

Defined Contribution Plans: In the News

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Overview of Our Firm

- Full-service institutional retirement consulting and advisory firm
- Specializing in all areas of retirement plan and executive benefit consulting
- Nominated for *Planadviser Magazine's* Adviser Team of the year 2006-2017
- Headquartered in the Henderson Brothers' Building, Pittsburgh, PA.
- Supported by the strength and resources of LPL Financial and Global Retirement Partners (GRP)
- LPL Financial Retirement Partners-Top 10 in the country

planadviser's 2017
TOP 100
RETIREMENT PLAN ADVISERS

Disclosure

For Plan Sponsor Use Only – Not for Use with Participants or the General Public

This information was developed as a general guide to educate plan sponsors, but is not intended as authoritative guidance or tax or legal advice. Each plan has unique requirements, and you should consult your attorney or tax advisor for guidance on your specific situation. In no way does advisor assure that, by using the information provided, plan sponsor will be in compliance with ERISA regulations.

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advisory services offered through HB Retirement, a registered investment advisor and separate entity from LPL Financial.



Recently Implemented Changes—Budget Act of 2018

- Signed by President Trump on February 9 and includes the following:
 - Extension of time to roll over plan loan offsets
 - Elimination of IRS re-characterization for Traditional to Roth IRA Conversions
 - Modifies regulations for hardship withdrawals for years beginning after 2018
 - Employees no longer suspended from making contributions
 - No longer require employees to first exhaust borrowing privileges
 - Permit a withdrawal from broader portion of the participants account balance

Proposed Legislation: Could Significantly Change the Retirement Plan Landscape

- **Retirement Enhancement and Savings Act**
 - Authorize open Multiple Employer Plans (MEPs) by allowing unrelated employers to participate in a “pooled employer plan”
 - 401k non discrimination safe harbor
 - Tax credits for small employers (100 or fewer employees) to encourage plans
 - Lifetime income in defined contribution plans

Proposed Legislation

- **The Automatic Retirement Plan Act**
 - Open MEP allowing unrelated employers to participate
 - Has bi-partisan support
 - Small employers (100 or fewer) relieved of fiduciary duties if participating in MEP
 - Retirement plan mandate: require employers to maintain a plan in which employees are enrolled at 6% of pay, with automatic escalation of 1% up to 10% of pay.



Proposed Legislation

- **Retirement Plan Simplification and Enhancement Act**
 - Correction of automatic enrollment errors within 9 1/2 months after the end of the plan year
 - Coverage of part-time employees who work at least 500 hours for three years
 - Consolidation of DC plan notices

The DOL Fiduciary Rule Saga



The DOL Fiduciary Rule Saga: The 5-part test returns

UNDER THE DEFUNCT FIDUCIARY RULE

- **Recommending investments for plans or IRAs**
- **Recommending distributions from, or rollovers to, a plan or IRA**
- **Recommendations as to the management of securities or other property, including, among other things,**
 - A person to provide investment advice or investment management services
 - Selection of account arrangement (e.g., brokerage v. advisory account)
 - Investment policies or strategies
- **Narrowing a list of possible investments from which another person chooses**

Source: ERISA Regulation Sec. 2510.3-21, Definition of "Fiduciary"

UNDER THE 1975 RULE'S FIVE-PART TEST

- **Advice or recommendations about plan investments**
- **On a regular basis**
- **Pursuant to a mutual agreement or understanding**
- **That advice will serve as a primary basis for decisions**
- **Advice will be individualized based on the particular needs of the plan or IRA**

