

IFS | Fiduciary Insights Update

Retirement Plan Monthly Newsletter

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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

- Six Key Industry Trends to Watch
- The New Age of 401k Plan Portability
- Pressure Is Building to Consider Climate Change When Investing
- DC Plans Moving to Become Decumulation Vehicles

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- Elements of Retirement Plan Committee Education
- Five Critical Elements Every 401k IPS Must Contain to Achieve Its Primary Purpose
- 2020 ERISA Plan Compliance Calendar
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- Millennial Retirement Report: Time Is on Their Side, but the Clock Is Ticking
- What Will DC Plans Look Like in 2025?

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- SECURE Act: Impact on Plan Sponsors
- The Supreme Court Decides Not to Decide
- ERISA Cases to Watch in 2020: All Eyes on the High Court
- Six Lesser-Known SECURE Act Provisions Impacting 401ks

GENERAL ITEMS

SIX KEY INDUSTRY TRENDS TO WATCH

The Plan Sponsor Council of America recently released its 62nd Annual Survey of Profit-Sharing and 401k Plans, documenting a record high rate of savings, alongside an uptick in Roth contributions and other trends. However, sometimes the things that do not change can be just as telling. Here are six. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/still-standing-6-key-industry-trends-watch>

THE NEW AGE OF 401K PLAN PORTABILITY

DC plans have lacked one vital feature: plan-to-plan portability, the missing ingredient required to accommodate America's highly mobile workforce and to stem the tide of cash out leakage. Fortunately, there are now clear indications that portability is almost here, and its arrival will streamline DC plans and dramatically improve participants' retirement security. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/the-new-age-of-401k-plan-portability/>

PRESSURE IS BUILDING TO CONSIDER CLIMATE CHANGE WHEN INVESTING

Recent news reports say an environmental scientist in Australia is suing his pension fund for not adequately disclosing or assessing the effect of climate change on its investments. The participant is only 24 years old and won't be retiring any time soon. But, the news reports say, he is acting now because he is "concerned about what the world may look like then." There is no doubt, whether you believe it is happening or not, climate change is the subject of a strong activist movement. Retirement plan fiduciaries, for now, should at least consider the role climate change will have on plan investments and vice versa. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/in-depth/pressure-building-consider-climate-change-investing/>

DC PLANS MOVING TO BECOME DECUMULATION VEHICLES

More plan sponsors have a policy for retaining the assets of terminated and retired participants and more are offering decumulation strategies. Employees who keep their assets in their DC plans after terminating or retiring from employment benefit from lower fees and having balances available for retirement income. According to the Callan survey, many of the plans seeking to retain assets offer an institutional structure that is more cost-effective than what is available in the retail market. For plan sponsors, if they retain terminated and retired participant assets, the size of the plan is higher and, thus, they have more bargaining power with respect to service providers' fees. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/dc-plans-moving-become-decumulation-vehicles/>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

ELEMENTS OF RETIREMENT PLAN COMMITTEE EDUCATION

Training new retirement plan committee members, as well as providing ongoing training throughout the year for all members, is critical, industry experts say. "Because their responsibilities are so enormous, we need to do a better job of training these fiduciaries to make better decisions," says Joshua Itzoe, a partner and managing director with Greenspring Advisors. This article reviews some best practices. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/elements-retirement-plan-committee-education/>

FIVE CRITICAL ELEMENTS EVERY 401K IPS MUST CONTAIN TO ACHIEVE ITS PRIMARY PURPOSE

A 401k IPS can be as complex or as simple as the plan sponsor desires. It can be five pages or 50 pages. No matter the length or its intricacy, a 401k IPS must contain five critical elements. Each element addresses, supports, and sustains the primary purpose of a 401k IPS: the long-term protection and ultimate success of plan participants. Source: Fiduciarynews.com

Full Article Available Here --->> <http://fiduciarynews.com/2020/01/5-critical-elements-every-401k-ips-must-contain-to-achieve-its-primary-purpose/>

2020 ERISA PLAN COMPLIANCE CALENDAR

Being a retirement plan sponsor involves juggling many tasks including making sure your plan complies with all pertinent federal and local regulations. This compliance calendar will help you keep track of your company's required filings, their due dates, and related details so you can avoid incurring any fines or other penalties for late filings or missing information. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/2020-erisa-plan-compliance-calendar-2/>

