

IFS | Fiduciary Insights Update

Retirement Plan Monthly Newsletter

CONTACT INFORMATION

Institutional Fiduciary Solutions

727-567-2375

IFSInstitutionalFiduciarySolutions@RaymondJames.com

October 2019

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

- MEPs: A Timely Refresher
- America's Biggest Loan-Related Problem Isn't Student Loans Debt
- Is It Time to Pair an Emergency Savings Fund With a 401k Plan?
- Securing Retirement: 401k Plan Cybersecurity

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- Retirement Plan Fiduciaries: Don't Fly Solo
- Things That 401k Plan Sponsors are Supposed to Do, But Aren't Doing Anyway
- How a More Strategic Eye on Retirement Plan Design Can Alleviate Readiness Issues
- Plan Sponsors Beware: The Importance of Retaining Employee Benefit Plan Documents

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Debt, Homeownership Driving Participants to Withdraw Retirement Funds
- Survey: Less Than a Third Have Increased Their Retirement Savings Rate This Year
- Who Participates in Retirement Plans?
- Three New Surveys Show How Student Loan Debt Is Crippling 401k Contributions

COMPLIANCE AND REGULATORY RELATED

- DOL Gives 401k Auto Portability Major Boost
- Lawmaker Makes Another Attempt to Push for National Auto-IRAs
- Electronic Disclosure Proposal Lands at OMB
- Quick Fixes for a 401k Plan Sponsor's Errors and Problems

GENERAL ITEMS

MEPS: A TIMELY REFRESHER

Multiple employer plans (MEPs) figure prominently in many discussions about workplace retirement plans today. And with those discussions including changes that would expand their availability and use, an Aug. 6 webinar provided a useful refresher on the federal rules governing MEPs which are summarized here. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/meps-timely-refresher>

AMERICA'S BIGGEST LOAN-RELATED PROBLEM ISN'T STUDENT LOANS DEBT

Student loans are a favorite topic these days and for good reason. We're a nation of spenders, and the level of student debt appears to be choking off credit in other markets such as borrowing for homes and cars. But student loans aren't the only debt employers should be worried about. Indeed, 401k loans may present an even greater risk to the millions of American workers that have them. Source: Benefitnews.com

Full Article Available Here --->> <https://www.benefitnews.com/opinion/americas-biggest-loan-related-problem-isnt-what-you-think>

IS IT TIME TO PAIR AN EMERGENCY SAVINGS FUND WITH A 401K PLAN?

Given the high percentage of workers who say they could not cover an emergency expense, a new report examines the case for an employer-based emergency savings option -- possibly in combination with a DC plan -- to help prevent workers from raiding their DC plans when emergencies strike. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/it-time-pair-emergency-savings-fund-401k-plan>

SECURING RETIREMENT: 401K PLAN CYBERSECURITY

Fiduciaries owe a duty of loyalty to plan participants and must discharge their duties solely in the interest of plan participants and beneficiaries. Ignoring online threats could potentially violate this duty. This article reviews some proactive steps plan fiduciaries can take to protect participant data and account balances. Source: Shrm.org

Full Article Available Here --->> <https://www.shrm.org/resourcesandtools/hr-topics/technology/pages/securing-retirement-401k-plan-cybersecurity.aspx>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

RETIREMENT PLAN FIDUCIARIES: DON'T FLY SOLO

For those who aren't experts in employee benefits law, plan administration or investments, fiduciary responsibilities may seem daunting. The multitude of administrative as well as investment duties can and often does trip up plan sponsors. But with the wide availability of fiduciary services, there is no need to fly solo in running a retirement plan. Source: Massmutual.com

Full Article Available Here --->> <https://blog.massmutual.com/post/workplace-fiduciary-navigator>

THINGS THAT 401K PLAN SPONSORS ARE SUPPOSED TO DO, BUT AREN'T DOING ANYWAY

For 401k plan sponsors, not doing what you're supposed to do is a big problem because you're a plan fiduciary and that might incur liability. This article is about things you should be doing as a 401k plan sponsor, but you're probably not doing anyway. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/things-that-401k-plan-sponsors-are-sup-58234/>

HOW A MORE STRATEGIC EYE ON RETIREMENT PLAN DESIGN CAN ALLEVIATE READINESS ISSUES

As a growing number of America's aging workers delay retirement, employers should consider applying a multiyear strategy alongside their 401k plan to find ways to improve their employee's ability to retire on their own terms and minimize the higher costs associated with those who are forced to keep working. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/exclusives/strategic-eye-retirement-plan-design-can-alleviate-readiness-issues/>