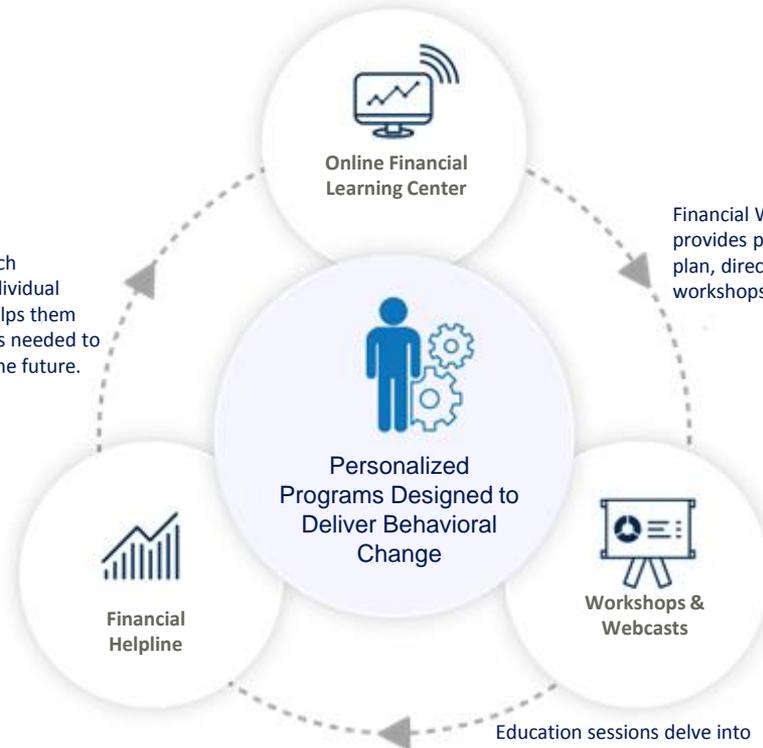
Financial Wellness

Evaluating Products in the Marketplace

Delivering an Effective Financial Wellness Program

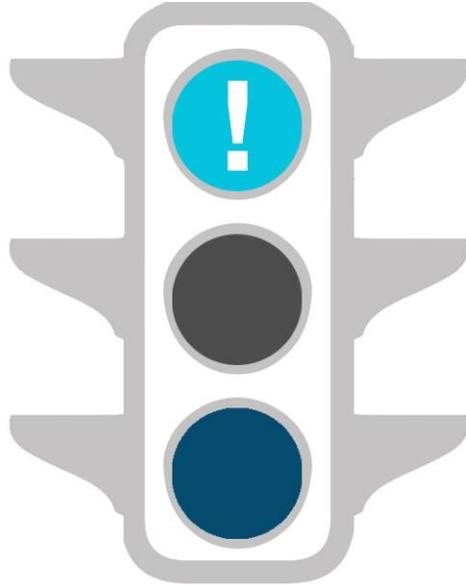
A turnkey, multi-channel, holistic approach with coordinated in-person and technology enabled learning opportunities.

Financial coach addresses individual issues and helps them take the steps needed to prepare for the future.



Education sessions delve into key financial topics and offer helpful action items to improve financial habits.

Plan Data



- Are employees retiring on time with adequate savings?
- Are participants opting out of auto-enrollment and auto-increase?
- Is there a high volume of plan-specific Web traffic or calls regarding loans, hardships, or access to money?



Employee Demographics



- Does the company have a high proportion of young employees who may have significant debt?

- Is the company in an industry (e.g. law firm or medical practice) that may hire young employees with a **significant** amount of college debt?



- Does the company have an aging population that may need assistance with tax strategies, estate planning, etc., as they approach retirement?



Corporate Culture and Philosophy



- Is a primary reason for offering a competitive benefits package to recruit, retain, and reward top talent?
- Is your company paternalistic, wanting to give employees the best opportunity for replacement income ratios that are superior to the industry?
- Are you willing to devote the time and resources to supporting a robust financial wellness program?



Five Styles of Financial Wellness Programs



Tools



Education and Literacy



Coaching and Behavioral



Services and Products



Enhanced Employee Education Programs



Considerations for Selecting a Financial Wellness Provider



Budget or Cost



Business Model



Communication Frequency



Data Reporting Capabilities



Integration with other Benefits



Financial Wellness— Request for Information

Create your own “Request for Information”

Pick and choose from the questions compiled below to create your own customized Request for Information to collect responses from your short list of financial wellness providers to enable you to compare their responses to assist you in making an informed choice. While the considerations listed here can get you thinking about what will be most effective for your workforce, it is not meant to be an exhaustive list.

Budget and Cost

- How is the program priced? Per eligible, per employee, or per enrollee?
- How can the fees be charged? To enrollees directly? To the employer?

Business Model

- How many years have you been in business? How many people are currently enrolled in your program?
- What are your current participation rates?
- How do you earn revenue now? What are your plans (if any) to expand or explore different revenue streams going forward?
- Will employees have the ability to speak with an actual person? Do you offer services such as a call center staffed with CERTIFIED FINANCIAL PLANNER® practitioners?

Communication

- Is there a website for employees? Can it be customized for our employees? Do you offer an app that enrollees can access on a smartphone or tablet?
- How do you typically communicate with enrollees? How often? How many formats is your education available in? Do you offer the ability to coordinate your messaging with our own communications?
- If employee information is included in data feeds to/from the provider, what security measures are in place to protect it?

Data Reporting

- What level of reporting can you offer the employer?
- Can you provide reporting that demonstrates the effectiveness of the program? Is there any additional cost for reporting?

Integration With Other Benefits

- What systems do you have in place to integrate the program with our existing benefits offerings?
- Can you communicate directly with our retirement plan provider or recordkeeper?
- Can you demonstrate how your financial wellness program will align with our retirement plan and other benefit plans?

For more information,
please contact HB Retirement at (412) 261-3333.



HENDERSON



THANK YOU

BROTHERS