

IFS | Fiduciary Insights Update

Retirement Plan Monthly Newsletter

CONTACT INFORMATION

Institutional Fiduciary
Solutions

880 Carillon Parkway
St. Petersburg, FL 33716

December 2020

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

- Get Ready to Handle the 401k Enrollment Season Remotely
- The Better Choices for 401k Plan Provisions
- CITs Are Sweeping Through the Retail 401k Market
- Student Debt Cuts Into Retirement Savings for All Age Groups

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- Retirement Plans Will Likely Face More Litigation in 2021
- DOL Issues Final Rule on Proxy Voting and Shareholder Rights
- Reasons to Offer a Mix of Passive and Active Investments in DC Plans
- SECURE Act 2.0 Would Solve Longstanding Pension Problems

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Employers Set Sights on Innovative 401k Plan Design Changes
- Custom Target Retirement Date Strategies
- Impact of COVID-19 and Economic Conditions on 403b Plans
- Department of Labor Takes Another Look at Investment Advice

COMPLIANCE AND REGULATORY RELATED

- IRS Issues Guidance on SECURE Act Provisions Easing Safe Harbor Plan Burdens
- IRS Issues Final Rollover Rules for Qualified Plan Loan Offsets
- Department of Labor Takes Another Look at Investment Advice
- DOL Final Rule for Financial Factors in Selecting Plan Investments

GENERAL ITEMS

GET READY TO HANDLE THE 401K ENROLLMENT SEASON REMOTELY

Conducting 401k enrollment meetings is often a challenge for HR professionals, but the stakes have never been higher than they are in 2020. The coronavirus pandemic will impact both the substance and the form of these meetings. Here are eight tips to help you make your digital enrollment meetings as effective as possible. Source: Recruiter.com

Full Article Available Here --->> <https://www.recruiter.com/i/get-ready-to-handle-the-401k-enrollment-season-remotely/>

THE BETTER CHOICES FOR 401K PLAN PROVISIONS

There are just so many choices to make when drafting a 401k plan document. Some are dependent on the demographics of a plan sponsor and some are made for administrative ease. This article is about 401k plan provisions and choices you might consider for your plan. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/the-better-choices-for-401k-plan-provi-02293/>

CITS ARE SWEEPING THROUGH THE RETAIL 401K MARKET

At the 2020 InvestmentNews RPA Convergence CIO Roundtable and Think Tank, Jamie Battmer, chief investment officer for Resources Investment Advisors, said collective investment trusts were gaining so much momentum that "40 Act funds [in 401k plans] are going the way of checkbooks." There are many compelling reasons for this rather swift transformation in the retail 401k market. There are also still many questions about collective investment trusts, or CITs, but none of them seem to be show killers. Source: Investmentnews.com

Full Article Available Here --->> <https://www.investmentnews.com/cits-sweeping-retail-401k-market-200055>

STUDENT DEBT CUTS INTO RETIREMENT SAVINGS FOR ALL AGE GROUPS

Even though interest rates are lower, overall student debt has soared during the pandemic, regardless of a borrower's age or occupation. Some 44 million Americans now owe an estimated \$1.67 trillion in student debt. The spiraling amounts of debt are having a serious impact on every generation's retirement outlook. A substantial majority (80%) report that student debt is cutting into their ability to save adequately for retirement. Source: Investopedia.com

Full Article Available Here --->> <https://www.investopedia.com/student-debt-cuts-into-retirement-savings-for-all-age-groups-5088100>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

RETIREMENT PLANS WILL LIKELY FACE MORE LITIGATION IN 2021

Plan sponsors should keep a close watch on retirement plan litigation, as the effects of COVID-19 might spark new lawsuits. The market volatility experienced in March and April, coupled with the cybersecurity risks of remote work, could position some employers to face litigation in the new year, industry experts say. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/exclusives/retirement-plans-will-likely-face-litigation-2021/>

DOL ISSUES FINAL RULE ON PROXY VOTING AND SHAREHOLDER RIGHTS

The DOL has announced a final rule establishing a regulatory framework for private employee benefit plans' fiduciaries to follow when they exercise shareholder rights, including proxy voting, and select and monitor proxy advisory firms. The final regulation includes delayed compliance dates to January 31, 2022, for certain recordkeeping and proxy voting requirements. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/dol-issues-final-rule-proxy-voting-shareholder-rights/>

REASONS TO OFFER A MIX OF PASSIVE AND ACTIVE INVESTMENTS IN DC PLANS

While some retirement plan sponsors have loaded their investment menus up with passive, low-cost funds as a result of the increasing lawsuits being brought against retirement plans, investment experts say that is a faulty approach. This article reviews why DC plans need to offer participants a choice of both active and passive investments. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/reasons-offer-mix-passive-active-investments-dc-plans/>

