



– July 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.

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 3rd and 4th quarters of 2024.

Also, we would like to schedule retirement planning sessions with your near retiree employees.

– In This Month's Issue –

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[Workers Expect 401k to be Main Source of Retirement Income](#)

401ks continue to dominate U.S. workers' retirement income plans, but adviser assistance may improve their confidence in managing the drawdown, according to new surveys from Charles Schwab and J.P. Morgan Asset Management. Employees anticipate that their 401k will become their main source of retirement income in the future, with Social Security benefits becoming less reliable, according to the "2024 401k Participant Study" recently released by Schwab. Source: Planadviser.com

[More 401k Investors "Very Likely" to Reach Retirement Goals, Says Schwab](#)

American workers investing in a 401k are more confident in reaching their retirement goals than they were last year, according to new research. The Charles Schwab survey conducted by Logica by users of plans from around 25 providers reveals that 43% are very likely to achieve their goals, up from 37% in 2023. The boost in sentiment comes as inflation and stock market volatility are less of a concern for respondents. Source: Investmentnews.com

[Quick Update on Final Required Minimum Distribution Regulations](#)

On July 18, 2024, The Department of the Treasury and the Internal Revenue Service released final regulations updating the Required Minimum Distribution rules. These changes reflect the updates made by the SECURE Act and the SECURE 2.0 Act, impacting retirement plan participants, IRA owners, and their beneficiaries. Here is a summary of the key points. Source: Tri-ad.com

[The New Fiduciary Rule: Qualified Annuity Exchanges](#)

A fiduciary recommendation to exchange "qualified annuities" is subject to the new fiduciary rules. In this article, Fred Reish discusses the requirements in NAIC Model Regulation #275 and the similarities and differences between the Model Rule and the PTE requirements. Source: Fredreish.com

[New Plan Distributions are Becoming Operational](#)

SECURE 2.0 provided employees with better access to liquid assets during a major life crisis. The IRS, through the issuance of Notice 2024-55, has provided further guidance on the domestic abuse victim distribution exemption and the emergency personal expense distribution exemption. Source: Brickergraydon.com

[Small Business "Bullishness" Helping to Drive 401k Growth](#)

ADP Inc., Guideline Inc., and Human Interest were among the top recordkeepers in adding defined contribution retirement plans in 2023, with all three pointing toward continued growth in 2024, according to the 2024 PLANSPONSOR Recordkeeper Survey and executive interviews. Recordkeepers overall showed a strong year of DC plan additions in 2023, as compared with the prior year. Tailwinds including employer talent attraction and retention needs, SECURE 2.0 Act of 2022 tax incentives, and state mandates are all driving new plan growth, according to firm executives, with signs they may outdo themselves again by the end of 2024. Source: Planadviser.com

[2024 Deadlines and Important Dates for Plan Sponsors](#)

[Catch-up Contributions: Impacts of the SECURE 2.0 Act](#)

The SECURE 2.0 Act includes a multitude of provisions, many of which affect employer-sponsored retirement plans and individual retirement accounts. This article focuses on changes to catch-up contributions for employer-sponsored retirement plans. Source: Berrydunn.com

[The Plan Sponsor Guide to Setting Up a 401k Plan Committee](#)

Being a retirement plan sponsor can be a bit overwhelming and one of the major reasons that retirement plans are mismanaged is a lack of management. Retirement plan committees, regardless of the size of the plan sponsor, can be an effective method of managing a retirement plan. Like any tool, a plan committee must be used correctly or it ends up becoming more of a problem than it's worth. This article is about how to properly set one up. Source: Jdsupra.com

[401k Investors Benefit as Mutual Fund Fees Cut in Half](#)

The latest research from the Investment Company Institute shows that 401k plan participants have incurred substantially lower fees for holding mutual funds over the past two decades, offering them higher returns and higher balances in retirement. From 2000 to 2023, the average equity mutual fund expense ratio paid by 401k investors dropped by more than half. The decrease in mutual fund fees should be contrasted against the fact that Americans are paying more for almost everything else. Source: Ici.org

[Insights From Schwab's 2024 RIA Benchmarking Study](#)

Schwab's RIA Benchmarking Study is the leading study in the industry. 1,304 advisory firms, representing \$2 trillion in AUM, participated in the 2024 study. 2024 study highlights include: Firms continued focus on growth strategies led to strong performance in 2023, talent remains a top priority for RIAs, and firms are optimizing digitization

Sponsors of defined benefit and defined contribution retirement plans should keep the following deadlines and other important dates in mind as they work toward ensuring compliance with their plans in 2024. Dates assume a calendar year plan. Some deadlines may not apply, or dates may shift based on the plan sponsor's fiscal year. Source: Berrydunn.com

[Auto-Enrollment Significantly Drives Equity in Retirement Savings](#)

Vanguard research "forcefully shows" modern plan design features like automatic enrollment promote retirement savings participation across racial and ethnic backgrounds. Source: Plansponsor.com

[Design Options: Building Strong Retirement Plans](#)

Retirement plan design is increasingly focused on getting employees enrolled sooner, keeping them in longer, and providing more options for creating income people can rely on in retirement. The design elements plan sponsors are considering include immediate plan enrollment, lowering the eligibility age to contribute, larger arrays of product sets to accommodate decumulation, and providing participants with nonguaranteed and guaranteed investments and options to support, converting their accumulated retirement savings into a paycheck in retirement. Source: Plansponsor.com

[The Five Forces Shaping U.S. Retirement](#)

Major events of the past few years -- including the pandemic, ongoing market volatility, and rising inflation -- have left many Americans feeling stressed about their financial futures. This challenging period magnifies the cracks in our retirement system. This report identifies five major trends that are shaping retirement today and points to areas where advisors can convert challenges into opportunities. Source: Blackrock.com

and client segmentation strategies to deliver high-touch service at scale.
Source: Schwab.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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