

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

- Plan Sponsors Hold the Keys to Boosting Retirement Readiness
- Election 2020: Retirement Policy Positions
- Workers Need Help on Retirement Income
- The Growing Burden of Retirement

FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- New Fiduciary Rule Ahead
- Navigating the Minefield of Fiduciary Liability
- Keep Reminding Clients About the Importance of Being a Fiduciary
- Ten Fiduciary Duties

INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- More Employees are Taking Coronavirus-Related Distributions
- People of Color Report Limited Retirement Investments
- Few Divorcing Couples Know About QDROs
- Evaluation Scorecard for Retirement Income Products

COMPLIANCE AND REGULATORY RELATED

- New Defined Contribution Plan Disclosures
- New SECURE Act Guidance: Lifetime Income Disclosures for 401k and 403b Plans
- DOL Proposed Regulation Highlights the Risks of ESG Investing for ERISA Fiduciaries
- The CareerBuilder 401k Decision: Three Key Lessons for Plan Sponsors and ERISA Attorneys

GENERAL ITEMS

PLAN SPONSORS HOLD THE KEYS TO BOOSTING RETIREMENT READINESS

Employers play a critical role in motivating their employees to begin saving for retirement. Cerulli's research finds that an employer's matching contribution is the most influential factor motivating participants to begin saving for retirement. Two-thirds (66%) of 401k participants indicate they would be very likely to increase contributions if their employer increased the matching formula (e.g., matches up to 5% instead of up to 3%). Source: Cerulli.com

Full Article Available Here --->> <https://www.cerulli.com/about-us/press/2020-september-us-asset-and-wealth-management-edition/>

ELECTION 2020: RETIREMENT POLICY POSITIONS

We are nearing the final stretch of the 2020 campaign. What have the parties proposed for the future of the U.S. retirement system? Here is a chart that summarizes the policy documents prepared by the parties outlining their goals for both the private retirement system and Social Security. Source: Groom.com

Full Article Available Here --->> <https://www.groom.com/resources/election-2020-retirement-policy-positions/>

WORKERS NEED HELP ON RETIREMENT INCOME

Roughly 33% of retirement plan participants are not sure how long their retirement savings will last, according to Charles Schwab's "2020 401k Participant Survey" of 1,000 currently employed 401k plan participants. This uncertainty jumps to 40% for women, compared with only 25% of men. Half said they would benefit from financial advice.

Full Article Available Here --->> <https://www.planadviser.com/workers-need-help-retirement-income/>

THE GROWING BURDEN OF RETIREMENT

Addressing the twin retirement challenges of more risk and rising costs, along with the decline in overall retirement savings, will require a concerted societal effort. This 24-page report offers a roadmap to the various hurdles that make retirement security difficult to achieve. Stepping back and viewing the entire picture of the different retirement challenges can help to understand just how much the burden has grown. Source: Nirsonline.org

Full Article Available Here --->> <https://www.nirsonline.org/wp-content/uploads/2020/09/The-Growing-Burden-of-Retirement.pdf>



FIDUCIARY AND PLAN GOVERNANCE MATERIAL

NEW FIDUCIARY RULE AHEAD

The main theme of the DOL's new rule proposal is in alignment with other regulators -- the SEC and FINRA in particular -- but the agency is not surrendering its jurisdiction over tax-qualified retirement plans. Source: Planadviser.com

Full Article Available Here --->> <https://www.verrill-law.com/benefits-law-update/dol-proposed-regulation-highlights-the-risks-of-esg-investing-for-erisa-fiduciaries/>

NAVIGATING THE MINEFIELD OF FIDUCIARY LIABILITY

The failure to fully execute the fiduciary duties ERISA imposes upon 401k plan employers and administrators can lead to significant liability exposure. This article will help plan sponsors navigate the minefield of fiduciary liability including reviewing the litigation risk and suggesting some best practices. Source: 401khelpcenter.com

Full Article Available Here --->> http://www.401khelpcenter.com/401k/port_fiduciary_liability_2014.html#.X2txqehKiUk

KEEP REMINDING CLIENTS ABOUT THE IMPORTANCE OF BEING A FIDUCIARY

Advisors who are fiduciaries may make this a core part of their sales pitch to a new client. But they shouldn't assume that just because a client has signed on with them, that he or she understands why it matters. If your clients don't truly understand the difference between a fiduciary and nonfiduciary, all your good intentions could turn out to be worthless. An advisor's job of educating clients about the benefits of working with a fiduciary is never done. Source: Morningstar.com

Full Article Available Here --->> <https://www.morningstar.com/articles/997347/keep-reminding-clients-about-the-importance-of-being-a-fiduciary>

TEN FIDUCIARY DUTIES

Because of a number of factor including the recent class action lawsuits and a new focus by the Department of Labor and Internal Revenue Service on a number of issues including fees, plan sponsors need to be more vigilant. They also should take proactive steps to ensure that all plan fiduciaries have a good understanding of their obligations in overseeing the company's retirement plans. Here is a general overview of fiduciary duties and responsibilities. Source: 401khelpcenter.com

