

IFS | Fiduciary Insights Update

Retirement Plan Monthly Newsletter

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May, 2018

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

- All Auto Everything, Shlomo Benartzi on 401(k)s In The Digital Age
- Five Retirement Plan Changes That Employers Should Consider
- Marcia Wagner: How To Avoid 401(k) "Share Class Chaos"
- Will Your Target-Date 401k Fund Blow Up Your Retirement?

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- Evaluating Weighted Average Plan Fees
- What You Should Know About Your Plan's ERISA Fidelity Bond Coverage
- Who's Your Fiduciary?
- Plan Sponsors Fail to Find 25 Million 401k Accounts

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Debt Levels for Households Nearing Retirement Decreasing, but Still High Compared to Past Generations
- PSCA Study Finds Roth Usage Doubled in Past Decade
- DC Pulse Survey Highlights Sponsor Decumulation Challenge
- Shake Up Financial Education, Paper Says

COMPLIANCE AND REGULATORY RELATED

- Retirement Plan Sponsors Looking to Protect Themselves From Litigation
- Major MEP 401k Bill Reintroduced in Senate
- What the Fiduciary Rule Decision Means for Your Retirement
- Will SCOTUS Decide the Fate of the DOL Fiduciary Rule?
- The Fiduciary Standards Conversation is Just Beginning

GENERAL ITEMS

ALL AUTO EVERYTHING, SHLOMO BENARTZI ON 401(k)s IN THE DIGITAL AGE

The famed behavioral economist compares auto enrollment and escalation to autopilot: get the altitude and heading wrong and it's all going to crash. What's just over the horizon for 401k saving nudges, and what dynamic will digital innovation play? Here's what advisors need to know. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/all-auto-everything-shlomo-benartzi-on-401ks-in-the-digital-age/>

FIVE RETIREMENT PLAN CHANGES THAT EMPLOYERS SHOULD CONSIDER

As with most components of a successful business, staying up-to-date on new developments as a means of remaining competitive -- in this case, attracting and retaining employees -- can make a huge difference. So, what should a business owner be thinking about when it comes to the company's retirement plans? Here are five ideas to consider. Source: 401khelpcenter.com

Full Article Available Here --->> http://www.401khelpcenter.com/401k/coldwell_five_retirement_plan_changes_2018.html

MARCIA WAGNER: HOW TO AVOID 401(K) "SHARE CLASS CHAOS"

Share class confusion is an increasing concern and focus of regulators. While it might seem like an evergreen and ongoing issue for the investment industry, a new wrinkle in the form of the fiduciary rule is adding a frenzied air. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/marcia-wagner-how-to-avoid-401k-share-class-chaos/>

WILL YOUR TARGET-DATE 401K FUND BLOW UP YOUR RETIREMENT?

Like self-driving vehicles, TDFs are still loaded with bugs. Some take too much stock market risk. Some not enough. What happens if a bear market tanks your stock holdings a year or two before retirement? Will you have time to recover? Source: Forbes.com

Full Article Available Here --->> <https://www.forbes.com/sites/johnwasik/2018/03/19/will-your-target-date-401k-fund-blow-up-your-retirement/#7c6fc1392824>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

EVALUATING WEIGHTED AVERAGE PLAN FEES

A new feature of Callan's DC Index™, the DC Fee Analysis chart examines the effects of plan size, participant allocations, and vehicle utilization on investment management fees. The data can help plan sponsors compare their fees to peers and can provide guidance on how to restructure their plan options to reduce fee levels. Source: Callan.com

Full Article Available Here --->> <https://www.callan.com/dc-fee-index/>

WHAT YOU SHOULD KNOW ABOUT YOUR PLAN'S ERISA FIDELITY BOND COVERAGE

ERISA bonding requirements can often be confusing, so it is important that all plan fiduciaries understand the requirements in order to make sure their current fidelity bond is in compliance with the current rules and regulations. Plans should have ERISA fidelity bond coverage from an approved provider as of the beginning of the plan reporting period with a coverage amount in accordance with the regulations. Source: Withum.com

Full Article Available Here --->> <https://www.withum.com/kc/what-you-should-know-about-your-plans-erisa-fidelity-bond-coverage/>

WHO'S YOUR FIDUCIARY?

