS private letter ruling. Source: Groom.com

Full Article Available Here --->> <https://www.groom.com/resources/irs-private-ruling-on-student-loan-benefit-under-401k-plan-likely-to-fuel-interest/>

### MULTIPLE CHOICES: ALL MEPS NOT CREATED EQUAL

If passed, under the Small Business Employees Retirement Enhancement Act, employers that have 100 or fewer employees who earned at least \$5,000 during the preceding year and that participate in a pooled employer plan registered with the Labor Department would not be considered a fiduciary to that plan, including with respect to the selection and monitoring of any plan service provider or any investment under the plan. For the first time since the passage of ERISA in 1974, the employer would basically have no fiduciary role. Source: Asppa.org

Full Article Available Here --->> <http://www.asppa.org/News/Article/ArticleID/10173/%e2%80%98Multiple%e2%80%99-Choices-All-MEPs-Not-Created-Equal>

### 8TH CIRCUIT SETS HIGH BAR FOR LABELING RETIREMENT PLAN INVESTMENTS "IMPRUDENT"

In *Meiners v. Wells Fargo & Company*, the U.S. Court of Appeals for the Eighth Circuit clarified the burden plaintiffs must meet to state a claim for breach of fiduciary duty under ERISA based on the inclusion of allegedly underperforming and expensive investment funds. Because plaintiffs often lack detailed information about the process plan fiduciaries followed to make investment choices, pleading a plausible claim that those fiduciaries have acted imprudently can pose a significant challenge. Source: Kslaw.com

Full Article Available Here --->> <https://www.kslaw.com/attachments/000/006/203/original/ca081318.pdf?1534172517>

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