Full Article Available Here --->> http://www.401khelpcenter.com/401k/10_fiduciary_duties.html#.X2tyBehKiUk



INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

MORE EMPLOYEES ARE TAKING CORONAVIRUS-RELATED DISTRIBUTIONS

The U.S. opened up retirement plans for participant withdrawals under the CARES Act, to act as a temporary solution for those without emergency savings. Almost a quarter of U.S. workers (22%) have borrowed money from their retirement accounts. That's what American Consumer Credit Counseling found in its new financial health index, which measured financial confidence among workers. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/employees-taking-coronavirus-related-distributions/>

PEOPLE OF COLOR REPORT LIMITED RETIREMENT INVESTMENTS

Americans who identify as people of color report that they have limited retirement investments and say they're not making progress toward achieving important retirement goals, according to the 2020 Retirement Risk Readiness Study from Allianz Life Insurance Co. of North America. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/people-color-report-limited-retirement-investments/>

FEW DIVORCING COUPLES KNOW ABOUT QDROS

The GAO sent a report to the Senate Health, Education, Labor, and Pensions Committee, "Retirement Security: DOL Could Better Inform Parties About Dividing Savings," in which it explored how often divorcing parties seek access to their spouse's retirement savings. The overwhelming result was that very few do. Older couples and women, in particular, are often put at a retirement disadvantage when faced with a divorce, a GAO report finds. Source: Planadviser.com

Full Article Available Here --->> <https://www.planadviser.com/divorcing-couples-know-qdros/>

EVALUATION SCORECARD FOR RETIREMENT INCOME PRODUCTS

Retirement income strategies are the most recent innovation to hit the participant-directed retirement industry. Just a few years ago, target-date funds were new and untested. Plan sponsors and their consultants needed to develop a framework for evaluating that new strategy. The same creativity must now be applied to these new retirement income strategy products. In this paper, the authors have attempted to outline the criteria that they believe should be evaluated and offered some guidelines on how the evaluation should be conducted. Source: Newportgroup.com

Full Article Available Here --->> <https://www.newportgroup.com/knowledge-center/september-2020-1/evaluation-scorecard-for-retirement-income-product/>



COMPLIANCE AND REGULATORY RELATED

NEW DEFINED CONTRIBUTION PLAN DISCLOSURES

Retirement plan participants may soon better understand how account balances translate to retirement readiness. The SECURE Act requires DC plans to show participants the value of their account balances if converted into a monthly lifetime stream of income. The disclosures are aimed at reminding participants that retirement plan balances are meant to last for life and busting the "wealth illusion" that single sum account balances present. The details on the disclosures are starting to take form following an interim final rule recently released by the DOL. Source: [Employeebenefitslawblog.com](https://www.employeebenefitslawblog.com)

Full Article Available Here --->> <https://www.employeebenefitslawblog.com/thats-life-new-defined-contribution-plan-disclosures/#page=1>

NEW SECURE ACT GUIDANCE: LIFETIME INCOME DISCLOSURES FOR 401K AND 403B PLANS

The DOL announced new guidance on lifetime income disclosures that must be included in pension benefit statements furnished to participants in defined contribution plans, such as 401k and 403b plans. This guidance, issued in the form of an interim final rule, sets forth the rules that plan administrators must follow in implementing the lifetime income disclosure requirement that was added to ERISA by Section 203 of the 2019 SECURE Act. Source: [Insidecompensation.com](https://www.insidecompensation.com)

Full Article Available Here --->> <https://www.insidecompensation.com/2020/08/31/new-secure-act-guidance-lifetime-income-disclosures-for-401k-and-403b-plans/>

DOL PROPOSED REGULATION HIGHLIGHTS THE RISKS OF ESG INVESTING FOR ERISA FIDUCIARIES

The DOL issued a proposed regulation outlining the duties of an ERISA fiduciary when considering an investment that incorporates environmental, social, and corporate governance factors. Some believe that the DOL will likely move quickly to finalize the regulation before the end of the current administration's first term. The proposed regulation would make five basic changes to the current regulation. Source: [Verrill-law.com](https://www.verrill-law.com)

Full Article Available Here --->> <https://www.verrill-law.com/benefits-law-update/dol-proposed-regulation-highlights-the-risks-of-esg-investing-for-erisa-fiduciaries/>

THE CAREERBUILDER 401K DECISION: THREE KEY LESSONS FOR PLAN SPONSORS AND ERISA ATTORNEYS

Currently, we have different federal courts handing down various interpretations of ERISA. As a result, in some cases, the public's guaranteed rights and protections under ERISA are dependent on where the plan participants reside. These inconsistent interpretations and rulings are unnecessarily exposing plan sponsors to potential liability exposure. The purpose of this post is to alert plan sponsors, as well as attorneys, to these "traps" to ensure that plan participants are properly protected. Source: iainsight.wordpress.com

Full Article Available Here --->> <https://iainsight.wordpress.com/2020/08/31/the-careerbuilder-decision-3-lessons/>

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