PLAN SPONSORS BEWARE: THE IMPORTANCE OF RETAINING EMPLOYEE BENEFIT PLAN DOCUMENTS

Fiduciaries and plan sponsors have a number of important tasks that they're responsible for each year, from making sure employees have help getting their benefit plans set up to handling the different transactions needed to maintain the plan's records and sending in all necessary paperwork and compliance reporting. Plan records, in this instance, constitutes a variety of documents including the plan's financial records, reporting paperwork, statement audits, benefit determination records, and plan governance records. Source: Hallbenefitslaw.com

Full Article Available Here --->> <https://hallbenefitslaw.com/plan-sponsors-beware-the-importance-of-retaining-employee-benefit-plan-documents/>

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

DEBT, HOMEOWNERSHIP DRIVING PARTICIPANTS TO WITHDRAW RETIREMENT FUNDS

Approximately 52% of respondents admit to tapping their retirement savings account early for a purpose other than retiring, according to a survey by MagnifyMoney. The two main reasons respondents cited for withdrawing money from their retirement savings are home ownership and personal debt. According to the survey, 23% of those making an early withdrawal did so to help pay down non-medical debt, while 17% needed the money for a down payment on a home. Source: Plansponsor.com

Full Article Available Here ---> <https://www.plansponsor.com/debt-homeownership-driving-participants-withdraw-retirement-funds/>

SURVEY: LESS THAN A THIRD HAVE INCREASED THEIR RETIREMENT SAVINGS RATE THIS YEAR

Saving money can be tough, but working Americans appear to at least be holding their retirement contributions steady in 2019, even if many of them are not actually increasing their rate of savings. Fewer than one-third of working Americans (29 percent) have increased their retirement savings contribution rate compared to last year, according to Bankrate's August Financial Security Poll. Source: Bankrate.com

Full Article Available Here ---> <https://www.bankrate.com/surveys/financial-security-august-2019/>

WHO PARTICIPATES IN RETIREMENT PLANS?

Increasing the share of workers who participate in retirement plans has been a primary focus of retirement policy. As the retirement industry and policymakers try to increase participation, it is important to understand which workers currently participate in employer-sponsored retirement plans and why certain employers offer, and certain employees desire, compensation in the form of retirement benefits. This 32-page report uses newly available data -- tabulations of administrative tax data published by the IRS Statistics of Income Division -- to analyze participation in employer-sponsored retirement plans. Source: ICI.org

Full Article Available Here ---> <https://www.ici.org/pdf/per25-06.pdf>

THREE NEW SURVEYS SHOW HOW STUDENT LOAN DEBT IS CRIPPLING 401K CONTRIBUTIONS

Student loan debt, that mortal enemy of retirement savings, is showing no signs of slowing its assault on workers ability to contribute (or contribute more) to their 401k. A trio of new surveys illustrate the hardships student loan debt is causing would-be retirement savers. Source: 401kspecialistmag.com

Full Article Available Here ---> <https://401kspecialistmag.com/3-new-surveys-show-how-student-loan-debt-is-crippling-401k-contributions/>

COMPLIANCE AND REGULATORY RELATED

DOL GIVES 401K AUTO PORTABILITY MAJOR BOOST

The auto revolution in retirement plans (auto-enrollment, escalation, deferral) adds another option with the release last week of the DOL's final Prohibited Transaction Exemption for auto portability. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/dol-gives-401k-auto-portability-major-boost/>

LAWMAKER MAKES ANOTHER ATTEMPT TO PUSH FOR NATIONAL AUTO-IRAS

In an effort to close the retirement plan coverage gap, U.S. Senator Sheldon Whitehouse introduced legislation designed to help millions of Americans save for a financially secure retirement through an automatic payroll deduction Individual Retirement Account, or Auto-IRA. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/lawmaker-makes-another-attempt-push-national-auto-iras/>

ELECTRONIC DISCLOSURE PROPOSAL LANDS AT OMB

The DOL has sent a proposed rule for electronic disclosures to 401k participants to the Office of Management and Budget. The proposal comes in response to President Trump's 2018 Labor Day weekend Executive Order. That order directed the Labor Department to "explore ways to reduce the costs and burdens imposed on employers and other plan fiduciaries responsible for the production and distribution of retirement plan disclosures" required under title I of ERISA, as well as "ways to make these disclosures more understandable and useful for participants and beneficiaries." Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/electronic-disclosure-proposal-lands-omb>

QUICK FIXES FOR A 401K PLAN SPONSOR'S ERRORS AND PROBLEMS

The beauty of 401k plans is that no matter the problem that a plan sponsor may have, there is a rational solution to that problem. The only problem is that most plan sponsors are unaware of these fixes because they're unaware that what they have in their 401k plan may be a problem. This article is about quick fixes that a 401k plan sponsor may utilize to fix a problem they should be aware of. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/quick-fixes-for-a-401k-plan-sponsors-38674/>

Raymond James & Associates, Inc. member New York Stock Exchange/SIPC