

# IFS | Fiduciary Insights Update

## Retirement Plan Monthly Newsletter

---

### CONTACT INFORMATION

Institutional Fiduciary  
Solutions

727-567-2375

IFSInstitutionalFiduciarySolutions  
@RaymondJames.com

December, 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

- How 401ks Can Help Recruit and Retain Employees
- What's Your 401k Plan's Retirement Income Philosophy?
- Student Loan Repayments or Retirement Savings? Maybe Both
- Retirees Adjust Once They Discover Pre-Retirement Assumptions Are Mistaken

### FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- The Fiduciary Duty of Loyalty
- What Is the Baseline for a Committee to Act in the Best Interest of Its Participants?
- DOL Clarifies Guidance on Socially Responsible Investing
- The Ins and Outs of ERISA Fiduciary Insurance

### INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Employees Struggle With Allocating Money to HSAs and Retirement Plans
- This Scares Americans More Than Dying
- The Role of the Employer Default Allocation in DC Retirement Plan Design
- Millennials Give Retirement Saving a Low Priority

### COMPLIANCE AND REGULATORY RELATED

- House Flip Could Fuel Focus on Retirement Policy
- DOL Releases Proposed Rules on MEPS
- Ready for a Government-Run 401k?
- 2019 401k Plan Limits

## GENERAL ITEMS

### HOW 401KS CAN HELP RECRUIT AND RETAIN EMPLOYEES

Four in five employees indicate they want benefits and perks more than a pay raise. With a tight labor market and recent trends surrounding retirement concerns, offering a high-quality 401k plan is an essential tool to add to your HR toolbox. Source: Workforce.com

Full Article Available Here --->> <https://www.workforce.com/2018/10/24/how-401ks-can-help-recruit-retain-employees/>

-----

### WHAT'S YOUR 401K PLAN'S RETIREMENT INCOME PHILOSOPHY?

Corporate communications around retirement plans may soon become more complex, as plan sponsors decide how, and whether, to support participants as they move from work into retirement. The first step for many plan sponsors may be developing a policy or philosophy that will guide plan decisions for retired participants and retirement income solutions. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/whats-your-401k-plans-retirement-income-philosophy/>

-----

### STUDENT LOAN REPAYMENTS OR RETIREMENT SAVINGS? MAYBE BOTH

Recent statistics show that approximately 70 percent of college graduates will leave college with an average of at least \$30,000 in student loan debt. Cumulatively, the national student loan debt is approximately \$1.5 trillion. This burden is causing millennials to wait longer than previous generations to buy houses, start families, and save for retirement. Although student loan indebtedness is not an issue employers can solve alone, a few are finding ways to recruit and retain talent by offering a helping hand to employees dealing with massive debt burdens. Source: Ogletree.com

Full Article Available Here --->> <https://ogletree.com/shared-content/content/blog/2018/october/student-loan-repayments-or-retirement-savings>

-----

### RETIREEES ADJUST THEIR LIVES ONCE THEY DISCOVER PRE-RETIREMENT ASSUMPTIONS ARE MISTAKEN

This article explores three ways retirees adjust their lives once they discover their pre-retirement assumptions are mistaken. Source: Fiduciarynews.com

Full Article Available Here --->> <http://fiduciarynews.com/2018/10/3-ways-retirees-adjust-their-lives-once-they-discover-their-pre-retirement-assumptions-are-mistaken/>

-----

## FIDUCIARY AND PLAN GOVERNANCE MATERIAL

### THE FIDUCIARY DUTY OF LOYALTY

The duty of loyalty has been cited as the highest known to law. The Supreme Court in Pegram v. Herdrich stated that the duty of loyalty requires fiduciaries to make decisions with a single eye towards participants and beneficiaries. Source: Wagnerlawgroup.com

Full Article Available Here --->> [https://info.wagnerlawgroup.com/hubfs/docs/DutyofLoyalty\\_000.pdf](https://info.wagnerlawgroup.com/hubfs/docs/DutyofLoyalty_000.pdf)

-----

### WHAT IS THE BASELINE FOR A COMMITTEE TO ACT IN THE BEST INTEREST OF ITS PARTICIPANTS?

Retirement plan committees should have formal programs for fiduciary education. The fiduciary education should cover, at the least: Who is a fiduciary and what are the fiduciary responsibilities? How do fiduciaries fulfill those duties in the real world? How do fiduciaries review and examine the advice that they receive? And, how do fiduciaries monitor the costs and compensation related to their service providers and plan investments? That education should be reinforced at least annually, together with updates on current developments. Source: Fredreish.com

Full Article Available Here --->> <http://fredreish.com/best-interest-and-best-practices-4/>

-----

### DOL CLARIFIES GUIDANCE ON SOCIALLY RESPONSIBLE INVESTING

Socially responsible investing often sounds like an intriguing idea, but investing plan assets in a socially responsible manner is a notoriously tricky proposition. Earlier this year, the US Department of Labor issued additional guidance clarifying existing DOL guidance applicable to socially responsible investment of plan assets. However, the clarifications included in FAB 2018-01 may further limit the scenarios in which socially responsible investing could be considered prudent under ERISA. Source: Mwe.com

