

IFS | Fiduciary Insights Update

Retirement Plan Monthly Newsletter

CONTACT INFORMATION

Institutional Fiduciary
Solutions

727-567-2375

IFSInstitutionalFiduciarySolutions
@RaymondJames.com

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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

- 401k Plan Sponsors Fiduciary Duty in Light of Coronavirus Fear
- Retirement Industry Poised for "Meaningful Change" in 2020
- Lifetime Income Provisions Under the SECURE Act
- New Retirement Mindset Driving Savings Behavior

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- Investment Policy Statements for DC Plans
- When Do Index Funds Raise a Fiduciary Issue With 401k Plan Sponsors?
- Remembering the Basics of Fiduciary Duties
- The SECURE Act Cheat Sheet for Plan Providers

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Fees for Large and Small 401k Plans Continue to Fall
- SECURE Act May Reduce Retirement Deficits by Over \$100 Billion
- Millennial Workers Are On Pace to Have More Retirement Income
- Employers Build on Impact of Automatic Savings Features

COMPLIANCE AND REGULATORY RELATED

- IRS Whistleblower Informs ARA of Change that Could Doom Voluntary Corrections
- Supreme Court Rules for Plaintiffs in Intel ERISA Lawsuit
- Retirement Plan Financial Audit Processes Are Evolving
- Getting Ready to Include Part-Time Employees in Retirement Plans

GENERAL ITEMS

401K PLAN SPONSORS FIDUCIARY DUTY IN LIGHT OF CORONAVIRUS FEAR

You can't escape it. It's all over the news. Every headline screams of it. Every story twists its way to mention it. You can be certain every 401k retirement saver is thinking about it, fearing what their next statement will reveal. Now is the time for 401k plan sponsors to seize their fiduciary mantle and provide the guidance and tools plan participants need to dodge emotional decisions that could ruin their chance for a comfortable retirement.

Full Article Available Here --->> <https://fiduciarynews.com/2020/03/401k-plan-sponsors-fiduciary-duty-in-light-of-coronavirus-fear/>

RETIREMENT INDUSTRY POISED FOR "MEANINGFUL CHANGE" IN 2020

With the SECURE Act recently enacted and several high-profile issues coming to the fore, 2020 has the potential to be a landmark year, according to a new white paper by MFS. In "Retirement Outlook 2020," MFS Senior Retirement Strategist Jonathan Barry and DC Strategist Jessica Sclafani warn that after a year of exceptional returns in 2019, "gathering headwinds" could hinder retirement plan returns in 2020 and beyond. Source: Ntsa-net.org

Full Article Available Here --->> <https://www.nts-net.org/news-resources/retirement-industry-poised-%E2%80%98meaningful-change%E2%80%99-2020>

LIFETIME INCOME PROVISIONS UNDER THE SECURE ACT

The SECURE Act, which includes three major lifetime income-related provisions, represents a giant step forward on the part of Congress to not only reduce some of the barriers that have traditionally discouraged the use of lifetime income products by defined contribution plans but to also encourage participants to begin thinking about their defined contribution savings in terms of a lifetime income stream. This article describes and analyzes each of the SECURE Act's three-lifetime income provisions. Source: Groom.com

Full Article Available Here --->> <https://www.groom.com/resources/lifetime-income-provisions-under-the-secure-act/>

NEW RETIREMENT MINDSET DRIVING SAVINGS BEHAVIOR

The image of an older couple strolling the beach is fast joining the "museum of retirement clichés," along with traditional approaches to retirement planning, a new study suggests. Retirement is no longer about reaching a certain age but is more of a mindset, and American workers close to retirement are eagerly looking forward to the next chapter in their lives, according to the survey results from the Empower Institute. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/new-retirement-mindset-driving-savings-behavior>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

INVESTMENT POLICY STATEMENTS FOR DC PLANS

Fiduciaries are not only re-examining their current investment decision-making practices, but they are also seeking to ensure that those practices allow for enough flexibility in implementation to maximize the likelihood of investment success, while protecting the plan sponsor from potential litigation. Central to the idea of a well-managed program, a clearly articulated investment policy statement serves as the foundation of sound governance and a robust oversight process. This 6-page paper summarizes the key elements of an IPS and discusses the ways great policy design can ultimately drive a successful DC plan. Source: Russellinvestments.com

Full Article Available Here --->> <https://russellinvestments.com/-/media/files/us/insights/institutions/defined-contribution/elements-of-a-clearly-defined-ips-for-dc-plans.pdf>

WHEN DO INDEX FUNDS RAISE A FIDUCIARY ISSUE WITH 401K PLAN SPONSORS?

