

June 2016

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

Three Tax Advantages of 401k Plans

The 7 Highly Effective Habits of Highly Effective 401(k) Plans

Employer, Employee Decisions Can Change Retirement Savings Picture

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General Items

Three Tax Advantages of 401k Plans

Abstract: 401k plans offer important tax advantages for small businesses and their employees. If you are a business owner, you should understand these benefits when deciding whether or not to offer a 401k plan to your employees. Source: EmployeeFiduciary.com

The 7 Highly Effective Habits of Highly Effective 401(k) Plans

Abstract: Every so often someone puts out a list of what are said to be the “best” 401(k) plans, based on varied benefits and plan design structure criteria. But for my money, here’s what the best plans do. Source: NAPA-net.org

[Employer, Employee Decisions Can Change Retirement Savings Picture](#)

Simulations performed by the Government Accountability Office (GAO) show that households, on average, would save enough in their DC plans over their careers to generate monthly lifetime income at retirement, as measured by an annuity equivalent, of about \$2,970 in 2015 dollars. Source: PlanSponsor

Fiduciary and Plan Governance Material

[The New Fiduciary Rule: From the Perspective of the Plan Sponsor](#)

Just one month ago the U.S. Department of Labor released its long awaited final rule re-defining who is considered a “fiduciary” of an employee benefit plan under the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code (the Code). Source: Benefitslawadvisor.com

[Practical Considerations on Brokerage Windows in 401k Plans](#)

Abstract: Plan committees need to ask questions, and get answers, before offering a brokerage window. Should the committee offer one at all? If it does, what is the process for selecting and monitoring the window and its provider? This column by Fred Reish looks at these and other questions about brokerage windows in participant-directed plans. Source: Drinkerbiddle.com

Insights: Studies, Research and White Papers

[How Plan Sponsors Should React to Market Volatility](#)

The market has been very volatile within the past year. In the last several months there have been two big dips in the stock market, and interest rates are moving also. Source: PlanSponsor

Markets Dip, But Savings Rates Rise

Average 401(k) balances were down in the first quarter, but retirement savings rates moved to record levels, according to a new report.

The total savings rate for 401(k) savers, which combines individual contributions plus employer contributions (such as a company match and profit sharing), reached a record 12.7% in Q1, topping the previous record high of 12.5% in Q1 2008, according to Fidelity's quarterly analysis of its 401(k) and IRAs.

Source: NAPA-net.org

Which Participants Are More Likely to Hold TDFs?

With more than 70% of 401(k) plans including target-date funds in their investment lineup, and a growing number of plans adopting auto enrollment and using TDFs as their default fund, you'd expect significant growth in TDF assets. Source: NAPA-net.org

Compliance and Regulatory Related

Uncashed 401k Checks: An Issue That's Gaining Attention

Abstract: Until recently, uncashed distribution checks were thought to be a relatively minor issue for retirement plans. However, the dimensions of the issue have changed during the past decade with the widespread adoption of automatic enrollment features, increasing rates of voluntary employee turnover, and automatic distributions of smaller account balances. It's an issue that has gained the attention of the DOL. Source: 401kspecialistmag.com

[IRS Requests Comments on New Compliance Questions in Form 5500](#)

Abstract: The IRS added new compliance questions to the 2015 IRS Form 5500/5500-SF, which is the annual report filed by retirement plans with the Department of Labor and the IRS. Last week, the IRS invited comments on several of the new questions. In its request for comments, the IRS has also proposed to modify some of the questions from their original form, or delete them entirely. Source: Littler.com

[Boomerang Employees and 401k Considerations](#)

Abstract: A recent survey by staffing firm Accountemps indicated that nearly all (98%) of human resources managers would welcome back a returning employee who left on good terms. When it comes their 401k plans, employers who do rehire former employees should keep in mind the four considerations outlined in this article. Source: Retirementplanblog.com

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