SECURE ACT 2.0 WOULD SOLVE LONGSTANDING PENSION PROBLEMS

Building on the framework of the SECURE Act, Representatives Richard Neal and Kevin Brady have introduced the Securing a Strong Retirement Act of 2020, already being referred to as SECURE Act 2.0. SECURE Act 2.0 contains changes that would further encourage plan adoption and retirement savings, as well as solutions to operational problems that have bedeviled plan sponsors for many years. Source: Cohenbuckmann.com

Full Article Available Here --->> <https://cohenbuckmann.com/insights/2020/12/1/secure-act-20-a-solution-to-longstanding-pension-problems>

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

EMPLOYERS SET SIGHTS ON INNOVATIVE 401K PLAN DESIGN CHANGES

To boost their plans' value and enhance their employees' overall financial wellbeing, U.S. employers are eyeing innovative features for their defined contribution plans, according to a new survey. A Willis Towers Watson plan sponsor survey found that two in three employers either have or are very interested in adding at least one innovative design feature to their plan. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/employers-set-sights-innovative-401k-plan-design-changes>

CUSTOM TARGET RETIREMENT DATE STRATEGIES

Are custom retirement date strategies better than off-the-shelf solutions? This article evaluates the "custom is always better" argument and outlines six critical "next steps" to take if your plan committee has implemented a custom target retirement date strategy. Source: Francisinvco.com

Full Article Available Here --->> <https://www.francisinvco.com/custom-target-retirement-date-strategies/>

IMPACT OF COVID-19 AND ECONOMIC CONDITIONS ON 403B PLANS

PSCA conducted a brief survey of 403b plan sponsors in October 2020 to determine how they are responding to the COVID-19 pandemic and economic conditions. This is the full 10-page report. Source: Psca.org

Full Article Available Here --->> https://www.pzca.org/sites/pzca.org/files/Research/2020/2020403b-Snapshot_FINALreport.pdf

DEPARTMENT OF LABOR TAKES ANOTHER LOOK AT INVESTMENT ADVICE

On June 29, 2020, the DOL proposed a prohibited transaction exemption called Improving Investment Advice for Workers & Retirees, which could have a substantial impact on the compliance operations of financial firms and their representatives. Possibly, the most significant development can be found in the preamble to the exemption. The DOL states that it will now interpret more broadly its long-standing regulation in defining investment advice. Source: Groom.com

Full Article Available Here --->> <https://www.groom.com/wp-content/uploads/2020/11/The-Investment-Lawyer-Vol.-27-No.-11.pdf>

COMPLIANCE AND REGULATORY RELATED

IRS ISSUES GUIDANCE ON SECURE ACT PROVISIONS EASING SAFE HARBOR PLAN BURDENS

The IRS on Dec. 9 issued guidance that addresses certain provisions of the SECURE Act that increase the automatic enrollment cap percentage and affect safe harbor plans, including safe harbor 401k plans and certain 403b plans. The guidance is contained in Notice 2020-86. Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/browse-topics/irs-issues-guidance-secure-act-provisions-easing-safe-harbor-plan-burdens>

IRS ISSUES FINAL ROLLOVER RULES FOR QUALIFIED PLAN LOAN OFFSETS

The Internal Revenue Service released final regulations on December 7th relating to amendments made by the Tax Cuts and Jobs Act providing an extended rollover period for a qualified plan loan offset (QPLO). Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/irs-issues-final-rollover-rules-qualified-plan-loan-offsets>

ADVANCE COPIES OF 2020 FORM 5500 RELEASED

The DOL, IRS, and the Pension Benefit Guaranty Corporation have released advance copies of the 2020 Form 5500 and Form 5500-SF, as well as their schedules. They will be used for reporting information about the 2020 plan year. Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/advance-copies-2020-form-5500-released>

DOL FINAL RULE FOR FINANCIAL FACTORS IN SELECTING PLAN INVESTMENTS

The selection of investment options to serve non-pecuniary interests raises fiduciary concerns under ERISA. The new DOL rule seeks to resolve the uncertainty created by seemingly conflicting prior DOL guidance regarding what role non-pecuniary factors may serve in the selection of plan investments and provide a clear outline for fiduciaries moving forward. Source: Thompsonhine.com

Full Article Available Here --->> <https://www.thompsonhine.com/publications/dol-final-rule-for-financial-factors-in-selecting-plan-investments>



M20-3369399 Exp 12/14/2021