

# IFS | Fiduciary Insights Update

## Retirement Plan Monthly Newsletter

### CONTACT INFORMATION

Institutional Fiduciary  
Solutions

880 Carillon Parkway  
St. Petersburg, FL 33716

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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

- Regular Contributions Help Participants Reach Higher 401k Account Balances
- How the Coronavirus Is Affecting Retirement Saving
- Tips to Help Protect 401k Participants From Fraud in Turbulent Times
- After Layoffs, Employers Might Owe Unvested 401K Money

### FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- How to Diversify Retirement Plan Committees
- The To-Do List for 401k Plans: 2020-2021 Edition
- Fall Back Into Your Role as a 401k Plan Sponsor
- 401k Investments - Options for Selecting a "Prudent" Menu

### INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- Report: What Does Consistent Participation in 401K Plans Generate?
- Combined 401k Plan and IRA Balances by Age and Time
- What are the Available Safe Harbor Plan Formulas?
- For DC Plans, Pandemic Reinforces Value of Consultants and Advisors

### COMPLIANCE AND REGULATORY RELATED

- DOL Submits Final ESG Rule to OMB
- IRS Issues 401k Guidance on SECURE Act Regs
- DOL Revives Five-Part Fiduciary Test; Offers New Guidance on Rollover Advice
- New Fiduciary Rule Provides More Protection for Rollover Advice

## GENERAL ITEMS

### REGULAR CONTRIBUTIONS HELP PARTICIPANTS REACH HIGHER 401K ACCOUNT BALANCES

Consistent retirement plan participants, or those who had retirement plan accounts at the end of each year from 2010 to 2018, are generating steady savings in their account balances, according to a study from the Employee Benefit Research Institute. Source: Plansponsor.com

Full Article Available Here --->> <https://www.plansponsor.com/regular-contributions-help-participants-reach-higher-401k-account-balances/>

### HOW THE CORONAVIRUS IS AFFECTING RETIREMENT SAVING

The coronavirus pandemic has caused upheavals in the markets, the workplace, and the home. What will be the effects on retirement savings? The coronavirus pandemic is exacerbating an already troubling societal retirement saving shortfall as workers look to long-term retirement savings to solve short-term financial problems. Source: Troweprice.com

Full Article Available Here --->> <https://www.troweprice.com/financial-intermediary/us/en/insights/articles/2020/q3/how-the-coronavirus-is-affecting-retirement-saving.html>

### TIPS TO HELP PROTECT 401K PARTICIPANTS FROM FRAUD IN TURBULENT TIMES

We know fraudsters are looking to exploit elements of the CARES Act that provide retirement plan sponsors the ability to allow in-service distributions, loans, and withdrawals free of fees. The combination of the work-from-home model most workers are experiencing, coupled with the anxiety and emotional distress retirement plan participants could be feeling given market volatility and job losses related to the pandemic provides a ripe target. Here are several tips plan sponsors can share with participants to promote fraud prevention. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/tips-to-help-401k-participants-prevent-fraud-in-turbulent-times/>

### AFTER LAYOFFS, EMPLOYERS MIGHT OWE UNVESTED 401K MONEY

With mass layoffs commonplace during the COVID-19 pandemic, employers asked the IRS for advice on how to deal with the partial termination rule relating to employer contributions to their employees' 401k workplace retirement accounts. It's an obscure issue, but it's a big deal for the employees that it affects: It could mean thousands of dollars more credited to an employee's 401k account. Source: Employeebenefitsblog.com

Full Article Available Here --->> <https://www.employeebenefitsblog.com/2020/09/after-layoffs-employers-might-owe-unvested-401k-money/>

## FIDUCIARY AND PLAN GOVERNANCE MATERIAL

### HOW TO DIVERSIFY RETIREMENT PLAN COMMITTEES

This year, in particular, with the protests that sprung up across the country following the death of George Floyd, has shown many companies the importance of having a truly diverse workforce. And that principle should extend to the retirement plan committee as well as the workforce, experts say. With representation being top of mind in 2020, companies are reconsidering the makeup of their workforces and their retirement plan committees.

Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/diversify-retirement-plan-committees/>

### THE TO-DO LIST FOR 401K PLANS: 2020-2021 EDITION

Being a retirement plan sponsor is a tremendous responsibility and the problem is that most plan sponsors don't understand that. Plan sponsors often act passively because they hire retirement plan providers to help them. The problem is that fiduciary responsibility doesn't allow plan sponsors the luxury to be passive when the buck stops with them. So that means you need to be active and understand what's going in the retirement plan industry that can impact your plan. With changes in how retirement plans are run and constant concerns with rampant 401k litigation, here is a to-do list. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/the-to-do-list-for-401k-plans-now-202-38030/>

### FALL BACK INTO YOUR ROLE AS A 401K PLAN SPONSOR

Summer seems to be a time of enjoyment where we slack off a little. With the coming of Fall, it's a perfect time for 401k plan sponsors to snap back into shape in their role as plan fiduciaries. Here are some reasons why. Source: Jdsupra.com

Full Article Available Here --->> <https://www.jdsupra.com/legalnews/fall-back-into-your-role-as-a-401k-pla-34828/>

### 401K INVESTMENTS - OPTIONS FOR SELECTING A "PRUDENT" MENU

Most 401k providers have little incentive to help business owners to pick prudent investments for their 401k. The opposite may be true. They can grow their profits by steering business owners towards "imprudent" investments with excessive fees and/or inferior returns. If you're a business owner and want to avoid this trap, the article has two recommendations: 1) model your investment menu after the Federal Thrift Savings Plan, or 2) hire a fiduciary-grade financial advisor for professional investment advice. Source: Employeefiduciary.com

