



– October 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.

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

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[Company's Retirement Philosophy and Distribution Options](#)

As qualified retirement plan sponsors consider the new distribution options from

[Saving for Retirement Can Be Challenging: Help Your People](#)

The article from Segal Consulting discusses the challenges employees face

SECURE 2.0, they should reflect on their company's retirement philosophy. This foundational understanding will guide their decisions on potential plan changes. The article identifies three distinct philosophies observed among clients regarding the implementation of these new options. Source: [Spotlightonbenefits.com](https://www.spotlightonbenefits.com)

[The Impact of Remote Work on Retirement Savings Patterns](#)

The shift to remote work has brought both challenges and benefits for employers and employees, particularly regarding productivity and accountability. However, one area that needs more focus is the impact of remote work on retirement plans and employee saving behavior. Research by firms like Morningstar indicates that physical absence from the office may affect employees' participation in employer-sponsored plans. Consequently, plan sponsors should consider adapting their retirement plans to better accommodate remote workers, enhancing goodwill and satisfaction among employees. Source: [Planpilot.com](https://www.planpilot.com)

[IRS Issues 403b Plan LTPT Guidance](#)

On October 2, 2024, the IRS issued Notice 2024-73, which offers guidance on the long-term, part-time employee (LTPT) rules for ERISA-covered 403b plans. Non-ERISA 403b plans are not affected by these rules and can disregard them. Source: [Ferenczylaw.com](https://www.ferenczylaw.com)

[Four SECURE 2.0 Provisions Plan Sponsors Are Likely to Add](#)

Fidelity Investments surveyed 2,000 clients to assess interest in the optional provisions of the SECURE 2.0 Act among plan sponsors. The survey highlighted the top four provisions that plan sponsors are keen to adopt. They are outlined in this article. It also indicated that smaller plan sponsors are likely to have the lowest adoption rates due to the increased complexity of implementing each new provision. Source: [Consultrms.com](https://www.consultrms.com)

[Savings Boost From Auto-Enrollment Wanes Over Time](#)

in saving for retirement and emphasizes the crucial role employers can play in alleviating these difficulties. It highlights that many workers struggle with financial literacy and are overwhelmed by competing financial priorities, making it hard to focus on long-term savings. Employers are encouraged to implement strategies such as providing educational resources, personalized financial advice, and robust retirement plan options to assist their workforce. The piece advocates for a proactive approach to retirement planning, underscoring the mutual benefits for both employees and employers in fostering a supportive environment for saving for retirement. Source: [Segalco.com](https://www.segalco.com)

[Navigating Roth Conversions: Why and How](#)

Roth conversions are becoming increasingly popular, but they present complexity for professionals, employers, and plan participants. To assist participants in navigating this complexity, employers and plan sponsors play a vital role by offering Roth conversion options. This flexibility allows employees to choose between traditional pre-tax contributions and Roth after-tax contributions. However, the process of Roth IRA conversions is not straightforward; it involves navigating intricate and frequently changing tax rules and regulations. As a result, employers must invest effort and resources to effectively manage the administrative challenges associated with Roth conversions, ensuring that participants can make informed decisions regarding their retirement savings. Source: [Asppanet.org](https://www.asppanet.org)

[How Long Must We Store our 401k Records?](#)

As regulatory complexities grow, maintaining detailed records for employee benefit plans is essential. The IRS and DOL have set guidelines for record retention, which apply directly to plan sponsors. While service providers may store some records, sponsors are still legally responsible for retaining all relevant documentation. Source: [Dwc401k.com](https://www.dwc401k.com)

The article from the Center for Retirement Research discusses how the benefits of automatic enrollment in retirement savings plans diminish over time. While automatic enrollment initially boosts participation rates, the effect wanes as employees become more accustomed to the system. Over time, individuals often opt out or fail to increase their contributions, leading to insufficient retirement savings. The study highlights the need for additional strategies, such as auto-escalation of contributions, to maintain high savings rates and improve long-term retirement readiness. Source: Bc.ede

[Solo 401k: The Ultimate Guide to Secure Your Retirement](#)

Retirement planning has many options, but the Solo 401k stands out for self-employed individuals. Often overlooked, this retirement plan offers benefits tailored to solo entrepreneurs and freelancers. This guide explains the Solo 401k retirement plan, its benefits, complexities, and importance for your retirement. Source: Forusall.com

[IRS Ruling on 401k Discretionary Contributions](#)

On August 23, 2024, the IRS gave its approval to a novel arrangement in which employees participating in their employer's 401k plan would be permitted to elect to allocate certain employer discretionary contributions made under such plan among various other types of employee benefits offered by the employer. The IRS determined that, as long as specified conditions are met, the proposed arrangement would not cause the various plans to run afoul of the Internal Revenue Code rules applicable to the plans. Source: Compliancedashboard.net

[How to Calculate Years of Service in your Retirement Plan](#)

One of the most fundamental requirements in managing a qualified retirement plan is counting an employee's length of service. It is the basis for determining such items as plan eligibility, entitlement to company contributions, vesting, and even retirement itself. Although this seems like a straightforward task, the rules are quite complex and create traps for the unwary. Source: Dwc401k.com, October 2024

[Adding Emergency Savings Solutions to Retirement Plans](#)

Research shows that having a liquid savings pot for immediate expenses reduces the likelihood of withdrawing from 401k plans. Saving for short-term needs can coexist with long-term savings, especially when individuals have resources to manage both. Findings indicate that those with emergency savings are over 70% more likely to contribute to their retirement plans. When combined with automatic features and behavioral nudges, this effect becomes even stronger. Source: Blackrock.com

[Retirement Income, Longevity Risk and Liquidity Needs: Striking a Balance](#)

A white paper by T. Rowe Price suggests that combining a drawdown withdrawal strategy with guaranteed income from a deferred annuity can enhance retirement income while ensuring retirees retain sufficient liquidity. As the focus of retirement discussions shifts from accumulation to decumulation, T. Rowe Price identifies retirement income as a pressing issue for the industry to address. Source: Asppa-net.org

[How to Determine Eligibility for Your 401k Plan](#)

Companies sponsoring retirement plans have considerable flexibility in defining eligibility criteria, but they must ensure that the plan documentation aligns with their goals. There are four key variables to consider. Each of these factors needs careful consideration and precise wording in the plan documents to effectively reflect

company objectives. Source:
Dwc401k.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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