



– January 2025 –

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.

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.

– In This Month's Issue –

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[Switching Your 401k Plan's Service Providers: A Guide for a Smooth Transition](#)

[PE Industry Hopeful About 401ks in Second Trump Administration](#)

Plan sponsors face various challenges when deciding to switch service providers for their employee benefit plans. Signs that it may be time to switch include high fees, inadequate data security, poor performance, or integration issues. Although the transition can seem daunting, utilizing provider reviews and trusted guides can facilitate the process. Once the decision to switch is made, careful planning is essential. Here are some key steps to consider for a smooth transition. Source: Eisneramper.com

[Catching-Up on Catch-Up Contribution Changes](#)

The IRS has released new proposed regulations providing guidance on catch-up contributions outlined in the SECURE 2.0 Act of 2022. These regulations address several modifications made to catch-up contribution provisions by the Act. Source: Beneficiallyyours.com

[Withholding Requirements for 401k Plan Distributions](#)

The withholding of federal and state income taxes on 401k retirement plan distributions varies based on the distribution type and state regulations. Some states have mandatory withholding requirements, while others allow voluntary withholding or do not impose state income tax at all. Federally, pre-tax employee contributions and employer contributions face a mandatory 20% income tax withholding, though there are specific circumstances where this may not apply. This article examines the withholding requirements for 401k plan distributions. Source: Withum.com

[Seven Cybersecurity Predictions for 2025](#)

In 2024, cybercrime surged, becoming a top concern for business leaders, with a CFO Magazine survey indicating ransomware attacks as the primary worry for C-Suite executives. Additionally, 45% of cybersecurity leaders cited cyber incidents as the most feared source of business disruption. This trend is underscored by

Private equity, known for its illiquidity, valuation challenges, and high costs, is being eyed for inclusion in target-date funds, particularly as the industry seeks to make significant inroads into the 401k market during the upcoming Trump administration. With 401k plans largely lacking private equity allocations -- less than 1% of the largest plans incorporate it into custom target-date strategies -- executives and lobbyists are preparing to advocate for these investments. While the DOL acknowledged the potential use of private equity in asset-allocation strategies under certain conditions in 2020, the Biden administration has since indicated a lack of endorsement for private equity in 401k plans, particularly as a standalone option for employees. Source: Investmentnews.com

[How to Improve Women's Retirement Security in 2025](#)

Saving for retirement poses significant challenges for many, and recent data indicates that women are particularly concerned about their retirement savings. Nearly half of women find the decision-making process for retirement savings complicated and confusing, while about 60% feel they lack sufficient income to save adequately. Contributing to these concerns are factors such as women's roles in caregiving, lower average earnings compared to men, and a longer average lifespan. Statistics show that women aged 50 and older hold only 77 cents in wealth for every dollar held by men, highlighting the disparity in financial security. As such, women must plan for their financial future and for policymakers and employers to aid in these efforts. The article suggests three steps to enhance retirement security for women. Source: Dol.gov

[How Much Does 401k Auto-Enrollment Help Workers Save for Retirement?](#)

Recent research revisits the impact of automatic provisions like auto-enrollment and auto-escalation in 401k plans, initially finding these mechanisms beneficial but now suggesting their positive effects on

significant data, including \$9.5 trillion in global cybercrime damages, a 10% rise in the average data breach cost to \$4.88 million, a 1,265% increase in phishing emails, and a 30% rise in overall cyberattack frequency across industries. As new technologies and techniques are rapidly weaponized, cybersecurity threats are expected to escalate further in 2025. The article presents seven predictions regarding trends in cybercrime, organizational priorities, and the regulatory landscape to help businesses formulate their cybersecurity strategies for the upcoming year. Source: Pkfod.com

[IRS Issues Guidance on Mandatory Automatic Enrollment](#)

On January 10, 2025, the IRS released Proposed Regulations concerning the automatic enrollment requirement for newly established 401k and 403b plans under SECURE 2.0. These regulations build on previous interim guidance from late 2023 and include clarifications on participant notice requirements. While the regulations will take effect six months after finalization, the automatic enrollment mandate itself is applicable for plan years starting January 1, 2025. For plans before the final rules are effective, compliance will be assessed based on a good faith interpretation of the law. Source: Groom.com

[Key DC Trends Shaping the Retirement Industry in 2025](#)

The T. Rowe Price annual U.S. Retirement Market Outlook webinar for 2025 discussed key themes including retirement income in defined contribution plans, fiduciary responsibilities, and ESG investing. Michael Davis, head of global retirement strategy, emphasized the need for industry leaders to adapt to the evolving retirement landscape. Panelists, including Kathryn Farrell, Jessica Sclafani, Rachel Weker, and Aliya Robinson, highlighted important topics such as the advancement of qualified default investment alternatives, retirement income solutions, emergency savings accounts, and potential policy changes under a

savings may be less significant than previously believed. While auto-enrollment effectively boosts participation, it appears to have a mixed effect on contribution rates. Specifically, it tends to increase contributions from individuals who would not have participated at all or who would have contributed less, while potentially decreasing contributions from those who would have contributed more than the default rate. Overall, the studies confirm that auto-enrollment raises average contributions, but the source of these additional contributions remains unclear. Source: Bc.edu

[The Simplified Employee Pension \(SEP\) - 2025](#)

A Simplified Employee Pension is a retirement plan that any employer, including self-employed individuals, can adopt. Employers can set up a SEP as late as their tax return due date (including extensions) and make contributions retroactive to the start of the tax year. SEPs offer business owners a straightforward way to contribute to their employees' retirement savings. This is a detailed overview of the SEP plan. Source: Consultrms.com

[2025 Guide to Retirement Plans](#)

This annual guide provides a detailed comparison of the different types of retirement plans and their key features, eligibility requirements, contribution limits and more. Source: Standard.com

[Required Minimum Distributions for 401k and 403b Plans](#)

The first Required Minimum Distribution must be taken by April 1 of the year following the latter of when a participant turns 73 or retires (if allowed by the plan). For 5%-or-more owners, RMDs must begin by April 1 following their 73rd birthday, regardless of employment status. The minimum distribution rules must be explicitly included in the plan to maintain its tax-qualified status. Recordkeepers typically notify participants about RMDs and assist with calculations, but failure to comply with RMD rules can result in

new Trump administration. Source:
401kspecialistmag.com

[New Year = New Proposed Rules
Impacting Retirement Plans](#)

On January 10, 2025, the IRS issued proposed rules affecting qualified retirement plans. One set of rules requires new defined contribution plans to incorporate an automatic enrollment feature, following the SECURE 2.0 mandate. Another set provides guidance for plans allowing participants aged 50 and older to make catch-up contributions. Here is a recap. Source: Mcafeetaft.com

qualification errors for the plan, with excise taxes imposed on individuals. This scenario creates confusion over accountability, as plan sponsors, recordkeepers, and participants often blame each other for RMD violations, leaving everyone with a problem. Source: Belfint.com

[The Why, What and How of Plan Benchmarking](#)

A review of methods for assessing retirement plan costs reveals their importance, as highlighted by Callan's 2024 DC Trends Survey. Approximately two-thirds of plan sponsors plan to conduct a fee study in 2024, with many likely to evaluate various fee types, including managed account service fees and indirect revenue. There is also a significant trend towards adopting lower-cost investment options, with half of the respondents indicating they may switch to cheaper vehicles, an increase from 42% in 2023. Many sponsors have successfully reduced fees after benchmarking their plans. Source: Plansponsor.com

Western Benefits & Pension Council

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

WPBC

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

Editor

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