



– February 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 –

Quick Links

- [Converting a Simple Ira to 401k for greater contributions and flexibility](#)
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[Converting a SIMPLE IRA to a 401\(k\) for Greater Contributions and Flexibility](#)

When first starting out, many business owners decide to offer a retirement

[How to Open a 401k for Your Small Business: A Step-by-Step Guide](#)

401k plans are essential for small businesses as they help attract and

plan to themselves and their employees. While there are many (many!) options for doing so, one of the easiest to implement is a SIMPLE IRA. However, after a few years in business, while trying to attract and retain employees, some have found that the SIMPLE IRA is not flexible enough to meet all of their business and employee needs. On the other hand, 401(k) plans, especially when paired with a profit sharing plan, offer the most flexibility and higher contribution limits of their defined contribution brethren.

Source: www.kushnerco.com

[How to Know if You Have Enough Saved for Retirement?](#)

Retirement planning is crucial yet uncertain, with a common concern being whether individuals have saved enough. There isn't a universal answer, as the required savings depend on factors like lifestyle, expenses, and additional income sources such as Social Security. Instead of focusing on a single "magic number," individuals can use three different strategies to assess their retirement readiness.

Source: Conradsiegel.com

[Generative AI, Email Scams Lead Cyber Fraud in 2024](#)

According to research from Trustpair, a significant challenge in fraud prevention is that employees often do not adhere to established fraud prevention policies. Cybersecurity is anticipated to be a major business risk in 2025, with 90% of companies reporting cyber-fraud attempts in the past year, an increase from 79% in 2023. Cyber-fraud incidents, which encompass hacking, deepfakes, voice cloning, and sophisticated phishing schemes, rose by 14% year-over-year.

Source: Planadviser.com, February 2025

[IRS Proposes Regulations for the Roth Catch-Up Rule](#)

On January 13, 2025, the IRS proposed new regulations providing guidance on the SECURE 2.0 Act's requirement for certain participants to make catch-up

retain talent, provide tax advantages, and support employees' financial futures. Offering these plans enhances a company's competitive edge in the job market and promotes employee satisfaction and loyalty. Modern providers have simplified the setup process, making it easier for small businesses to implement 401k plans. This article explores the benefits of providing a 401k, outlines different plan types, and offers a step-by-step guide to establishing a plan. It also addresses costs and financial considerations associated with 401k plans, as well as common challenges that businesses may face and strategies to overcome them. Source: Myubiquity.com

[Comparing Seven Defined Contribution Plan Designs - 2025](#)

Companies often seek assistance in designing their retirement programs to meet specific goals and objectives. Typically, employers are willing to allocate a certain budget for staff retirement benefits, depending on company profits. A common inquiry revolves around the maximum pre-tax deferral amounts for owners and highly compensated employees. When crafting a plan, factors such as the company's objectives, flexibility needs, ages and salaries of key personnel, and total budget considerations are examined. The article presents an analysis conducted for a company interested in establishing a defined contribution plan, which included 10 eligible participants, one of whom was the owner. Source: Consultrms.com

[Top Retirement Plan Trends to Watch in 2025](#)

In 2024, the evolution of retirement plans has highlighted the shared responsibility of employees and employers in retirement planning, a trend set to continue into 2025. To retain top talent and aid employee future planning, plan sponsors are increasingly eager to adopt innovative strategies. This has led companies to seek assistance from advisory firms for tailored retirement plan design, implementation, and governance. Several key retirement plan trends are

contributions exclusively on a Roth basis. These proposed rules come after IRS Notice 2023-62, which offered limited guidance and allowed a two-year administrative transition period, delaying the compliance date. With the 2026 deadline approaching, concerns within the retirement plan industry arise regarding plan sponsors' ability to implement the rule effectively and address various related issues. The IRS's proposed regulations aim to clarify many of these concerns and responsibilities surrounding the rule's implementation. Source: Ajg.com

[Missing Participants and Fiduciary Responsibility](#)

