



## – April 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 2nd and 3rd quarters of 2024.

Also, we would like to schedule retirement planning sessions with your near retiree employees.

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## – In This Month's Issue –

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#### [Funds, Fees and Financial Wellness](#)

Reviewing plan fees and investment options are top fiduciary priorities for plan sponsors in 2024, but financial wellness and managed accounts are gaining ground in importance as benchmarked against prior years, according to investment consulting firm Callan's 2024 DC Trends Survey. In a survey of 132 DC plan sponsors conducted in late 2023, Callan found that reviewing plan fees is the top fiduciary initiative in 2024 for 74% of respondents, followed by considering the investment policy statement and investment menu structure. Source: Planadviser.com

#### [Investment Menus and Fiduciary Considerations](#)

Plan Sponsors have a fiduciary duty to select and monitor investments in a retirement plan. Ensuring that an investment menu is cost-efficient and appropriate for the given employee population is a large component of this responsibility. The wide array of available investment options and complex fiduciary requirements can make this challenging. In particular, it may be difficult to determine whether adding a new trending asset class makes sense for a retirement plan and its participants, or whether it is more prudent to steer clear. Source: Spconsultants.com

#### [Nine Key Findings from EBRI's 2024 Retirement Confidence Survey](#)

Workers' and retirees' confidence has not yet fully recovered from the significant drop seen in 2023, but majorities remain optimistic about their retirement prospects and the lifestyle they envisioned, according to the 34th annual Retirement Confidence Survey, published by the Employee Benefit Research Institute and Greenwald Research. Here are some of the key findings from the survey of 2,521

#### [Is a New Age on the Horizon for 401k Participants?](#)

The average retiree faces numerous unknowns, a slew of psychological obstacles to maneuver, and, on top of all that, math. And, as current savings and spending patterns show, retirees need help making these monumental decisions. BlackRock's Larry Fink is optimistic that the firm's newly launched BlackRock LifePath Paycheck target-date series, which includes an annuity as part of the glide path, can be the solution retirees are looking for. This Morningstar article explores how we got here with a brief, and imperfect, history of retirement-income solutions. Source: Morningstar.com

#### [IRS Issues Guidance on Certain RMDs for 2024](#)

On April 16, the IRS issued guidance on certain specified required minimum distributions for 2024. It adds that the final regulations it plans to issue related to RMDs will apply for purposes of determining RMDs for calendar years beginning on or after Jan. 1, 2025. The guidance is contained in Notice 2024-35 and is outlined here. Source: Napa-net.org

#### [Generative Artificial Intelligence \(AI\) and 401k Plan Fiduciary Implications](#)

AI is emerging as a major transformative force across various industries, including finance and retirement planning. Like everyone else, fiduciaries are increasingly turning to AI-powered tools and algorithms to optimize investment strategies, enhance decision-making processes, and improve participant outcomes. However, integrating AI in 401k plan management has its challenges, and not everything AI is positive. Therefore, an ongoing fiduciary oversight of AI may be warranted. Source: Foley.com

#### [What It Means to Be an ERISA Fiduciary](#)

Americans. Source:  
401kspecialistmag.com

### [SECURE 2.0: What Plan Sponsors Need to Know](#)

The SECURE 2.0 Act of 2022 includes helpful changes to retirement plans -- some mandatory and some optional -- that should increase coverage and allow participants to save more and longer for retirement. The law allows sponsors to tailor their plans more specifically to the needs of their plan population and also makes important improvements to plan administration. This 8-page article is designed to help plan sponsors understand the key provisions and suggests how plan sponsors might approach implementation. Source: Troweprice.com

### [Understanding the Drivers of Retirement Confidence](#)

Dynata, an independent third-party research provider, conducted a study among 1,000 DC plan participants in the US on behalf of MFS. In this article, MFS shares the responses from the participants in three sections: market event impacts, retirement confidence, and the power of quality advice. Source: Plansponsor.com

### [Customization Is Coming to the 403b Space](#)

Retirement for the American worker is a popular topic today, not only in the financial media but also in the halls of Congress, where new legislation is continually considered to offer more retirement options, especially in employer-sponsored plans. The Pension Protection Act of 2006 and the SECURE 2.0 Act of 2022 are examples of bills that made significant changes and allowed for new features to be offered in retirement plans. But customization usually also requires advanced expertise as to the pros and cons of implementing these features into an employer-sponsored retirement plan. Source: Planpilot.com

### [Eight Important Changes in DOL's Final Fiduciary Rule](#)

The DOL released the Retirement Security Rule, informally known as the fiduciary rule, to great fanfare on Tuesday, including a press conference and White

ERISA's definition of fiduciary encompasses three categories of responsibility or activities concerning an employee benefit plan. In addition to anyone who is specifically named as a fiduciary by the terms of a plan, a person is a fiduciary of a plan to the extent they exercise certain discretionary authority or responsibility. Here is an overview. Source: Employeebenefitslawgroup.com

### ["Lost & Found" Database: DOL Seeks Recordkeeper Help](#)

The Department of Labor is asking for help from retirement industry recordkeepers to establish a SECURE 2.0-mandated online search tool to help America's workers locate lost retirement accounts. The DOL's Employee Benefits Security Administration announced it is proposing to collect information from plan administrators voluntarily to build the new tool. Source: 401kspecialistmag.com

### [401k Benefits Undervalued by Employers](#)

Rather than turning to unlimited PTO policies or features dedicated to employee communications, a report by Guideline urges plan sponsors to look deeper within the workplace plans, and potentially the 401k. Their survey found that while employers and employees both agree that retirement benefits are valuable, some companies underestimate their value in attracting and recruiting employees. Source: 401kspecialistmag.com

### [Retirement Plan Access and Fraud Prevention Considerations](#)

As a significant investment for many Americans, retirement plan assets are an attractive target for cyber hackers globally. Plan participants need to take common-sense measures to safeguard their accounts. Plan sponsors face the dual challenge of providing online access to participants' retirement plans while keeping their information secure. Implementing and maintaining a proactive cybersecurity strategy is key for both parties. Here are a few items to consider. Source: Spconsultants.com

House ceremony. Now that it has been released, what changes does the final rule make to the proposed rule? Here are eight important items. Source: Napa-net.org

### **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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