

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

- Improve Your Company 401k With Behavioral Finance
- It's Important to "Mind the Gap" When Saving for Retirement
- Ten Tips for Better Retirement Savings Behavior
- Helping Participants After They Have Taken Hardship Withdrawals

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- How Much (Should) a New Retirement Plan Committee Member Know?
- Five Things of Which Plan Fiduciaries Need to Be Aware
- Why Hire a 3(16) 401k Plan Administrator?
- Is Fiduciary Responsibility Retroactive?

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Retirement Plan Technology Boosts Plan Effectiveness
- Millions of American Workers Still Lack Access to 401k Plans
- 2019 Survey Reveals Most Popular Employee Benefits
- Study Finds Student Loan Debt Significantly Impacts Retirement Savings, Longevity Planning, and Family Relationships

COMPLIANCE AND REGULATORY RELATED

- Trend of Excessive Fee Suits Against Smaller Plans Continues
- EBRI Projects Effect of Retirement Proposals on Retirement Income Adequacy
- IRS Proposes Rule to Ease Liability Under 401k Multiple Employer Plans
- Top 10 Areas of Focus in IRS Investigations of Retirement Plans

GENERAL ITEMS

IMPROVE YOUR COMPANY 401K WITH BEHAVIORAL FINANCE

If the goal of a 401k Plan is to prepare employees for a secure and prosperous retirement, then too many plans fall short. But some simple changes in plan design will dramatically improve the odds that your employees will have a good outcome. The best news is that they don't cost the employer anything. Source: Forbes.com

Full Article Available Here --->> <https://www.forbes.com/sites/frankarmstrong/2019/07/14/improve-your-company-401k-with-behavioral-finance/#7f2b77fc3f59>

IT'S IMPORTANT TO "MIND THE GAP" WHEN SAVING FOR RETIREMENT

It's a good idea to "mind the gap" if you're traveling on the Tube in London, taking Amtrak in the United States, or riding Metro in Paris or Washington, DC. Being mindful of the space between where you are and where you're going is important, not only when navigating public transit, but also when saving for retirement. Source: Ici.org

Full Article Available Here --->> https://www.ici.org/viewpoints/19_view_mindthegap

TEN TIPS FOR BETTER RETIREMENT SAVINGS BEHAVIOR

Here are 10 tips based on the principles of behavioral finance for helping workers achieve a secure retirement, according to The International Foundation of Employee Benefit Plans. Source: Tra401k.com

Full Article Available Here --->> <https://tra401k.com/news/10-tips-for-better-retirement-savings-behavior/>

HELPING PARTICIPANTS AFTER THEY HAVE TAKEN HARDSHIP WITHDRAWALS

Participants who have taken a hardship withdrawal are nearly three-times more likely to feel "always" stressed in general and three-times more likely to have "a lot" of stress about their financial situation. A new guide published by Fidelity examines the critical topic of retirement plan hardship withdrawals, with the objective of improving the long-term financial health of those who take them. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/helping-participants-taken-hardship-withdrawals/>

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

HOW MUCH (SHOULD) A NEW RETIREMENT PLAN COMMITTEE MEMBER KNOW?

A recent federal court decision should remind us all of the importance of plan committee education. The case involved a suit by participants in the SunTrust 401k plan that challenged the initial selection of, and subsequent acquiescence with, an ostensibly imprudent plan investment menu. The court's decision focused on one aspect of the case: the liability of "new" plan committee members for actions that predated their involvement on the committee but continued after their involvement. Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/how-much-should-new-committee-member-know>

FIVE THINGS OF WHICH PLAN FIDUCIARIES NEED TO BE AWARE

Whoever said ignorance was bliss surely wasn't talking about fiduciary litigation. The job of a plan fiduciary isn't all about fees, of course, though it's certainly been a focus of these excessive fee lawsuits. Still, it seems to me that there are some things that plan fiduciaries of any plan size should be aware, and of which responsible plan fiduciaries should have a working knowledge. Source: Napa-net.org

Full Article Available Here --->> <https://www.nts-net.org/industry-intel/marketbeat/5-things-which-plan-fiduciaries-need-be-aware>

WHY HIRE A 3(16) 401K PLAN ADMINISTRATOR?

There is a special service provider you can hire to take over many of the legal responsibilities in running a 401k plan, called a 3(16) administrator after a provision in ERISA. More plans are considering hiring 3(16) administrators, but like all methods of outsourcing fiduciary responsibility, there are pros and cons to consider before signing on the dotted line. Source: 401ktv.com

Full Article Available Here --->> <https://401ktv.com/why-hire-a-316-plan-administrator-ask-the-lawyer/>

IS FIDUCIARY RESPONSIBILITY RETROACTIVE?

