

# IFS | Fiduciary Insights Update

## Retirement Plan Monthly Newsletter

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### CONTACT INFORMATION

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July, 2018

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

- How Employers Think About Financial Wellness
- Is Your 401k Plan Ready for Rising Interest Rates?
- Participant Communications: Targeting the Goal Line
- Thirst for Liquidity Hurting 401k Savings Rates

### FIDUCIARY AND PLAN GOVERNANCE MATERIAL

- ERISA 3(16) Administrative Fiduciary Responsibilities
- Socially Responsible Investing and the Plan Fiduciary
- Self-Dealing Ban Eliminates Greatest Fiduciary Conflict-of-Interest
- Defined Contribution Plan Participants' Activities, 2017

### INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

- PSCA Study Shows Retirement Plan Participation Rates Rising
- Millennials are Better Prepared for Retirement Than Their Parents
- How Are Retirement Savers Doing?
- Trends in the Expenses and Fees of Funds

### COMPLIANCE AND REGULATORY RELATED

- Stable Value Fund Withstands ERISA Challenge
- Senate Dems Push for SCOTUS Scrutiny on Fiduciary Rule
- 401k Notice Distribution: Hard Copy vs. Electronic Delivery

## GENERAL ITEMS

### HOW EMPLOYERS THINK ABOUT FINANCIAL WELLNESS

Employers have a vested interest in promoting the financial health of their employees. To help address this issue, increasing numbers of employers are implementing financial wellness programs that provide education and tools to help employees adopt financial behaviors to best manage day-to-day finances, achieve important long-term financial goals, and help protect against key financial risks. This survey attempts gain perspective on how employers think about their benefits programs overall, and to gauge the role that financial wellness programs play. Source: Prudential.com

Full Article Available Here --->> [https://www.prudential.com/media/managed/documents/rp/B-and-B\\_Exec\\_Summary\\_Flyer\\_rF2\\_DIG.PDF](https://www.prudential.com/media/managed/documents/rp/B-and-B_Exec_Summary_Flyer_rF2_DIG.PDF)

### IS YOUR 401K PLAN READY FOR RISING INTEREST RATES?

The long bull market in bonds has persuaded some investors that bonds are a "safe" asset class. There is no such thing. Every investment has risks. While it can be said that bonds generally offer less risk and lower return potential than stocks, that doesn't mean bonds are safe investments. Plan sponsors should review their investment policy statements and investment line-ups, paying attention to the three items noted here. Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/is-your-401k-plan-ready-for-rising-interest-rates/>

### PARTICIPANT COMMUNICATIONS: TARGETING THE GOAL LINE

Benefits administrators from two employers in a May 1 session of the Plan Sponsor Council of America's annual conference in Scottsdale, AZ shared their experiences and approaches in communicating with plan participants in their respective retirement plans. Source: Asppa.org

Full Article Available Here --->> <http://www.asppa.org/News/Article/ArticleID/9883/Participant-Communications-Targeting-the-Goal-Line>

### THIRST FOR LIQUIDITY HURTING 401K SAVINGS RATES

Deferred gratification or immediate satisfaction? Americans appear to choose the latter. Not exactly news to anyone following the saving rates of the nation's consumers. Yet a new report from Hearts & Wallets finds a "thirst for liquidity is driving increases of certain account types as consumers weigh tradeoffs between tax-deferred investments versus readily accessible funds." Source: 401kspecialistmag.com

Full Article Available Here --->> <https://401kspecialistmag.com/thirst-for-liquidity-hurting-401k-plan-savings-rates1/>

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## **FIDUCIARY AND PLAN GOVERNANCE MATERIAL**

### **ERISA 3(16) ADMINISTRATIVE FIDUCIARY RESPONSIBILITIES**

Under ERISA, those who administer, manage, or control plan assets have a fiduciary duty to plan participants. This fiduciary duty requires them to act solely in the interest of plan participants and beneficiaries. It is important for plan fiduciaries to understand their roles and responsibilities in deciding whether to outsource some of the administrative tasks to a 3(16) administrative service provider. Source: Bslip.com

Full Article Available Here --->> <https://www.bslip.com/erisa-316-administrative-fiduciary-responsibilities>

### **SOCIALLY RESPONSIBLE INVESTING AND THE PLAN FIDUCIARY**

Retirement plan fiduciaries increasingly find themselves in the difficult position of having to respond to social concerns when they are raised by plan participants and beneficiaries while fulfilling their fiduciary duties under ERISA. In fact, ERISA plan fiduciaries and the Department of Labor have been wrestling with the concept of socially responsible investing for many years. Source: Employeebenefitsupdate.com

Full Article Available Here --->> <http://www.employeebenefitsupdate.com/benefits-law-update/2018/5/7/socially-responsible-investing-and-the-plan-fiduciary.html>

