



– March 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

- [This Is the Average 401k Balance for Ages 45 to 54](#)
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[This Is the Average 401k Balance for Ages 45 to 54](#)

Curious about how your retirement savings measure up against your peers? Getting the answer is easier

[A Review of Existing Measures of Retirement Well-being](#)

Research indicates that many U.S. households are unprepared for retirement, potentially falling short of

than you might think. Vanguard, a well-known mutual fund company and retirement plan administrator, frequently releases aggregated data on the accounts of participants in its employer-sponsored retirement plans. However, it's important to keep in mind that these averages come with a few key caveats. Source: Nasdaq.com

[Trends in the Expenses and Fees of Funds, 2024](#)

This detailed 16-page report from the Investment Company Institute reveals that investor demand for lower-cost funds has contributed to a significant decline in average expense ratios for mutual funds in 2024. Specifically, the average expense ratio for equity mutual funds decreased by 62% and for bond mutual funds by 55% from 1996 to 2024. This trend is largely driven by a growing preference for no-load funds, which accounted for 92% of all long-term mutual fund gross sales in 2024, up from 46% in 2000. Source: Ici.org

[IRAs Play an Increasingly Important Role in Saving for Retirement](#)

The Investment Company Institute's latest research indicates that individual retirement accounts are increasingly important for retirement planning in the U.S. By mid-2024, 44 percent of U.S. households owned IRAs, a rise from 34 percent a decade earlier. The study, titled "The Role of IRAs in US Households' Saving for Retirement, 2024," provides insights into the characteristics and activities of households that own IRAs. Source: Ici.org

[DC Plan Annual Review: Key Steps for Plan Administrators](#)

Regular plan reviews are essential for ensuring compliance and improving performance in Defined Contribution Plans, ultimately helping participants meet their retirement goals. As a plan administrator, you play a key role in managing these plans by overseeing compliance, financial management, and participant engagement. This includes verifying accurate contribution processing, maintaining fee transparency, and providing educational

maintaining their standard of living. However, despite concerns about financial readiness, most retirees express satisfaction with their lives. An analysis of various datasets reveals that objective measures like health and income are not strong predictors of personal satisfaction. This disconnect implies that traditional satisfaction surveys may not effectively inform policymakers about financial security. To better assess retirees' well-being, new metrics could focus on spending habits, responses to emergencies, and expense shocks. Source: Bc.edu

[The 401k Has Become America's Rainy-Day Fund](#)

Financial emergencies are prompting an increasing number of Americans to tap into their 401k accounts. Last year, approximately 4.8% of account holders made early withdrawals to address issues such as avoiding foreclosure and covering medical expenses. This figure marks a record high, up from a previous peak of 3.6% in 2023 and significantly higher than the pre-pandemic average of around 2%, according to Vanguard Group, which manages 401k-style accounts for nearly five million individuals. As more employers automatically enroll their employees in these plans, the 401k has essentially become a fallback fund for those with limited non-retirement savings. Source: Msn.com

[7 in 10 Retirees Over 70 Receive Income From 401ks or IRAs](#)

According to recent research from the Investment Company Institute, 71% of Americans over age 70 receive income from retirement plans like 401ks or IRAs, with this figure rising to nearly 90% for those above the bottom income quartile. In their ICI Viewpoints blog, economists Peter Brady and Steven Bass argue that these findings, along with other tax data analyses, counter claims that the voluntary U.S. retirement system is inadequate and that retirees are overly dependent on Social Security. Source: 401kspecialistmag.com

resources to participants, all of which contribute to the efficient operation of the plan. This is a list of items that must be reviewed. Source: Watkinsross.com

[Do ETFs Have a Place in 401k Plans?](#)

Defined contribution plans are viewed as a potential growth area for ETFs, but certain structural challenges hinder their inclusion in 401k offerings. While the ETF industry celebrates its 35th anniversary and continues to attract investors due to low costs, it remains uncertain whether ETFs will gain a significant foothold in retirement plans. Concerns about the intraday trading nature of ETFs lead some to believe they are not suitable for 401k plans. Nevertheless, some retirement plan service providers are exploring ways to integrate ETFs into their offerings. Source: Plansponsor.com

[Johns Hopkins Study: Private Equity, 401ks Do Not Mix](#)

Recent research from Johns Hopkins Carey Business School raises concerns about the push for defined contribution plans to invest in private equity, particularly leveraged buyout funds. The study suggests that private equity may be riskier than the traditionally used publicly traded funds in 401k plans. Given that private equity funds involve pooling money from a limited number of investors to buy privately held companies with minimal public reporting, the report questions whether these investments align with the safety and transparency that workers typically expect from their retirement plans. Source: Plansponsor.com

[How 401k Plans Benefit From Auto Portability](#)

Angela Capek, a product area leader for defined contribution platforms at Fidelity Investments, has spent 28 years at the company in various roles related to product development for retirement plans. In a recent discussion with Russ Alan Prince, she highlighted the benefits of the auto portability solution, which assists participants in employer-sponsored DC plans in consolidating their 401k savings and

[The Impact Anti-DEI/ESG May Have on Fiduciary Responsibility](#)

The pursuit of effective leadership and decision-making has ancient roots. As fiduciaries, it's essential to acknowledge that managing client investments cannot occur in isolation. Instead, one must consider all relevant factors, including the client's core values, priorities, and sense of purpose. Various ethical frameworks can guide fiduciaries in meeting their crucial responsibility to act in the best interests of their clients. Source: 401kspecialistmag.com

[How Efficiency Shapes 401k Plan Administration](#)

Professional fiduciaries managing 401k plans face the challenge of streamlining administration while ensuring compliance with complex ERISA regulations. Industry calls for efficiency clash with the need for precision, as missteps can lead to serious consequences, including costly corrections or plan disqualification. While enhancing efficiency is crucial, it should not involve cutting corners; instead, it involves creating smarter systems. Fiduciaries are increasingly adopting technology and outsourcing solutions to manage administrative tasks, raising the question of whether these tools can be effective without compromising their responsibility to plan participants. Source: Fiduciarynews.com

[How America Saves 2025 Preview: Five Key Takeaways](#)

Today, Vanguard offered a preview of its highly anticipated "How America Saves" research for 2025, with the full report set to be released this June. In 2024, participant outcomes showed impressive resilience, largely due to plan sponsors adopting automatic solutions and capitalizing on human inertia to guide decision-making. This is just one of several trends highlighted in the upcoming 24th edition of this annual analysis of retirement saving behaviors. This article reviews some key insights from the early release of

maintaining their investments in the U.S. retirement system as they transition between jobs. Source: Famag.com

the study. Source:
401kspecialistmag.com

[Simple IRA Catch-Up Contribution Limits](#)

If a SIMPLE IRA plan has the special small employer increased deferral/catch-up limit of 110% of the standard amounts, and someone is also age 60-63 catch-up eligible, does the participant get both the 110% and age 60-63 increases in catch-up contributions? This article highlights the discussion on Simple IRA catch-up contribution limits. Source: Retirementlc.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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