



## – February 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 and 2nd quarters of 2024

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## – In This Month's Issue –

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#### [American Views on Defined Contribution Plan Saving, 2023](#)

With millions of US households personally directing their retirement savings, the ICI has sought to track retirement savers' actions and sentiments. This 24-page report, the 16th in this series, summarizes results from a nationally representative survey of Americans aged 18 or older. The survey polled respondents about their views on defined contribution retirement account saving and their confidence in 401k and other DC plan accounts. Source: Ici.org

#### [401k World: Retirement Plan and Wealth Advisement](#)

According to surveying done by T. Rowe Price, 100% of large retirement plan advisories are now providing wealth management strategies to plan participants. According to some in the industry, that trend is likely to continue in coming years as participant wealth management needs grow. Offering both plan advisory and wealth management services makes sense from several perspectives, including higher profit margins than plan advisory work, according to the T. Rowe report. Source: Planadviser.com

#### [Regulation Best Interest and Individual Retirement Accounts](#)

The retirement security proposal, proposed by the DOL in October, would apply fiduciary duties under ERISA to rollovers to individual retirement accounts, among other transactions. Opponents of this proposal say that the SEC's Regulation Best Interest has been regulating these transactions since June 2020, and the DOL proposal is therefore unnecessary. This article reviews what Reg BI requires when it comes to rollovers. Source: Planadviser.com

#### [Tips to Keep Your Retirement Plan in Compliance](#)

#### [After SECURE 2.0: Rethinking Roth 401k vs. Roth IRA](#)

Did SECURE 2.0 change the decision-making regarding whether to contribute to a Roth 401k or a Roth IRA? Yes, and no. Participants should keep an eye on any actions a plan sponsor takes (or fails to take) in amending their 401k plan following SECURE 2.0. But most retirement savers can achieve the best outcome by leveraging the superior features incorporated in each account -- both the Roth 401k and the Roth IRA. Source: 401kspecialistmag.com

#### [Long-Term, Part-Time Employee Contribution Roll-Out](#)

Under the SECURE Act, plan sponsors with 401k plans are required to allow their "long-term part-time employees" to make elective salary deferral contributions beginning as of the first day of the plan year beginning on or after Jan. 1, 2024. Late last year, the IRS issued proposed regulations that sought to address certain lingering questions sponsors and practitioners had about how to implement the new long-term part-time employee requirement. This article is a summary of important provisions in the new proposed regulations. Source: Bsk.com

#### [2024 Deadlines and Important Dates for Plan Sponsors](#)

Sponsors of defined benefit and defined contribution retirement plans should keep these deadlines and other important dates in mind as they work toward ensuring compliance with their plans in 2024. Dates assume a calendar year plan. Some deadlines may not apply, or dates may shift based on the plan sponsor's fiscal year. Source: Berrydunn.com

#### [401k Managed Account Users Out-Saving TDF Participants](#)

Retirement plan participants utilizing managed accounts are out-saving non-users and participants utilizing a single

A recent survey indicates that 45% of retirement plan sponsors do not realize they serve as fiduciaries to their organization's retirement plan. All fiduciaries need to follow best practices for ensuring their plans are operating according to the rules, regulations, and governing plan documents. This process can be accomplished by creating a compliance checklist for 2024. Source: Usicg.com

#### [Three Themes Shaping the U.S. Retirement Landscape](#)

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 it is expected that these topics will shape the retirement landscape in the coming years and outlines the underlying factors that are creating both challenges and opportunities for the retirement industry. The paper also provides action items or next steps for plan sponsors, consultants, and advisors. Source: Troweprice.com

#### [Five Things to Consider About the Fiduciary Rule Redux](#)

There is a long road from a fiduciary proposal to a rule in force. By now, the proposed new fiduciary rule has been read, digested, analyzed, and the subject of countless articles, webinars, and more. So, where do you go now as an advisor? Advisors may want to look at the new rule through this framework. Source: Napa-net.org

#### [Five Important ERISA Decisions Rounded Out 2023](#)

Federal appellate courts issued various decisions involving ERISA in the latter half of 2023. Here are five important ERISA decisions that benefit attorneys should know. Source: Hallbenefitslaw.com

target date fund, according to data from Edelman Financial Engines. During the past decade, the savings rates of EFE managed account users have consistently averaged higher than non-users. Source: 401kspecialistmag.com

#### [Employees See 401k Plans as Prerequisite Instead of Perk](#)

Access to workplace retirement plans is no longer considered a job perk to employees, but a necessity instead. A new study released today by Vestwell, which surveyed 1,200 employees nationwide on savings habits, evolving benefits, and challenges, finds that 85% of respondents expect their employer to offer retirement benefits, up from 72% last year.

Additionally, 89% of survey respondents say they would be more likely to continue working for an employer that offers a retirement benefit. Source: 401kspecialistmag.com

#### [How to Teach Fiduciary Responsibility to Plan Committees](#)

Sponsors of retirement plans, especially those covered by ERISA, must ensure their retirement plan committee members are trained to understand and execute their fiduciary duties. To do so, plans find fiduciary education and training from regulators, existing providers, and a wide variety of sources. Source: Plansponsor.com

#### [Comparing Seven Defined Contribution Plan Designs - 2024](#)

Employers and their advisors should recognize that there is much more room for design enhancement than there was 10 to 20 years ago. Don't assume that the simplest design is always the best. The best design for any given situation will vary depending on employee ages and salaries, as well as company objectives. Here is a chart showing the results of comparing seven plans for a small business. Source: Consultrms.com

### **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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