



## – December 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.

**Happy Holidays to You and Your Family!!!**

**2025 IRS Limits for Retirement Plans have been Released, Please  
See Link Below**

**[" 2025 IRS Limits for Retirement Plans"](#)**

### **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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## – In This Month's Issue –

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- [SECURE 2.0 in 2025: Here Comes a Big Plan Design Change](#)
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[SECURE 2.0 in 2025: Here Comes a Big Plan Design Change](#)

[SECURE 2.0 Permits Employer Roth Contributions](#)

As we approach 2025, new provisions from SECURE 2.0 will be implemented, impacting plan design, administration, and costs. Understanding these provisions will enable you to better advise your clients on how they may affect their plans. This knowledge will help you strategize necessary administrative changes and effectively communicate with participants. This article provides a detailed review of these provisions. Source: Penchecks.com

#### [Long-Anticipated VFCP Changes May Be Issued Soon](#)

This piece discusses anticipated changes to the Voluntary Fiduciary Correction Program that may be issued by the DOL in early 2025. The VFCP is a program that allows fiduciaries of employee benefit plans to correct certain violations of ERISA without facing enforcement actions. The proposed modifications are expected to streamline the correction process and make it easier for fiduciaries to comply with regulations. The article highlights the importance of these changes for plan sponsors and fiduciaries, as well as the potential impacts on the administration of retirement plans. Source: Asppa-net.org

#### [Planning for 2025: Employee Benefit Plan Changes Taking Effect](#)

As the new year approaches and a new administration begins, changes to employee benefit plans will be implemented in 2025 due to existing laws like ERISA and the Setting Every Community Up for Retirement Enhancement Act of 2022. This summary highlights these upcoming changes and provides insights to help plan sponsors stay informed. It's important for plan sponsors to proactively review and adjust their plans to remain compliant with the new mandates. Source: Bdo.com

#### [The Role of Behavioral Finance in Retirement Plan Participation](#)

Behavioral finance studies how human psychology affects financial decision-making and market movements. It posits that individuals often act

As the January 1 plan year approaches, 401k plan sponsors are considering potential changes to their plans in light of the features introduced by the SECURE 2.0 Act of 2022. One notable feature allows participants to elect Employer Contributions as Roth amounts, instead of the traditional pre-tax contributions. This option applies to various retirement plans, including 401k, 403b, and governmental 457b plans, as outlined in SECURE 2.0 Section 604. This article serves as a reminder for plan sponsors on how to implement this new provision effectively. Source: Ferenczylaw.com

#### [How Smart Is Your Retirement Plan Design?](#)

Nearly two decades ago, Congress facilitated the integration of automatic enrollment and automatic increase features in retirement plans by offering safe harbor protections. Since then, these features have gained traction as best practices, supported by Congress, federal regulators, and state legislatures. This evolution provides an ideal moment for employers who have yet to implement these features to reassess their plan design and consider making these beneficial changes. For more insights on this significant shift in defined contribution plans, this paper offers a comprehensive overview. Source: Bofa.com

#### [Year-End Considerations for Employer-Provided Retirement Plans](#)

As 2024 approaches, it's important to assess the impacts of recent changes under the SECURE Acts on qualified retirement plans. Although plan amendments are not due until December 31, 2026, qualified plans must be compliant with the new requirements from the law's effective date. This article provides a review of significant changes that have already taken effect or will soon. Source: Rrlawpc.com

#### [2025 Changes in Catch-Up Contributions Available](#)

The article highlights important updates regarding 401k catch-up contributions

irrationally, influenced by biases, cognitive shortcuts, and emotional behaviors, which can hinder their enrollment and success in retirement plans. By understanding these behavioral tendencies, plan sponsors can design retirement plans that better encourage employee participation and contributions, ultimately helping them achieve their savings goals. Source: Planpilot.com

#### [Pooled Employer Plans Top \\$10B in Assets](#)

The article discusses the growth of the pooled employer plan market, which has exceeded \$10 billion in assets and includes over 24,000 participating employers, according to Cerulli Associates. PEPs were established through the Setting Every Community Up for Retirement Enhancement Act of 2019, aimed at simplifying retirement plan management and reducing costs for employers. The market has shown steady adoption as businesses recognize the benefits of PEPs. Key factors motivating participation differ by employer size. Interestingly, the appeal of PEPs has also reached midsize businesses, indicating their advantages in alleviating administrative and fiduciary responsibilities. Overall, the article highlights the increasing acceptance and utility of PEPs in the retirement plan landscape. Source: Planadviser.com

#### [What the 2025 Tax Debate Could Mean for 401ks](#)

Key provisions of the Tax Cuts and Jobs Act of 2017 are scheduled to expire at the end of 2025. During that year, it is anticipated that a Republican-controlled government will seek to extend these tax cuts and may consider retirement tax incentives as a way to offset potential revenue losses. Brian Graff, CEO of the American Retirement Association, says that any tax bill could lead to broader changes in the entire tax code. Source: Napa-net.org

#### [RMD Comparison Chart \(IRAs vs. Defined Contribution Plans\)](#)

This article from the IRS provides a comparison of the Required Minimum

set to take effect on January 1, 2025. As part of the SECURE 2.0 Act, participants aged 60 to 63 will be able to contribute larger amounts in catch-up contributions compared to previous years, with new limits established. However, the implementation of this provision is not automatic; plan sponsors must actively decide to adopt it for their employees. Additionally, there is currently a lack of guidance from the IRS on how to manage these new limits, which presents some challenges for plan sponsors as they prepare for these changes. Source: Ferenczylaw.com

#### [How Well Does Automatic Enrollment Work?](#)

This is a review of a study by the National Bureau of Economic Research that highlights the benefits of automatic features in retirement savings plans, particularly automatic enrollment and automatic escalation, which are effective in raising average savings rates. However, the study also identifies factors that can counteract these benefits. Overall, this study underscores both the potential advantages of automatic retirement plan features and the complexities that can arise from individual choices and employment-related factors. Source: Asppa-net.org

#### [401k Plans, 2025, and the 401k Plan Sponsor](#)

The article reflects on the changes in the 401k plan business since the author started in 1998, noting how different it is today compared to the past. It emphasizes the importance for plan sponsors to stay ahead of potential changes in 401k plans. This publication provides detailed insights. Source: Jdsupra.com

#### [Behind the 401k Match: Why Employers Offer It and How to Best Design It](#)

To implement an effective employer contribution strategy, plan sponsors must focus on timing, costs, and the unique financial needs of their workforce. A matching contribution to

Distributions for Individual Retirement Accounts and defined contribution plans. It outlines key differences and similarities in how RMDs are calculated and when they must begin for both types of accounts. The article emphasizes the importance of understanding the rules to avoid penalties for missed RMDs. Source: Irs.gov

retirement savings has become essential for attracting and retaining talent. Key considerations include developing a match formula suited to the specific employee population and determining when to make contributions. Source: Plansponsor.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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