Missing participants pose significant challenges for plan sponsors, leading to long-term liabilities, increased costs, and fiduciary risks. The DOL is actively scrutinizing how plan sponsors locate and distribute benefits to these participants, even asserting fiduciary duty breaches in cases of inadequate searches. In January 2021, the DOL provided best practices for finding missing participants and documenting efforts. In January 2025, the DOL introduced a temporary enforcement policy allowing plans to send small account balances of missing participants to a state's unclaimed property program. This 6-page white paper reviews the issue in some detail. Source: Ajg.com

[Expansion of Roth Contributions in Workplace Retirement Plans](#)

The SECURE 2.0 Act, enacted on December 29, 2022, expands Roth options in workplace retirement plans by allowing employer matching or non-elective contributions to be designated as Roth contributions, in addition to the existing employee deferrals. This change necessitates substantial updates to systems for employers, recordkeepers, and payroll providers. In December 2023, the IRS issued Notice 2024-02, providing guidance for the retirement industry on implementing these new provisions effectively. Source: Spconsultants.com

expected to emerge throughout the year. Source: Planpilot.com

[2025 Outlook for Pension Legislation, Rules and Litigation](#)

The new administration has quickly issued several executive orders and memoranda to reverse previous orders and initiate new agency actions, including a standard directive for agencies to withdraw unpublished materials as of Inauguration Day. Meanwhile, there are expectations for a bipartisan SECURE 3.0 bill, following the SECURE Act of 2019 and SECURE 2.0 Act of 2022, although it is unlikely to be finalized before 2026. This year will focus on gathering input through hearings and discussions. While agency rules are currently frozen, litigation against government rules continues, including participant lawsuits where the previous administration supported these cases. It is anticipated that the new administration may drop appeals against rulings that overturn previous rules and may take opposing stances in future legal matters. Source: Segalco.com

[SIMPLE IRAs vs 401k Safe Harbor Plans: What are the differences? - 2025](#)

SIMPLE IRAs are often viewed as a cost-effective alternative to 401k Safe Harbor Plans for small businesses wanting to offer retirement savings options to employees. They feature lower administrative responsibilities due to simplified documentation and the absence of annual compliance testing or government reporting (Form 5500). This raises the question of whether small businesses should consider qualified plans like 401ks. This chart aims to compare SIMPLE IRAs and Safe Harbor 401k plans, particularly focusing on employers required to extend coverage beyond just the owners. Source: Consultrms.com

[PEPs: A solution for non-integrated 401k plans](#)

Pooled Employer Plans present significant benefits for companies managing multiple non-integrated 401k plans, particularly as businesses

[Three Key SECURE 2.0 Provisions Effective in 2025](#)

The SECURE 2.0 Act of 2022 expands on the original SECURE Act of 2019 and includes over 90 provisions aimed at improving retirement savings. Key objectives of the act include helping individuals save more effectively, enhancing access to retirement plans, and increasing the flexibility of savings options. While most provisions are already in effect, some important changes aimed at boosting retirement savings will take effect in 2025. They are reviewed here. Source: Sconsultants.com

expand through mergers or acquisitions. While consolidating these plans is often a goal, challenges such as costs and timing can hinder the process. This multi-part series investigates how PEPs provide a streamlined and cost-effective solution for fragmented 401k structures. This first installment covers PEPs' support during mergers and acquisitions. Source: Wtwco.com

[The New Super Catch-up for 401k and 403b Plans](#)

Effective January 1, 2025, plan sponsors may choose to implement a "super catch-up" provision for participants aged 60 to 63 at the end of 2025 and in subsequent years. This allows eligible participants in 401k and 403b plans to contribute an additional amount that is 150% of the regular annual catch-up limit. For the year 2025, this means the super catch-up contribution would be \$11,250 (150% of the \$7,500 catch-up limit). While the addition of this provision is optional, it must be made universally available to all participants across related plans. Source: Belfint.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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comments to the Editor: asmochinsky@lwarner.com

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