



## – January 2024 –

Welcome to Fiduciary Insights, our 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.

### IRS Increases 401(k) Limit to \$23,000 for 2024, IRA Limit to \$7,000

#### IRS delays implementation of SECURE 2.0's mandatory Roth catch-up provision

On Friday, August 25, 2023, the Internal Revenue Service issued guidance providing a two year administrative transition period to implement SECURE 2.0 Act's mandatory requirement that catch-up contributions be made on a Roth basis for high-wage earners (those earning over \$145,000 in FICA wages in the prior year). The IRS's action will allow high-wage earners to continue to make catch-up contributions on a pre-tax basis in 2024 and 2025.

#### What this means for plan sponsors:

Delayed implementation of the requirement provides plan sponsor, payroll providers and recordkeepers alike with more time to update their systems to comply with the requirement.

#### Reminder:

Please contact us to schedule enrollment meetings for the 1st quarter 2024

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### [IRS Highlights Changes to Pre-Approved DC Plan Program](#)

There have been significant changes to the IRS Pre-Approved Defined Contribution Plan Program, and two of the IRS officials involved in the thick of it recently provided a refresher on the program rules and recent developments. Central to recent developments is Revenue Procedure 2023-37, which the IRS issued in November 2023. It provided fresh guidance on qualified pre-approved plans and 403b pre-approved plans, and combined, conformed, clarified, and updated rules for those plans outlined in prior revenue procedures. Source: Asppa.org, January

### [How a Plan Sponsor Can Reboot Their 401k Plan](#)

When it comes to 401k plans, plan sponsors can reinvigorate their retirement plan by revamping or "rebooting" it through new options that could improve how it operates as an employee benefit. This article is how about plan sponsor can improve their 401k plan through a reboot. Source: Jdsupra.com, January

### [Long Term/Part Time Employees - Revised](#)

SECURE 2.0 made technical corrections to the long-term/part-time rules, including clarifying that (1) long-term/part-time employees may be excluded from a plan's safe harbor provisions and (2) all periods of service before 2021 are excluded for both eligibility and vesting. SECURE 2.0 also clarified that the vesting rules that apply to a long-term/part-time employee continue to apply even if the employee later satisfies the regular service requirements. The provision concerning long-term/part-time employees applies to all 401k plans. Source: Consultrms.com, January

### [Bitcoin and Brokerage Windows: A Risk for Fiduciaries?](#)

Now that the ETFs have been approved by the SEC, what does this mean for plan sponsors? Michael Kreps, a principal in Groom Law Group, says that guidance issued by the DOL in March 2022 cautioning sponsors against using cryptocurrency in plans governed by ERISA is "still good agency guidance." The guidance says that "the Department has serious concerns about the prudence of a fiduciary's decision to expose a 401k plan's participants to direct investments in cryptocurrencies." It refers to them as "speculative and volatile" and notes valuation and regulatory concerns. Source: Planadviser.com, January

### [Big Names Back Latest Proposed Fiduciary Rule](#)

While many financial services firms and related trade groups have expressed their opposition, several high-profile firms have come out in support of the latest iteration of the DOL's proposed fiduciary rule. Aggregation firm HUB mirrored certain arguments made by the American Retirement Association in its comment letter supporting the rule (with suggested changes), specifically mentioning the current regulatory gap concerning one-time recommendations to plan sponsors that are not considered fiduciary advice. Source: Asppa.org, January

### [Will Retirement Income Solutions Finally Break Through in 2024?](#)

Adoption of retirement income solutions within defined contribution plans hasn't happened at the rate many thought possible, but the tide may finally be turning, according to one organization. Source: Napa-net.org, January

### [Provisions That Make Your 401k Plan a Bigger Employee Benefit](#)

### [SECURE 2.0 Guidance Addresses Designated Roth Contributions](#)

Under SECURE 2.0, 401k plans may choose to permit participants to elect to receive employer matching and/or discretionary (non-elective) contributions in the form of Roth (i.e., after-tax) contributions, effective for plan years beginning after December 29, 2022. Here are some details and clarifications. Source: [Compliancedashboard.net](#), January

