



## – November 2023 –

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

#### IRS delays implementation of SECURE 2.0's mandatory Roth catch-up provision

On Friday, August 25, 2023, the Internal Revenue Service issued guidance providing a two year administrative transition period to implement SECURE 2.0 Act's mandatory requirement that catch-up contributions be made on a Roth basis for high-wage earners (those earning over \$145,000 in FICA wages in the prior year). The IRS's action will allow high-wage earners to continue to make catch-up contributions on a pre-tax basis in 2024 and 2025.

#### What this means for plan sponsors:

Delayed implementation of the requirement provides plan sponsor, payroll providers and recordkeepers alike with more time to update their systems to comply with the requirement.

#### Reminder:

Please contact us to schedule enrollment meetings for the 4th quarter 2023 and 1st quarter 2024

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## – In This Month's Issue –

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#### [IRS Releases Draft 2024 Form 1099-R](#)

The IRS has released a draft of the Form 1099-R to be used in 2024. This is an early release draft of the form, as well as its instructions, which the IRS is providing only to inform taxpayers, including benefits recipients. Source: Ntsa-net.org

#### [Tracking Compensation and Getting It Right](#)

According to the IRS, one of the most common mistakes that employers make when administering their retirement plans is using the wrong employee compensation. If the wrong amount is sent to your provider, this will lead to incorrect contribution calculations, incorrect plan testing, and leave the plan not operating under the plan document. To administer your plan properly, it is important to understand how your plan defines compensation and to make sure your definition is properly set up in your payroll system. Source: Consultrms.com

#### [More Americans Expect to Delay Retirement to Age 63](#)

Today's inflationary environment is causing some to rethink their retirement plans down the line. The latest research from Empower finds that considering the current economic environment, more people estimate delaying their expected retirement by three years, for an average age of 63. Source: 401kspecialistmag.com

#### [Retirement Plan Contributions Slipped in 2022](#)

NAPA sister organization Plan Sponsor Council of America is out with its latest survey of 401k plans. It finds that after record contribution rates from participants and employers in 2021, plan contributions dipped in 2022. However, although participation and contribution rates slipped, they nonetheless remain strong. Source: Napa-net.org

#### [CIT Providers Target Mid-Sized to Large DC Plans in 2024](#)

Collective investment trusts have surpassed mutual funds as the top investment vehicle by defined contribution investment-only assets. CIT assets totaled \$4.63 trillion as of year-end 2022, as improved capital market conditions coupled with continued robust demand within the defined contribution retirement plan space have contributed to ongoing growth, according to Cerulli's latest report. Source: Cerulli.com

#### [The New Fiduciary Rule: An Overview](#)

The DOL has released its package of proposed changes to the regulation defining fiduciary advice and to the exemptions for conflicts and compensation for invest. advice to plans, participants (including rollovers), and IRAs. This Fred Reish blog post is an overview of the new proposals. His follow-up posts will go into detail on each of the proposals. Source: Fredreish.com

#### [IRS Bumps 2024 401k Contribution Limit to \\$23,000](#)

The IRS today issued technical guidance regarding all of the cost of living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2024 in Notice 2023-75. As predicted in forecasts earlier this year, the Internal Revenue Service announced that the amount individuals can contribute to their 401k plans in 2024 has increased to \$23,000, up from \$22,500 for 2023. Source: 401kspecialistmag.com

#### [CalSavers Sees Retirement Plan Registrant Increase](#)

The CalSavers retirement savings program continued to support an increase in registered employers, submitted retirement plan contributions, and

### [Navigating the New Age of Retirement Services](#)

Laying the foundation for long-term financial stability means more than the traditional approaches to saving for retirement. Experts and industry leaders offered perspectives in recent panel discussions at the SPARK Forum concerning ways to help participants have a well-financed retirement, through work with individuals as well as through cooperation with other parts of the industry. Source: Asppa.org

### [Bipartisan Bill Backs 401k Plans for Teen Workers](#)

The Helping Young Americans Save for Retirement Act, introduced by Senators Bill Cassidy and Tim Kaine, would lower the participation age of ERISA-covered defined contribution plans to 18-year-olds under certain circumstances, according to a statement released by the U.S. Senate Committee on Health, Education, Labor, and Pensions. Source: 401kspecialistmag.com

### [The New Fiduciary Rule: Fixed Indexed Annuities](#)

Statements from the White House indicate that the DOL and the White House are concerned that fixed-indexed annuities may be inappropriately sold to participants and IRA owners in connection with recommendations to roll over benefits from plans and to transfer money from IRAs. The reaction from the insurance industry and state insurance commissioners has been immediate and strong. If the proposals become final as written, the greatest impact of the changes will likely be on insurance agents, particularly independent producers. This article covers the impact on independent insurance agents, insurance companies, and annuities. Source: Fredreish.com

participant-funded accounts in September, according to its latest participation report. In September, the number of employers registered with the state-run program for private sector employees hit 119,045, while 44,755 made payroll deductions, and funded participant accounts reached 455,255. Source: Plansponsor.com

### [Q3 Reports Show Growth for Retirement Sector Providers](#)

Several financial services firms with divisions operating in the retirement sector reported third-quarter earnings and business highlights this week, with results showing general market and participant saving resilience. Fidelity, Principal, T. Rowe Price, and other firms with retirement sector business showed improved results compared with last year. Source: Planadviser.com

### [Annual Limits on Qualified Plans for 2024](#)

On November 1, 2023, the IRS released Notice 2023-75, which sets forth the 2024 cost-of-living adjustments affecting dollar limits on benefits and contributions for qualified retirement plans. This chart summarizes the 2024 limits for benefit plans. Source: Benefitsnotes.com

### [Procrastinating on Retirement Saving Leads to Trouble](#)

Research shows that procrastination plays at least a small role in why so many U.S. workers haven't saved enough to retire in the lifestyle they're accustomed to. The urgency of saving early has never been truer than it is for Millennials and Gen-Z. Source: Asppa.org

## **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)

Thank you.

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