Full Article Available Here --->> <https://www.mwe.com/en/thought-leadership/publications/2018/09/dol-guidance-socially-responsible-investing>

-----

### THE INS AND OUTS OF ERISA FIDUCIARY INSURANCE

Fiduciary liability insurance is an important, but often overlooked, aspect of a company's risk management plan. This article discusses the use of fiduciary insurance in protecting fiduciaries from liability when governing or providing services for employee benefit plans subject to the Employee Retirement Income Security Act. Source: Ckrlaw.com

Full Article Available Here --->> <https://www.ckrlaw.com/our-voices/2018/10/02/ins-and-outs-erisa-fiduciary-insurance/>

-----

## INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

### EMPLOYEES STRUGGLE WITH ALLOCATING MONEY TO HSAS AND RETIREMENT PLANS

Eighty-two percent of employees see medical costs as their biggest challenge now and in the future, according to the Willis Towers Watson 2018 Health Accounts Employee Attitudes Survey. Yet only 25% rank contributing to a health savings account (HSA) as a top current financial priority, falling below saving for retirement in a 401k, paying for essential day-to-day expenses and paying off debt. The survey found the majority of employees (69%) who didn't enroll in an HSA said they chose not to because they didn't see the benefit, understand HSAs or take the time to understand them. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/employees-struggle-allocating-money-hsas-retirement-plans/>

-----

### THIS SCARES AMERICANS MORE THAN DYING

What's scarier than death? Money issues, apparently. More than 40 percent of people worry about paying for health care and right around a third fear finances in general more than dying, according to a new study. It's a morbid by-product of something most people are otherwise excited about: on average, we're living longer than ever before. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/this-scares-americans-more-than-retiring/>

-----

### THE ROLE OF THE EMPLOYER DEFAULT ALLOCATION IN DC RETIREMENT PLAN DESIGN

Most 401k and 403b retirement plans now provide a default asset allocation for participants who do not choose their own investments. This paper offers plan providers insights on the use of defaults, including explaining why the optimal default is not a riskless allocation; why the default should reflect the characteristics of individuals most likely to use it; what attributes lead employees to select an asset allocation; and why improvement in the default allocation can reduce people's ability to manage their retirement funds over time. Source: Tiaainstitute.org

Full Article Available Here --->> <https://www.tiaainstitute.org/publication/role-employer-default-allocation-defined-contribution-retirement-plan-design>

-----

### MILLENNIALS GIVE RETIREMENT SAVING A LOW PRIORITY

Retirement clearly is not a priority for far too many young working adults. Large minorities of the 22- to 37-year-olds who responded to a recent LendEdu survey said their retirement saving every month amounts to less than they spend on various categories of consumer goods. Nearly half of them report they spend more on dining out than on retirement saving. Almost one in three spend more on alcohol or new clothes, and one in four spend more on streaming services such as Netflix and Spotify. What that indicates is that a lot of them aren't saving very much. Source: Bc.edu

Full Article Available Here --->> <http://squaredawayblog.bc.edu/squared-away/millennials-give-saving-a-low-priority/>

## COMPLIANCE AND REGULATORY RELATED

### HOUSE FLIP COULD FUEL FOCUS ON RETIREMENT POLICY

Rep. Richie Neal, the ranking Democrat on the House Ways & Means Committee, and the man in line to become chairman of that powerful committee, has cited three priorities on which he even thinks he might align with President Trump, and two of them -- shoring up retirement savings and protecting multi-employer pension plans -- deal with retirement, according to a report in The Hill. Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/browse-topics/house-flip-could-fuel-focus-retirement-policy>

### DOL RELEASES PROPOSED RULES ON MEPS

The proposed rule would make it easier for small businesses to offer retirement savings plans to their workers through Association Retirement Plans, which would allow small businesses to band together to offer 401k plans to their employees. Source: 401khelpcenter.com

Full Article Available Here --->> [http://www.401khelpcenter.com/401k\\_press/pr\\_dol\\_102218.html](http://www.401khelpcenter.com/401k_press/pr_dol_102218.html)

### READY FOR A GOVERNMENT-RUN 401K?

Legislation has been introduced in the U. S. House of Representatives that would create a parallel government-run retirement savings program, and one that could undermine the 401k, particularly for small business owners. Source: Asppa.org

Full Article Available Here --->> <http://www.asppa.org/News/Article/ArticleID/10359>

### 2019 401K PLAN LIMITS

The Internal Revenue Service announced cost of living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2019. The contribution limit for employees who participate in 401k, 403b, most 457 plans, and the federal government's Thrift Savings Plan is increased from \$18,500 to \$19,000. Full details provided. Source: 401khelpcenter.com

Full Article Available Here --->> [http://www.401khelpcenter.com/2019\\_401k\\_plan\\_limits.html](http://www.401khelpcenter.com/2019_401k_plan_limits.html)