A federal judge has weighed in on a question relevant to new plan committee fiduciaries: When and how does their liability for the decisions of previous committee members begin? Source: Napa-net.org

Full Article Available Here --->> <https://www.napa-net.org/news-info/daily-news/fiduciary-responsibility-retroactive>

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

RETIREMENT PLAN TECHNOLOGY BOOSTS PLAN EFFECTIVENESS

Retirement plan technology is on the verge of making retirement plans more effective. Traditional 403b and 401k plans have helped millions of workers to save for their own future. Now, employers now have an opportunity to help take the workforce savings accounts to the next level by providing plan participants with access to more retirement plan technology and tools. New retirement plan technology includes advice and managed account services. Source: 401ktv.com

Full Article Available Here --->> <https://401ktv.com/retirement-plan-technology-effectiveness/>

MILLIONS OF AMERICAN WORKERS STILL LACK ACCESS TO 401K PLANS

According to a new state-by-state analysis published by the American Retirement Association (ARA), more than five million employers in the United States still don't offer a workplace retirement savings benefit, a generation after the 401k plan design was first introduced. Source: 401khelpcenter.com

Full Article Available Here --->> http://www.401khelpcenter.com/401k_press/pr_ara_072319.html

2019 SURVEY REVEALS MOST POPULAR EMPLOYEE BENEFITS

Employers continue to place a lot of value in the employee benefits they offer their workforce, according to the SHRM 2019 Employee Benefits Survey. SHRM conducts the survey annually to gather information on the types of benefits employers are offering their employees and to report on trends. Source: Xperthr.com

Full Article Available Here --->> <https://www.xperthr.com/blog/2019/07/12/shrms-2019-survey-reveals-most-popular-employee-benefits/>

STUDY FINDS STUDENT LOAN DEBT SIGNIFICANTLY IMPACTS RETIREMENT SAVINGS, LONGEVITY PLANNING, AND FAMILY RELATIONSHIPS

A large majority of American adults (84%) report that student loans are negatively impacting the amount they are able to save for retirement, according to new research sponsored by TIAA and conducted by the MIT AgeLab. Nearly three out of four (73%) borrowers report they are putting off maximizing their retirement savings, saying they expect to begin or increase their contributions once their student loans are paid off. Among those who are not saving for retirement at all, more than one quarter (26%) point to the need to pay off student loan debt as the reason. Source: Tiaa.org

Full Article Available Here --->> <https://www.tiaa.org/public/about-tiaa/news-press/press-releases/pressrelease760.html>

COMPLIANCE AND REGULATORY RELATED

TREND OF EXCESSIVE FEE SUITS AGAINST SMALLER PLANS CONTINUES

When the wave of excessive fee cases began against retirement plan sponsors, most targeted large or mega plans, based on assets. However, a new case against TriHealth Inc. continues a trend of targeting smaller plans. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/trend-excessive-fee-suits-smaller-plans-continues/>

EBRI PROJECTS EFFECT OF RETIREMENT PROPOSALS ON RETIREMENT INCOME ADEQUACY

Introducing auto portability and allowing open multiple employer plans (MEPs) were simulated to have the biggest impact on decreasing the retirement income deficit. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/ebri-projects-effect-retirement-proposals-retirement-income-adequacy/>

IRS PROPOSES RULE TO EASE LIABILITY UNDER 401K MULTIPLE EMPLOYER PLANS

The IRS has proposed a rule that would make 401k multiple employer plans (MEPs) more attractive, especially for small employers, by addressing the risk posed to a MEP by one member's bad actions. Source: Shrm.org

Full Article Available Here --->> <https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/irs-proposes-rule-to-ease-401k-meps-liability.aspx>

TOP 10 AREAS OF FOCUS IN IRS INVESTIGATIONS OF RETIREMENT PLANS

At any point an IRS agent may contact a plan sponsor that its plan has been selected for audit. Audits are never pleasant, but to minimize the pain, a plan sponsor may consider a compliance self-review to ensure that the plan is operating correctly, its plan documents comport with plan operation, and plan records are complete and organized before the IRS comes knocking. Here are the top 10 issues of IRS focus in its audit of qualified plans. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/top-10-areas-of-focus-in-irs-86909/>
