



– December 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.

Happy Holidays to You and Your Family!!!

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 1st quarter 2024

– In This Month's Issue –

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[The 401k "Check Engine Lights" for Plan Sponsors](#)

Unfortunately, as a 401k plan sponsor, you don't have a plan check engine light or tire pressure light. But there are warnings "lights" that your 401k plan may have issues. To check these, you have to be proactive and look under the hood of your 401k plan. This article is all about the warning lights you need to check. Source: Jdsupra.com

[How Innovation and Optimism Are Changing the TPA Industry](#)

What are the biggest challenges facing TPAs, RIAs, and recordkeepers? And what will be most impactful from all that we're seeing on the legislative and regulatory front? This podcast features PenChecks' President and CEO, Spiro Preovolos, and Scott Okrasinski, the firm's National Sales Director, to answer these important questions and more. Source: Asppa.org

[How Social Media Influences Plan Sponsors' Communication](#)

When crafting messages for up to five generations of workers, a more succinct, informal approach can help maximize the exposure. Big, blocky chunks of text are out. Short videos and visuals that succinctly drive home a key point are in. Email may reach older generations, but Facebook, LinkedIn TikTok, or Instagram are how many younger plan participants get information. Source: Plansponsor.com

[IRS Releases Q&A Guidance on Key SECURE 2.0 Provisions](#)

The IRS has just released new guidance in the form of questions and answers addressing several key provisions contained in the SECURE 2.0 Act of 2022. IRS advises that the notice (Notice 2024-02) is not intended to provide

[New Distribution Options to Encourage Savings](#)

SECURE 2.0 includes several provisions designed to encourage workers to save more for retirement. Although it may seem counter-intuitive, one way Congress attempted to do this is by ensuring that those who do contribute have access to their accounts when they need it. To that end, SECURE 2.0 created at least four new types of distributions and made changes to several others. Source: Dwc401k.com

[SECURE Act Adds "PEP" to the Retirement Plan Industry](#)

Congress added some "PEP" to the retirement plan industry. Section 101 of the SECURE Act affects multiple employer plans and creates a new pooled employer plan (PEP) which expands the tools in a plan sponsor's toolbox of retirement plan options. Here is a review of the possible advantages of a PEP. Source: Belfint.com

[401k Loans, Hardship Withdrawals at 2-Year High](#)

Loan and hardship withdrawals taken from workplace retirement plans in the third quarter of 2023 hit their highest levels in more than two years, according to a report from Empower. Among a study of 5.3 million defined contribution workplace savers in Empower accounts, 0.8% took hardship withdrawals in Q3, and 2.6% took out loans from their savings. Those were the highest rates in the past eight quarters. Source: Planadviser.com

[Three Key Fixes in New SECURE 2.0 Technical Corrections Bill](#)

An identical discussion draft containing several technical corrections and other SECURE 2.0 clarifications was released late Wednesday by both the House and

comprehensive guidance as to the specific provisions of the SECURE 2.0 Act, but rather is intended to guide on discreet issues to assist in commencing implementation of these provisions. Source: Napa-net.org

[Gen Xers Are Really Bad Retirement Savers: Report](#)

It's a massive gap. Generation X says it will take \$1,112,183 in savings to retire comfortably, yet they expect to have \$661,013 saved. The \$451,170 difference tops the expected shortfall facing Millennials and Baby Boomers. According to a new Schroders survey, 45% of non-retired Gen Xers say they have not done any retirement planning, compared to 43% of Millennials and 30% of non-retired Baby Boomers. Source: Napa-net.org

[2023 Retirement Plan Litigation Highlights](#)

According to a recent report, from 2019 to mid-2022, over 200 class action lawsuits were filed against 401k plans, fiduciaries, and plan sponsors. Companies spent over \$150 million to settle those lawsuits. To provide plan fiduciaries with an update regarding some of the most recent litigation in the industry, this article reviews some of these lawsuits including some lessons for plan sponsors. Source: Conradsiegel.com

[New Bill Seeks to Allow Roth IRA Rollovers into Roth 401ks](#)

Legislation introduced in House would correct oversight of current law prohibiting workers from rolling Roth IRA savings into workplace-based Roth retirement plans offered by employers. Source: 401kspecialistmag.com

Senate. The bill would correct errors relating to the inadvertent annulment of pre-tax catch-up contributions in 2024, make the contribution limit for new Starter-K plans equal to the IRA contribution limit as lawmakers intended, and fix a drafting error regarding RMDs, among several others. Source: 401kspecialistmag.com

[Long-Term, Part-Time Employees IRS Proposed Regulations](#)

While the IRS uses the name "long-term, part-time employees" in the proposed regulations, these rules apply to part-time, seasonal, and other types of reduced-hours workers, and could potentially apply to even some full-time employees if a plan uses hours to determine eligibility to participate. More detailed information about the proposed regulations is included in this chart. Source: Sgrlaw.com

[The Struggles of Being a 401k Plan Provider](#)

As a plan provider, there are a lot of struggles in this business and it takes a lot of confidence to overcome them. Ary Rosenbaum says, "As someone who didn't get confidence until I got wiser and stopped listening to negative people, I can assure you that you can deal with the struggles and grow your book of business." Here are a few insights from him. Source: Jdsupra.com

[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

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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