Full Article Available Here --->> <https://www.employeefiduciary.com/blog/401k-investments-options>



## INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

### REPORT: WHAT DOES CONSISTENT PARTICIPATION IN 401K PLANS GENERATE?

This paper provides an update of a longitudinal analysis of 401k plan participants drawn from the EBRI/ICI 401k database. A few key insights emerge from looking at the 1.9 million consistent participants in the EBRI/ICI 401k database over the eight years from year-end 2010 to year-end 2018. Source: Ebri.org

Full Article Available Here --->> [https://www.ebri.org/publications/research-publications/issue-briefs/content/what-does-consistent-participation-in-401\(k\)-plans-generate-changes-in-401\(k\)-plan-account-balances-2010-2018](https://www.ebri.org/publications/research-publications/issue-briefs/content/what-does-consistent-participation-in-401(k)-plans-generate-changes-in-401(k)-plan-account-balances-2010-2018)

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### COMBINED 401K PLAN AND IRA BALANCES BY AGE AND TIME

Owning both a 401k plan and an individual retirement account leads to larger balances, but missed opportunities to contribute and leakage reduce those balances. One-page report. Source: Ebri.org

Full Article Available Here --->> [https://www.ebri.org/docs/default-source/infographics/62\\_ig-ira401\(k\)-24sept20.pdf?sfvrsn=8d0e3a2f\\_2](https://www.ebri.org/docs/default-source/infographics/62_ig-ira401(k)-24sept20.pdf?sfvrsn=8d0e3a2f_2)

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### WHAT ARE THE AVAILABLE SAFE HARBOR PLAN FORMULAS?

401k plans are subject to nondiscrimination tests to ensure that a disproportionate share of the elective participant deferral is not those of the HCEs. The discrimination tests can be avoided if the employer sponsors a safe harbor plan. Safe harbor plans allow employers to disregard the nondiscrimination test if they make a generous, pre-approved employer contribution amount to all eligible employees. The minimum safe harbor employer contribution formulas available are reviewed here. Source: Belfint.com

Full Article Available Here --->> <https://employeebenefitplanaudit.belfint.com/available-safe-harbor-plan-formulas/>

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### FOR DC PLANS, PANDEMIC REINFORCES VALUE OF CONSULTANTS AND ADVISORS

Guiding DC plans through economic cycles is challenging enough without harsh headwinds from a global health crisis. But more plan sponsors are getting invaluable expert help to navigate through current challenges while keeping a long-term perspective. Consultants help in diverse ways and sponsors value just about all of it, especially if it provides actionable intel. Source: Alliancebernstein.com

Full Article Available Here --->> <https://blog.alliancebernstein.com/library/for-dc-plans-pandemic-reinforces-value-of-consultants-and-advisors>

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## COMPLIANCE AND REGULATORY RELATED

### DOL SUBMITS FINAL ESG RULE TO OMB

Release of the DOL's final rule addressing environmental, social, and governance factors in selecting plan investments appears to be imminent. Following a 30-day comment window that ended July 30 and more than 8,000 comment letters, the DOL on Oct. 14 submitted a final rule to the Office of Management and Budget for review. Source: Ntsa-net.org

Full Article Available Here --->> <https://www.nts-net.org/news-resources/dol-submits-final-esg-rule-omb>

### IRS ISSUES 401K GUIDANCE ON SECURE ACT REGS

Finally, the IRS has issued guidance for employers on implementing the SECURE Act. The SECURE Act made significant changes to employer-sponsored retirement plans, including allowing coverage for part-time employees, as well as penalty-free withdrawals for the birth or adoption of a child. The IRS issued Notice 2020-68, which includes the following SECURE Act guidelines for employers. Source: Hrmorning.com

Full Article Available Here --->> <https://www.hrmorning.com/articles/irs-issues-401k-guidance-on-secure-act-regs/>

### DOL REVIVES FIVE-PART FIDUCIARY TEST; OFFERS NEW GUIDANCE ON ROLLOVER ADVICE

The DOL amended the Code of Federal Regulations to execute the Fifth Circuit's order, which effectively reinstated the Department's "five-part test" as outlined in its 1975 regulation defining investment advice fiduciaries under the Code and ERISA. Also, the Notice affirms that advice about rolling a distribution to an IRA or another plan can be considered fiduciary investment advice if the five-part test is met and the rollover is part of an ongoing investment relationship, even if the rollover is the first action of that relationship. Source: Hallbenefitslaw.com

Full Article Available Here --->> <https://hallbenefitslaw.com/dol-revives-five-part-fiduciary-test-offers-new-guidance-on-rollover-advice/>

### NEW FIDUCIARY RULE PROVIDES MORE PROTECTION FOR ROLLOVER ADVICE

The DOL's recently released fiduciary rule imposes higher standards on fiduciaries giving rollover advice. However, fewer advisors would be subject to a fiduciary standard than under the Obama administration's Fiduciary Rule. The new rule is similar to the SEC's Reg BI which recently became effective for retail accounts. Here's what would and would not change under the new standards for rollover advice. Source: Penchecks.com

Full Article Available Here --->> <https://www.penchecks.com/new-fiduciary-rule-provides-more-protection-for-rollover-advice/>



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