

IFS | Fiduciary Insights Update

Retirement Plan Monthly Newsletter

CONTACT INFORMATION

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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

- Bear Market Communication Tips for DC Plan Sponsors
- Recordkeepers Adjust to Pandemic
- Plan Sponsors Facing Difficult Decisions During Coronavirus Pandemic
- Outline of the Impact of the Economic Downturn on DC Retirement Plans

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- Helping Your 401K Participants During the Coronavirus Crisis
- Bridging the Gap Between Accumulation and Decumulation for Participants
- DC Plan Sponsors Reacting With Moderation to Coronavirus
- How 401k Plan Sponsors Can Better Shield 401k Participants From External Fraud

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- CITs Fit Well With Best Interest Service
- Implementation of Auto Features Continues to Rise as Plans Recognize Benefits
- Some Comforting Lessons for Retirement Plan Investors
- Defined Contribution Plan Participants' Activities, 2019

COMPLIANCE AND REGULATORY RELATED

- Court Finds Fault With Fiduciary Fee Review
- New Bill Would Triple Retirement Plan Contribution Limits for 2020
- Five Things People Miss (or Get Wrong) About the CARES Act
- DOL Provides COVID-19 Relief for Retirement Plans

GENERAL ITEMS

BEAR MARKET COMMUNICATION TIPS FOR DC PLAN SPONSORS

The bear market is challenging DC plan sponsors to reinforce timeless investing principles while also conveying new rules that bring relief to participants. Good communication practices are a key ingredient to achieving success in both these areas. How can DC plan sponsors cut through the anxiety to help participants make informed decisions? Here are ways to communicate with greater impact. Source: Alliancebernstein.com

Full Article Available Here --->> <https://blog.alliancebernstein.com/library/do-not-panic-bear-market-communication-tips-for-dc-plan-sponsors>

RECORDKEEPERS ADJUST TO PANDEMIC

Recordkeepers have acted quickly to incorporate social distancing and follow stay-at-home orders in response to the Coronavirus pandemic, including a whopping 98% of staffers working at home, a new survey finds. That's a huge jump from the 20% reported three months ago, according to a summary of the survey released April 21 by the SPARK Institute. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/recordkeepers-adjust-pandemic/>

PLAN SPONSORS FACING DIFFICULT DECISIONS DURING CORONAVIRUS PANDEMIC

Employers are facing difficult decisions as a result of the economic impact of the coronavirus outbreak, including decisions about their retirement plans. Stopping employer matching contributions, laying off employees, adjusting DB plan contributions; plan sponsors need to understand the effects of each decision. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/plan-sponsors-facing-difficult-decisions-coronavirus-pandemic/>

OUTLINE OF THE IMPACT OF THE ECONOMIC DOWNTURN ON DC RETIREMENT PLANS

The current volatility in the economy due to the coronavirus pandemic has created various issues for retirement plans that need to be addressed in an expedited and efficient manner. The impacts on defined contribution plans, including 401k plans, profit-sharing plans, money purchase plans, and 403b plans, can be categorized into three broad areas: day-to-day plan operations, plan administration, and fiduciary matters. Each of these categories has a range of considerations that are outlined here. Source: Wagnerlawgroup.com

Full Article Available Here --->>
<https://info.wagnerlawgroup.com/hubfs/docs/DC%20Plan%20Outline%20COVID-19.pdf>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

HELPING YOUR 401K PARTICIPANTS DURING THE CORONAVIRUS CRISIS

With the spread of the coronavirus and the resulting closures and cutbacks, many 401k participants are working reduced hours. Many of those employees do not have high incomes or significant savings. As a result, they are likely facing financial crises, including possible eviction, loss of credit, and inability to purchase necessities. Employers, in their roles as plan sponsors, may be able to help those participants. Source: Fredreish.com

Full Article Available Here --->> <http://fredreish.com/the-cares-act-helping-your-401k-participants-during-the-coronavirus-crisis/>

BRIDGING THE GAP BETWEEN ACCUMULATION AND DECUMULATION FOR PARTICIPANTS

Defined contribution plan participants are increasingly keeping retirement balances in the plan, and a growing number of plan sponsors are interested in retaining these balances. Information gleaned from focus groups suggests that participants have misperceptions about the value of staying in plan. Some participants do not even know that staying in the plan is an option after retirement. If plan sponsors want to maintain retirees in the plan, they should not keep it a secret. They must engage with participants early and often. Source: Troweprice.com

Full Article Available Here --->> <https://www.troweprice.com/content/dam/fai/Collections/DC%20Resources/bridging-the-gap/Bridging-the-Gap.pdf>

DC PLAN SPONSORS REACTING WITH MODERATION TO CORONAVIRUS

The coronavirus pandemic and its effect on the stock market caused speculation in the retirement plan industry about whether plan sponsors would react with changes to their retirement plans as they did in past market crises. There was also concern about how the market drop and subsequent reaction would affect participants' retirement security. A PLANSPONSOR survey finds relatively few are taking action to suspend or decrease contributions, and they are prudently relying on providers for guidance. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/dc-plan-sponsors-reacting-moderation-coronavirus/>