Recent news stories have told of outflows from active funds to passive funds, with index funds either nearly passing or already passed active funds in total market share. While individual investors are free to choose whatever investment they desire, 401k plan sponsors find themselves in a unique fiduciary position when it comes to approving plan investment menu options. Source: Fiduciarynews.com

Full Article Available Here --->> <https://fiduciarynews.com/2020/02/when-do-index-funds-raise-a-fiduciary-issue-with-401k-plan-sponsors/>

REMEMBERING THE BASICS OF FIDUCIARY DUTIES

Under ERISA, fiduciaries are responsible for maintaining reasonable plan fees, following the terms under the plan, selecting diversified investment options and, perhaps most importantly, managing the plan with the participants' best interests in mind. Here are the things retirement plan sponsors should know about their responsibilities as they make plan decisions or outsource decisions to others. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/in-depth/remembering-basics-fiduciary-duties/>

THE SECURE ACT CHEAT SHEET FOR PLAN PROVIDERS

The beauty of the retirement plan business is that it isn't static, it's constantly changing. One of the reasons that it constantly changes is changes in the Internal Revenue Code, ERISA, and regulations. The SECURE Act is the most profound change in retirement plan laws since the Pension Protection Act of 2006. With any change, there is opportunity and challenges. This is all about how you can deal with the SECURE Act in your role as a plan provider. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/the-secure-act-cheat-sheet-for-plan-prov-67160/>

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

FEES FOR LARGE AND SMALL 401K PLANS CONTINUE TO FALL

More good news about fees and fee compression as plan sponsors and participants increasingly realize the long-term implications they can have on retirement. Both large and small plans saw cheaper prices for investment and administration, regardless of the situation and scenario. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/fees-for-large-and-small-401k-plans-continue-to-fall/>

SECURE ACT MAY REDUCE RETIREMENT DEFICITS BY OVER \$100 BILLION

Three key provisions of the SECURE Act could help chip away at the nation's retirement deficit, particularly for younger workers and those working for small employers, according to a new analysis by EBRI. Using its Retirement Security Projection Model, which reflects the real-world behavior of 27 million 401k participants and 20 million individuals with IRAs, EBRI evaluates the impact of the SECURE Act's provisions. Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/secure-act-may-reduce-retirement-deficits-over-100-billion>

MILLENNIAL WORKERS ARE ON PACE TO HAVE MORE RETIREMENT INCOME

More workers than ever are saving more toward their retirement and millennials are quickly catching up to older generations when it comes to contribution and participation rates, according to new research released by Principal Financial Group. Source: Businesswire.com

Full Article Available Here --->> <https://www.businesswire.com/news/home/20200219005152/en/Millennial-Workers-Pace-Retirement-Income>

EMPLOYERS BUILD ON IMPACT OF AUTOMATIC SAVINGS FEATURES

New research from the Plan Sponsor Council of America finds that more plans with automatic enrollment features are increasing the traditional defaults, helping lift savings to record levels. While the survey found that plans that have embraced this feature are building on its success in expanding participation to help workers save more for retirement. Specifically, while plans tended to set the default participant savings rate at 3 percent, the survey finds that is changing, in 2018, more than 60 percent of plans with automatic enrollment used a default deferral rate above 3 percent. Source: Psca.org

Full Article Available Here --->> https://www.pasca.org/PR_2020_AR2

COMPLIANCE AND REGULATORY RELATED

IRS WHISTLEBLOWER INFORMS ARA OF CHANGE THAT COULD DOOM VOLUNTARY CORRECTIONS

Driven by an apparent desire to clean up its case backlog, the IRS is planning a shift in procedures that might mean the end of the VCP program and subject a massive number of plans to an audit. Word of the dramatic shift in focus was brought to the attention of the American Retirement Association by an anonymous IRS whistleblower. The existence of the forthcoming shift in procedure was confirmed independently. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/irs-whistleblower-informs-ara-change-could-doom-voluntary-corrections>

SUPREME COURT RULES FOR PLAINTIFFS IN INTEL ERISA LAWSUIT

The new ruling is being hailed as a victory for retirement plan participants as well as a potentially important precedent-setting case impacting the special three-year statute of limitations that exists under the Employee Retirement Income Security Act. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/supreme-court-rules-plaintiffs-intel-erisa-lawsuit/>

RETIREMENT PLAN FINANCIAL AUDIT PROCESSES ARE EVOLVING

The main purpose of the financial audits required of retirement plans with 100 or more employees is to give the DOL insight into the plan's operations and whether or not the plan is operating in accordance with the plan documents. New processes and systems for performing these audits can cut costs for plan sponsors, streamline the work and allow for any discrepancies to be caught earlier. Plan sponsors should evaluate the process and system their auditors use to perform the plan financial audit. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/in-depth/retirement-plan-financial-audit-processes-evolving/>

GETTING READY TO INCLUDE PART-TIME EMPLOYEES IN RETIREMENT PLANS

The SECURE Act includes a mandatory requirement for 401k plan sponsors to allow long-term part-time employees to participate in the plan. 401k plan sponsors need to understand all the parts of the new requirement and, for some, the long-term effects on plan administration. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/in-depth/getting-ready-include-part-time-employees-retirement-plans/>