### [2024 Adjusted Penalties for ERISA Violations](#)

On January 11, 2024, the DOL released a final rule that provides new figures reflecting the adjusted civil penalty amounts for 2024, under the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. The chart here shows the increased penalties for ERISA violations; however, please note that penalties under other federal laws are affected as well. The adjustments are effective January 15, 2024. Source: [Groom.com](#), January

### [DOL Proposes SECURE 2.0 Auto-Portability Regulation](#)

The Employee Benefit Security Administration has released a proposed regulation on automatic portability transactions under the SECURE 2.0 Act of 2022, the DOL announced. According to an announcement from the federal agency, the regulation seeks to help workers keep track of their retirement savings accounts by reducing cash-outs when employees switch jobs. Source: [401kspecialistmag.com](#), January

### ["Cross-Testing" In Qualified Profit Sharing Plans - 2024](#)

Cross-testing is a method of demonstrating that a defined contribution plan is not discriminatory in favor of Highly Compensated Employees by analyzing the retirement benefit generated by the annual contributions for the HCEs to the retirement benefit generated by the contributions to the non-HCEs (rather than looking at the contribution itself).

Your 401k plan is an employee benefit and you need to treat it as such. You need a cost-effective plan that engages your employees so they will participate and some features are nicer than others. This article is all about plan provisions that could make your 401k plan more attractive to employees and potential employees. Source: [Jdsupra.com](#), January

### [Changing Jobs? Don't Leave Your Old 401k Behind](#)

Moving retirement savings when switching jobs isn't always top of mind. It's one more thing on your to-do list, and frankly, many folks are flummoxed by the process. But kicking the decision down the road can set you up for a fiscal pitfall. Here's the breakdown of options when you change jobs to maximize the return on your 401k retirement plan. Source: [Yahoo.com](#), January

### [How Firms Are Closing the Gender Gap in Retirement Savings](#)

The battle to close the economic gender gap extends beyond workplace wages to retirement savings. According to T. Rowe Price, women are making lower contributions to their retirement accounts and have lower balances overall, with the median 401k balance for women being a whopping 65% less than their male counterparts. While some factors demand systematic change beyond the financial services industry, firms can take steps to better support female participants by working to improve financial literacy among women, providing inclusive inputs for retirement readiness tools, and offering a balanced suite of education content and practical tools within the participant site. Source: [Corporateinsight.com](#), January

### [2024 U.S. Retirement Market Outlook](#)

Looking into 2024, retirement income, personalization, and diversification will be the key themes for DC plan sponsors and their consultants and advisors. This 2024 U.S. Retirement Market Outlook explores why these topics are expected to shape the

Here is a brief overview of the 2024  
Cross-testing rules. Source:  
Consultrms.com, January

retirement landscape in the coming  
years and outlines the underlying  
factors that are creating both  
challenges and opportunities for the  
retirement industry. It also provides  
action items or next steps for plan  
sponsors, consultants, and advisors.  
Source: Troweprice.com, January

### **Western Benefits & Pension Council**

Please visit [www.westernpension.org](http://www.westernpension.org) for all current and upcoming programs.

### **Small Business Council of America**

Please visit the Small Business Council of America (SBCA) website  
at [www.SBCA.net](http://www.SBCA.net). The SBCA is the only national organization whose sole purpose is  
to represent the interests of privately held businesses in the areas of federal income  
and estate tax, retirement, pension, healthcare, and other employee benefits  
concerns.

## **– Contact Us –**



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#### **Online Resources**

Our company website is filled with resources for your financial planning needs.

Please visit: <https://www.lwarner.com/>.

#### **WPBC**

Please find all the upcoming panel and speaking events for Western Pension and Benefits Council at: [www.westernpension.org](http://www.westernpension.org).

#### **Editor**

This newsletter is compiled and edited by Ala Smochinsky. Please direct any comments to the Editor: [asmochinsky@lwarner.com](mailto:asmochinsky@lwarner.com)

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