



August 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

Reminder:

Please contact us to schedule enrollment/update meetings and plan level review meetings. Also, we would like to schedule retirement planning sessions with your near retiree employees.

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[Final and New Proposed RMD Regulations Issued](#)

On July 19, 2024, the IRS and the Department of Treasury released both final regulations and proposed regulations for compliance with the RMD rules. This article focuses on important developments under these final regulations and proposed regulations that impact administrators and participants/beneficiaries of qualified plans (both defined benefit and defined contribution), 403b plans, and 457b plans. Source: Icemiller.com, August 2024

[Catch-Up Contributions Must Exceed Some Limit](#)

[Why Aren't Systematic Withdrawal Plans More Popular?](#)

An SWP is an in-plan feature that allows participants to convert their defined contribution plan balance into an income stream by way of automated and regular withdrawals. A recent survey from Voya Investment Management shows that 42% of plan sponsors have a systematic withdrawal plan available. In contrast, the same survey shows that 83% of participants are very or somewhat interested in "strategies for drawing down my savings while in retirement." Source: Napa-net.org

What's the Catch? Catch-up contributions are not subject to discrimination testing. Misclassification of regular deferrals as catch-up contributions affects the results of the discrimination testing. If the ADP test passes with ample margin, or the plan is a safe harbor plan, this contribution classification error may not have much impact. However, if the test passes by a hair or if the test fails, then having included the misclassified catch-up contributions would yield a different result. Source: Belfint.com

Is the Retirement Picture for Millennials Looking Better?

Since 2019, the nation has experienced a global pandemic and economic disruption. At the same time, the government provided unprecedented fiscal support, employment remained strong, home values rose substantially, and the stock ended up significantly higher than in 2019. Using the Federal Reserve's 2022 Survey of Consumer Finances, the question addressed in this article is how all these factors affect the retirement preparedness of Millennials. Source: Bc.edu

Inherited 401k: What Beneficiaries Need to Know

If a loved one has named you as a beneficiary of their 401k, knowing how to make the best use of the bequest is another way to honor them. How to best use an inherited 401k depends on several factors, first and foremost your relationship with the primary account holder. Here are the key rules to know when inheriting a 401k and how to avoid some major penalties. Source: Bankrate.com

Investors Like Annuities in 401ks, for Other People

The financial services industry has been working for years to get annuities into retirement plans and the good news is that people appear to like that idea. The bad news is that they like annuities for the sake of other people, they don't personally want them. That is according to the results of a focus group report by consumer research firm Hearts & Wallets that included comments from 70 people ages 45 to 74 with at least \$500,000 in assets to invest. Source: Investmentnews.com

Another Solid Quarter for Self-Directed 401ks

Charles Schwab's industry-leading benchmark on retirement plan participant investment activity within self-directed brokerage accounts found the average account balance across all participant accounts finished at \$335,008 for the second quarter of 2024, up by 5.7% year-over-year and a 2.1% increase from the first quarter of 2024. Source: 401kspecialistmag.com

Why Are Employees Not Participating in Their 401ks?

To better understand the reasons behind low participation, the Principal surveyed people eligible for their workplace retirement plans but currently not contributing. Here are three roadblocks preventing retirement plan participation and ways to boost retirement plan participation among employees. Source: Principal.com

2024 PLANSPONSOR 403b Market Survey

The 2024 PLANSPONSOR 403b Market Survey includes data from 27 recordkeepers reporting on their U.S.-defined contribution recordkeeping business and focuses on recordkeeping of more than \$1.3 trillion in single-employer 403b plan assets, including 70% in non-ERISA plans and 30% in ERISA plans. The survey found that regulatory changes are narrowing down the differences between the two largest kinds of defined contribution plans in the U.S. retirement market. Source: Plansponsor.com

Navigating Retirement Plan Transitions

Transitioning your retirement plan from one recordkeeper to another can be a complex and significant undertaking. This guide will help you navigate the challenges of such transitions while offering best practices to ensure a seamless experience for both plan sponsors and participants. The resource includes information defining a retirement plan transition, lays out the critical framework of the process, discusses the finer details within each stage, and more. Source: Multnomahgroup.com

How to Make Your Life Easier as a 401k Plan Sponsor

Life is hard, and so is being a 401k plan sponsor. It's a challenging job, but there are many ways you can limit those challenges. There are opportunities to make your life easier, but you need to know what it all means and whether it really makes your life easier. Source: Jdsupra.com

The Definitive Guide to the Saver's Match

This article provides a definitive guide to the Saver's Match program, which will replace the Saver's Credit effective for tax years following December 31, 2026. For qualified retirement savers, the Saver's Match will provide a federal matching contribution of up to 50% of the first \$2,000 of an annual workplace retirement plan or IRA contributions per individual, for a maximum matching contribution of \$1,000 per tax year. Source: Rch1.com

Americans' Retirement Savings Show Real Progress

Some articles highlight that the median 401k account balance is around \$20,000, suggesting that the typical retiree will run out of money. But that figure is misleading. First, it captures the full range of account owners -- including, for instance, someone in their 20s with an entry-level job and a modest account balance -- instead of focusing on older participants with a longer savings history. In reality, 401k savers approaching retirement age are in a far better position. Source: Ici.org

Treasury Guidance on Retirement Plan RMDs

The Treasury has issued a final rule governing required minimum distributions from certain retirement plans. The final rule reflects changes made by the SECURE 2.0 Act and closely follows the 2022 proposed rule. The final rule generally applies to years beginning and distributions made on or after January 1, 2025. Here are

Western Benefits & Pension Council

Please visit westernpension.org for all current and upcoming programs.

Small Business Council of America

Please visit the Small Business Council of America (SBCA) website at 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.

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Online Resources

Our company website is filled with resources for your financial planning needs. Please visit: lwarner.com.

WPBC

Please find all the upcoming panel and speaking events for Western Pension and Benefits Council at: westernpension.org.

Editor

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