HOW 401K PLAN SPONSORS CAN BETTER SHIELD 401K PARTICIPANTS FROM EXTERNAL FRAUD

In today's world, the money isn't in the banks. It's in retirement plans. And smart thieves don't crack safes or use dynamite. They steal identities and use the internet. In our current stay-safe-at-home policies, we have never seen retirement accounts more at risk today than ever before. It's not that the plan sponsors are lax. It's that their employees may be. Source: Fiduciarynews.com

Full Article Available Here --->> <https://fiduciarynews.com/2020/04/how-can-401k-plan-sponsors-better-shield-401k-participants-from-external-fraud/>

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

CITS FIT WELL WITH BEST INTEREST

A new white paper published by Wilmington Trust documents the dramatic ongoing expansion of the U.S. collective investment trust marketplace. Among the attractive but less-often-discussed features of collective investment trusts is the fact that the sponsoring trustee -- a bank or trust company -- must commit to acting in the best interest of unitholders. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/cits-fit-well-best-interest-service/>

IMPLEMENTATION OF AUTO FEATURES CONTINUES TO RISE AS PLANS RECOGNIZE BENEFITS, SURVEY

The survey, conducted by DCIIA's Retirement Research Center, represents the views of 175 defined contribution plan sponsors and is based on year-end 2018 data. Fifty-seven percent of the respondents represent plans with assets greater than \$200 million. The remaining 43% of respondents have less than \$200 million in plan assets. This report offers observations relative to prior survey findings, where applicable, and provides historical perspectives on how sponsor behaviors and attitudes towards auto features have developed over time. Source: Dciia.org

Full Article Available Here --->>

https://cdn.ymaws.com/dciia.org/resource/resmgr/resource_library/DCIIA_RRC_Plan_Sponsor_Surve.pdf

SOME COMFORTING LESSONS FOR RETIREMENT PLAN INVESTORS

Data from leading retirement plan recordkeepers shows 401k and IRA accounts have seen smaller losses than many broad market indices, thanks in no small part to the efforts of plan sponsors and their advisers. Corporate pensions have also fared better than their public counterparts. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/comforting-lessons-retirement-plan-investors/>

DEFINED CONTRIBUTION PLAN PARTICIPANTS' ACTIVITIES, 2019

Defined contribution plan assets are a significant component of Americans' retirement assets, representing more than one-quarter of the total retirement market and about one-tenth of US households' aggregate financial assets at year-end 2019. This 16-page report updates the results from ICI's survey of a cross-section of recordkeeping firms representing a broad range of DC plans and covering more than 30 million employer-based DC retirement plan participant accounts as of December 2019. The broad scope of the recordkeeper survey provides valuable insights about recent withdrawal, contribution, asset allocation, and loan decisions of participants in these plans. Source: ICI.org

Full Article Available Here --->> https://www.ici.org/pdf/20_rpt_recsurveyq4.pdf

COMPLIANCE AND REGULATORY RELATED

COURT FINDS FAULT WITH FIDUCIARY FEE REVIEW

A federal judge has found that a provider breached its fiduciary duty of overseeing its 401k by failing to monitor proprietary funds and its recordkeeping expenses, though it was not obligated to consider options other than mutual funds. Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/court-finds-fault-fiduciary-fee-review>

NEW BILL WOULD TRIPLE RETIREMENT PLAN CONTRIBUTION LIMITS FOR 2020

Rep. Patrick McHenry has introduced the Securing Additional Value for Every Retirement Saver (SAVERS) Act, legislation that would permit increased annual contributions to tax-qualified retirement savings arrangements for 2020. The legislation would raise the annual contribution limitations to 300 percent of previously announced limits for 2020 (not to exceed applicable compensation). Source: Ascensus.com

Full Article Available Here --->> <https://www2.ascensus.com/news/industry-regulatory-news/2020/04/24/new-bill-would-triple-retirement-plan-contribution-limits-for-2020/>

FIVE THINGS PEOPLE MISS (OR GET WRONG) ABOUT THE CARES ACT

The legislation is still very new, and amidst the scramble for answers and action, some things will inevitably get overlooked, and other important things will be misconstrued. Here are five things you'll want to keep straight. Source: Asppa.org

Full Article Available Here --->> <https://www.asppa.org/news/5-things-people-miss-or-get-wrong-about-cares-act>

DOL PROVIDES COVID-19 RELIEF FOR RETIREMENT PLANS

On April 28th, the Employee Benefits Security Administration of the Department of Labor, together with the Department of the Treasury, issued helpful guidance for retirement plans that extends certain deadlines and provides other relief in light of the national coronavirus outbreak. The guidance will significantly affect ERISA-covered retirement plans, plan sponsors, fiduciaries, plan participants and beneficiaries, and plan service providers. Source: Groom.com

Full Article Available Here --->> <https://www.groom.com/resources/dol-provides-covid-19-relief-for-retirement-plans/>