According to a recent survey of DC plan executives, many don't acknowledge their role as a fiduciary. You'd think fiduciary awareness would improve over time, but the surprising fact is that fiduciary awareness seems to be declining at a time when all roads are leading to greater fiduciary scrutiny in the marketplace. Source: Hrexecutive.com

Full Article Available Here --->> <http://hrexecutive.com/whos-your-fiduciary/>

PLAN SPONSORS FAIL TO FIND 25 MILLION 401K ACCOUNTS

Between 2004 and 2013, plan sponsors failed to connect approximately 25 million retirement accounts with their employee owners. Most often, it occurred unintentionally as a result of workers switching jobs. The GAO recently outlined challenges that could be inhibiting workers from keeping track of accounts, along with concerns about a lack of guidance with regard to reuniting plan participants with unclaimed property. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/14120-2plan-sponsors-fail-to-find-owners-of-25-million-401k-accounts/>

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

DEBT LEVELS FOR HOUSEHOLDS NEARING RETIREMENT DECREASING, BUT STILL HIGH COMPARED TO PAST GENERATIONS

Evidence paints a mixed picture of trends relating to debt levels of families with a "near elderly" head, those ages 55 to 64. By many measures, the debt burden has improved for this demographic group since the Great Recession. At the same time, in many ways, this family cohort shows higher levels of indebtedness than families with older heads. Source: Ebri.org

Full Article Available Here --->> <https://www.ebri.org/pdf/2018-296-FF-Debt.pdf>

PSCA STUDY FINDS ROTH USAGE DOUBLED IN PAST DECADE

Roth availability doubled in the last decade according to the Plan Sponsor Council of America's 60th Annual Survey of Profit Sharing and 401k Plans. PSCA, part of the American Retirement Association, found Roth was offered in 63.1 percent of plans in 2016 compared to 30.3 percent in 2007. Source: 401khelpcenter.com

Full Article Available Here --->> http://www.401khelpcenter.com/401k_press/pr_pzca_031218.html

DC PULSE SURVEY HIGHLIGHTS SPONSOR DECUMULATION CHALLENGE

BlackRock has released the results of its third Defined Contribution Pulse Survey, compiling the opinions of some 200 large DC plan sponsors and about 1,000 plan participants. More plan sponsors this year than last have voiced a concern that their workers may have to delay retirement; this is the case despite the fact that plan participants are broadly feeling much more optimistic. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/blackrock-dc-pulse-survey-highlights-sponsor-decumulation-challenge/>

SHAKE UP FINANCIAL EDUCATION, PAPER SAYS

Poor savings rates, high debt levels, and the frequent incidence of living paycheck-to-paycheck are among the ingredients in the recipe for financial stress. Financial education can be an antidote, but not in the traditional ways it is provided suggests a recent study. Source: Asppa.org

Full Article Available Here --->> <http://www.asppa.org/News/Article/ArticleID/9637>

COMPLIANCE AND REGULATORY RELATED

RETIREMENT PLAN SPONSORS LOOKING TO PROTECT THEMSELVES FROM LITIGATION

Fee lawsuits have exponentially increased over the past two years. Retirement plan sponsors of all sizes must be vigilant this year to protect themselves from plan litigation relate to high fees, lack of investment options or poor investment options and breach of fiduciary duty. Source: Benefitnews.com

Full Article Available Here --->> <https://www.benefitnews.com/news/retirement-plan-sponsors-looking-to-protect-themselves-from-litigation>

MAJOR MEP 401K BILL REINTRODUCED IN SENATE

Outgoing Senate Finance Committee Chairman Orrin Hatch and Ranking Member Ron Wyden introduced an updated version of the Retirement Enhancement and Savings Act (RESA), a bill they say will improve access to retirement savings. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/major-mep-401k-bill-reintroduced-in-senate/>

WHAT THE FIDUCIARY RULE DECISION MEANS FOR YOUR RETIREMENT

The Fifth Circuit on March 15 vacated DOL regulations that redefined the circumstances in which a person who provides invest. advice in connection with a retirement plan or individual retirement arrangement acts as a fiduciary under ERISA. The opinion came two days after the 10th Circuit the same regulations. Source: Bankrate.com

Full Article Available Here --->> <https://www.bankrate.com/retirement/senior-living/courts-strike-down-fiduciary-rule-dept-of-labor-what-it-means-for-you/>

WILL SCOTUS DECIDE THE FATE OF THE DOL FIDUCIARY RULE?

Some ERISA attorneys argue the Fifth Circuit decision last week to vacate entirely the DOL's fiduciary rule expansion makes a Supreme Court decision on the matter inevitable; others are less sure that a decisive SCOTUS decision could be forthcoming, instead expecting the SEC to take the lead; still others admit they have little idea how the regulatory picture will shake out, recommending patience and ongoing compliance. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/will-scotus-decide-fate-dol-fiduciary-rule/>

THE FIDUCIARY STANDARDS CONVERSATION IS JUST BEGINNING

The running debate about the standards of care in the financial services industry is beginning in earnest. Pete Swisher provides a discussion of current fiduciary law and the country's options with respect to standards of care. Source: Pentegra.com

Full Article Available Here --->> <https://www.pentegra.com/current-thinking/retirement-industry-trends-and-marketplace-expertise/the-fiduciary-standards-conversation-is-just-beginning/>

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