

Fiduciary Insights Newsletter

May 2022

Timely updates on the retirement industry



Welcome to Fiduciary Insights, the monthly newsletter that keeps you in touch with issues and trends that employers need to know about the retirement plan industry. The articles have been carefully selected from a variety of quality sources.

General Items

401(k) Auto-Enrollment Proves Popular

Legislation moving through Congress would prompt more employers to automatically enroll new employees in 401k or similar defined contribution retirement plans and to increase participants' savings rates over time. Even without new mandates to do so, however, more employers are adopting automatic features to increase employee participation and to encourage employees to save enough for a secure retirement. Source: Shrm.org

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Get Ready to Explain Lifetime Income Illustrations

Highlights and discussion around the question, "When are the new lifetime income illustrations due and what should I be telling my clients who are 401k sponsors and participants about them?"

Source: Napa-net.org

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House Committee Advances 401(k) Spousal Consent Bill

One week after the House passed SECURE 2.0, the House Education and Labor Committee advanced The Protecting America's Retirement Security Act (H.R. 7310) on Tuesday. It purports to strengthen the retirement system to protect workers' retirement savings and better support families and employers.

Source: 401kspecialistmag

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Fiduciary & Plan Governance Material

Higher Level of Fiduciary Oversight Could Be Required for 401(k) Plan Brokerage Windows

Fiduciaries of 401k plans and other retirement plans know that they must prudently monitor the investment options available to participants in the plan, but are they monitoring participants' investments made through a plan's brokerage window? Recent commentary from the DOL on cryptocurrency investments suggests maybe fiduciaries should be and that the DOL may check in on that soon.

Source: Employeebenefitslawblog.com

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How to Help 401(k) Plan Sponsors Cut Through ESG Confusion

When it comes to Environmental, Social, and Governance investing, regulatory changes are a big source of confusion for advisors and plan sponsors. "It's no surprise," said Bonnie Treichel, Chief Solutions Officer at Endeavor Retirement, "the apparent ESG regulatory back-and-forth over the past several years is enough to make even an ERISA attorney's head spin." The good news: When it comes to ESG, she's confident that advisors and plan sponsors can move forward.

Source: 401kspecialistmag.com

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When Providers Use Plan Participant Data For Purposes Unrelated to a Plan: What Fiduciaries Need to Know

There is a growing trend of using participant data to cross-sell financial products unrelated to plan recordkeeping by large recordkeepers and asset custodians of employer-sponsored retirement plans. In light of the fact that plan fiduciaries are ultimately legally responsible for the management and mismanagement of a retirement plan, this trend to use participant data may raise issues for employers in their role as plan sponsors and fiduciaries.

Source: Ogletree.com

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Insights: Studies, Research & White Papers

When Recordkeepers Merge

Businesses that provide recordkeeping services to defined contribution retirement plans are merging at a dizzying rate. What considerations should plan sponsors resolve when a competitor or aggregator acquires their recordkeeper or third-party administration firm? Source: Rolandcriss.com

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Study Finds Wide Range in 403(b) Plans

A key finding of a recent GAO study is that fees for 403b plans varied widely. The agency surveyed ERISA and non-ERISA plan sponsors and service providers and reviewed the most recent Form 5500 data. It noted in its report that non-ERISA 403b plans are not required to file a Form 5500 with the Department of Labor, making it difficult to get information about this segment of the market.

Source: Plansponsor.com

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OECD Issues Recommendations For the "Good" Design of DC Retirement Plans

Because DC retirement plans have increasingly become an integral, if not the main, part of most countries' overall pension systems, the Organization for Economic Co-operation and Development recently issued several recommendations for the implementation and management of these plans. The recommendations are intended to build trust in the design of DC plans by ensuring that the best interest of plan participants is considered, as well as to improve the robustness of retirement systems.

Source: Georgetown.edu

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Compliance & Regulatory Related

A First Look at SECURE 2.0: New Requirements for Plan Sponsors

The U.S. House of Representatives passed H.R. 2954, entitled "Securing a Strong Retirement Act," which would, among other things, impose additional requirements on employers that sponsor 401k and 403b plans. Secure 2.0 has not yet been passed by the Senate and is likely to change if passed by the Senate. Nevertheless, this is an overview of some of the provisions included in the House version of Secure 2.0 provides a preview of the types of changes that retirement plans sponsors may be required (or permitted) to implement, as early as this year or in 2023.

Source: Workforcebulletin.com

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401(k), 403(b), 457(b): Why Are the Rules Different?

Why should the rules that determine how and how much a person can save for retirement be different depending on whether the person works for a government entity, a nonprofit, or a for-profit employer? People are people, and their retirement needs are not different based on what type of entity employs them. Well, it is what it is and we cannot control it, so we may as well embrace it.

Source: Belfint.com

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Just Adopted a New 401(k) Plan? Beware These Common Pitfalls

By June 30, 2022, businesses with five or more California employees must either enroll in CalSavers, a state-managed system of Roth IRA accounts or establish their exemption from CalSavers by adopting 401k. Other states have implemented or are rolling out similar auto-IRA programs. This article covers some potential pitfalls for new plan adopters, and, where possible, steps to avoid these pitfalls.

Source: Eforerisa.com

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