### **SELF-DEALING BAN ELIMINATES GREATEST FIDUCIARY CONFLICT-OF-INTEREST**

Both the DOL and the SEC have focused on the problems inherent in conflicts-of-interest between financial service providers and the clients they serve. Unfortunately, there has been a movement to define the term "conflict-of-interest" so broadly that it loses any meaning. The shift from the broad brush of loosely defined "conflicts-of-interest" to the sharply defined self-dealing transaction may appear of recent vintage, but that's only because many are only now becoming familiar with the concept of "conflict-of-interest." Source: Fiduciarynews.com

Full Article Available Here --->> <http://fiduciarynews.com/2018/05/self-dealing-ban-eliminates-greatest-fiduciary-conflict-of-interest/>

### **DEFINED CONTRIBUTION PLAN PARTICIPANTS' ACTIVITIES, 2017**

This report updates results from ICI's survey of a cross section of recordkeeping firms representing a broad range of DC plans and covering more than 30 million employer-based DC retirement plan participant accounts as of December 2017. The broad scope of the recordkeeper survey provides valuable insights about recent withdrawal, contribution, asset allocation, and loan decisions of participants in these plans. Source: Ici.org

Full Article Available Here --->> [https://www.ici.org/pressroom/news/18\\_news\\_recordkeeper\\_q4](https://www.ici.org/pressroom/news/18_news_recordkeeper_q4)

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## INSIGHTS: STUDIES, RESEARCH AND WHITE PAPERS

### PSCA STUDY SHOWS RETIREMENT PLAN PARTICIPATION RATES RISING

The percentage of employees signing up and making contributions to their qualified retirement plan has risen almost ten percent since 2010 according to the PSCA's 60th Annual Survey of Profit Sharing and 401k Plans. PSCA found 84.9 percent of employees made contributions to their plan in 2016 compared to 76.9 percent in 2010. Source: 401khelpcenter.com

Full Article Available Here --->> [http://www.401khelpcenter.com/401k\\_press/pr\\_pzca\\_052118.html](http://www.401khelpcenter.com/401k_press/pr_pzca_052118.html)

### MILLENNIALS ARE BETTER PREPARED FOR RETIREMENT THAN THEIR PARENTS

"Best prepared for retirement." That's not a superlative one might expect to describe Millennials, but according to the J.D. Power 2018 Group Retirement Satisfaction Study, it's true. Millennials are most likely of all demographic groups to have set specific retirement goals and have the highest amount of savings -- relative to age -- in group retirement plans. Source: Jdpower.com

Full Article Available Here --->> <http://www.jdpower.com/press-releases/jd-power-2018-group-retirement-satisfaction-study>

### HOW ARE RETIREMENT SAVERS DOING?

The glass is half full -- or half empty -- regarding retirement saving levels, depending on who one listens to. A recent white paper looks not only at how employees are doing, but also the habits that can help in achieving greater financial security in retirement. Source: Asppa.org

Full Article Available Here --->> <http://www.asppa.org/News/Article/ArticleID/9938/How-Are-Retirement-Savers-Doing>

### TRENDS IN THE EXPENSES AND FEES OF FUNDS

Fund expenses cover portfolio management, fund administration and compliance, shareholder services, recordkeeping, certain kinds of distribution charges, and other operating costs. This ICI study found that, on average, fund expenses for long-term mutual funds have declined substantially for more than 20 years. Source: Ici.org, April 2018

Full Article Available Here --->> [https://www.ici.org/pressroom/news/18\\_news\\_trends](https://www.ici.org/pressroom/news/18_news_trends)

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## COMPLIANCE AND REGULATORY RELATED

### STABLE VALUE FUND WITHSTANDS ERISA CHALLENGE

The First Circuit Court held that the Plaintiff's claims were based on a type of "hindsight" analysis of past performance and held that those allegations are not sufficient to support a claim that plan fiduciaries were imprudent in making conservative investment decisions. Source: Hodgsonruss.com, April 2018

Full Article Available Here --->> <http://www.hodgsonruss.com/newsroom-publications-10356.html>

### SENATE DEMS PUSH FOR SCOTUS SCRUTINY ON FIDUCIARY RULE

Five key Senate Democrats are concerned about the Department of Labor's current lack of defense of the fiduciary rule, and they want to know what the DOL plans to do going forward. Source: Asppa.org

Full Article Available Here --->> <http://www.asppa.org/News/Article/ArticleID/9949/Senate-Dems-Push-for-SCOTUS-Scrutiny-on-Fiduciary-Rule>

### 401K NOTICE DISTRIBUTION: HARD COPY VS. ELECTRONIC DELIVERY

It seems like 401k plans require a lot of different notices and disclosures be provided to participants each year. We have safe harbor and default investment notices at the end of the year, fee disclosure notices and participant statements each quarter, and the summary annual report when we file our Form 5500. Are we allowed to distribute all these 401k notices to our participants electronically? Source: Dwc401k.com

Full Article Available Here --->> <https://www.dwc401k.com/blog/401k-notice-distribution-electronic-delivery>

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