MORE MEP GUIDANCE TO COME ABOUT SECURE ACT PROVISIONS

Bradford P. Campbell, with Drinker Biddle, recently discussed specific requirements for open MEPs, now called pooled employer plans, included in the SECURE Act. There are still some unanswered questions and guidance that needs to be released and Campbell expects the DOL will provide that guidance. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/guidance-come-secure-act-provisions/>

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

AMERICAN VIEWS ON DEFINED CONTRIBUTION PLAN SAVING, 2019

The survey polled respondents about their views on DC retirement account saving and their confidence in 401k and other DC plan accounts. Survey responses indicated that Americans value the discipline and investment opportunity that 401k plans represent and that individuals were largely opposed to changing the tax preferences or investment control in those accounts. A majority of respondents also affirmed a preference for control of their retirement accounts and opposed proposals to require retirement accounts to be converted into a fair contract promising them income for life from either the government or an insurance company. Source: Ici.org

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

401K PLAN PARTICIPANTS REPORT MORE CONFIDENCE

Individuals who participate in 401k plans are more confident about their retirement than those who do not participate, according to a recent study focused on financial attitudes and behaviors conducted by T. Rowe Price. The study found that, regardless of income and assets, pre-retirees aged 50 and older who participate in a 401k plan are 16% more likely to be confident about their retirement than those who do not participate. Source: Troweprice.com

Full Article Available Here --->> https://www.troweprice.com/content/dam/retirement-plan-services/pdfs/insights/RSS5_Retirement_Confidence.pdf

MILLENNIAL RETIREMENT REPORT: TIME IS ON THEIR SIDE, BUT THE CLOCK IS TICKING

Millennials' retirement expectations are similar to previous generations: they hope to retire with adequate income that will last. However, this report by the Insured Retirement Institute finds that these expectations are not well aligned with the retirement planning steps millennials have taken thus far. Source: Myirionline.org

Full Article Available Here --->> https://www.myirionline.org/docs/default-source/default-document-library/iri_millennial_whitepaper_final_2020.pdf?sfvrsn=0

WHAT WILL DC PLANS LOOK LIKE IN 2025?

The authors believe that, by 2025, more employers will adopt some of the characteristics of the most successful pension plans to help put them on a path to create a fully funded retirement income stream for participants. They discuss changes that they hope will soon become mainstream. Their focus is on the benefits of updating investment governance structures, the need to increase savings to better fund these future "liabilities," and the importance of using more efficiently managed portfolios to increase the likelihood that employees will have successful retirement outcomes. Source: Russellinvestments.com

Full Article Available Here --->> <https://russellinvestments.com/us/blog/dc-plans-2025>

COMPLIANCE AND REGULATORY RELATED

SECURE ACT: IMPACT ON PLAN SPONSORS

Many of the provisions in the SECURE Act are effective on January 1, 2020, and require significant changes to 401k plan design and operations. The Act also included changes that impact health and welfare plans. This article summarizes the key 401k plan changes, additional changes affecting defined benefit plans, and major health and welfare plan changes. Source: Groom.com

Full Article Available Here --->> <https://www.groom.com/resources/secure-act-and-spending-bills-impact-on-plan-sponsors/>

THE SUPREME COURT DECIDES NOT TO DECIDE

The U.S. Supreme Court has an unusual number of ERISA petitions before it in the 2019-20 term. Two recent decisions may increase uncertainty around the use of actively managed funds, as well as the inclusion of company stock, in a defined contribution plan's investment lineup. Source: Callan.com

Full Article Available Here --->> <https://www.callan.com/dc-scotus-decisions/>

ERISA CASES TO WATCH IN 2020: ALL EYES ON THE HIGH COURT

2020 is shaping up to be a banner year for benefits law, with three ERISA cases already on the US Supreme Court's docket and a number of other high-profile lawsuits at the circuit court level that could attract the justices' attention. While waiting on the high court's ERISA decisions, lawyers are watching litigation trends develop in the lower courts and waiting to see if the high court picks up another two ERISA cases. Source: Mwe.com

Full Article Available Here --->> <https://digital.mwe.com/27/7458/landing-pages/erisa-cases-to-watch-in-2020--all-eyes-on-the-high-court---law360.pdf>

SIX LESSER-KNOWN SECURE ACT PROVISIONS IMPACTING 401KS

While the major changes resulting from the SECURE Act have grabbed most of the headlines since the Act became the "law of the land" as of Jan. 1, 2020, there are a number of other 401k-impacting provisions that need to be on the radar of 401k-focused advisors. Here is a look at six relatively "under the radar" provisions that impact 401k plans now and in the coming years. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/6-lesser-known-secure-act-provisions-impacting-401ks/>