



## – November 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.

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## – In This Month's Issue –

### Quick Links

- [How 401k Recordkeeper Consolidation is Helping RPAs Grow](#)
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#### [How 401k Recordkeeper Consolidation is Helping RPAs Grow](#)

In a recent RFP for an \$80 million defined contribution plan, service

#### [MEPs and PEPs in the Pooled Marketplace](#)

The article discusses the differences between Multiple Employer Plans and

issues arose after the acquisition of the previous recordkeeper, leading to the exclusion of the current Retirement Plan Advisor from the final selection. Past experiences with acquisitions have shown mixed outcomes for plan sponsors, with few reporting positive integration experiences or immediate service improvements, even with better technology. The recordkeeping industry features around 40 national firms and many local ones, indicating that smaller companies may face acquisitions. While industry consolidation poses challenges, it also presents opportunities for experienced RPAs, highlighting the importance of being proactive in navigating these changes. Source: Wealthmanagement.com

### [Three Data-Driven Trends in Retirement Plan Management](#)

The 2024 Morgan Stanley Retirement Plan Survey indicates that as retirement plans and financial markets evolve, plan sponsors are under increasing pressure to provide comprehensive benefits packages. The survey shows that these sponsors are increasingly seeking professional guidance to better align with company goals and support plan participants. Key findings highlight a shift in focus toward restructuring consultant relationships, expanding investment options, and improving participant education, emphasizing the critical role of professional expertise in enhancing retirement offerings. Source: Plansponsor.com

### [Spending Retirement Savings is Keeping Americans Up at Night](#)

According to the Alliance for Lifetime Income's 2024 Protected Retirement Income and Planning Study, nearly 46% of American retirees experience anxiety over spending their savings, and 32% are depleting their funds faster than expected. The study, which surveyed 2,516 individuals aged 45-75, identifies inflation (82%) and healthcare costs (70%) as primary concerns affecting retirees' spending and saving. Many retirees lack a clear strategy for withdrawing savings or generating income in retirement, with

Pooled Employer Plans in the context of retirement savings options for small businesses. It outlines the benefits and features of each plan type, highlighting how they allow multiple employers to participate in a single retirement plan, which can reduce administrative burdens and costs associated with offering retirement benefits. The article touches on regulatory considerations, potential advantages for small businesses, and the evolving landscape of retirement plan options as they seek to enhance employee benefits and encourage retirement savings. Source: Planadviser.com

### [Securing Retirement: 2025 Trends in DC Retirement Income Solutions](#)

The executive director of the IRIC outlines expectations for defined contribution plans in 2025, emphasizing their evolution due to demographic changes, technological progress, and regulatory adjustments. With uncertainties surrounding Social Security, longer life expectancies, and the decline of traditional defined benefit plans, generating retirement income from DC plans is increasingly important for policymakers, employers, and participants. Key trends anticipated for 2025 will significantly influence retirement income strategies for millions of Americans. Source: Plansponsor.com

### [Understanding When a Retirement Plan Audit Is Required](#)

To demonstrate fiduciary responsibility and avoid fines, it's crucial for retirement plans to understand when audited financial statements are required with Form 5500. Starting from plan years beginning on or after January 1, 2023, a plan is considered a "large plan" and requires an audit if it has 100 or more participants with account balances at the beginning of the plan year. For plans initiated during the year, the audit requirement is based on the number of participants with account balances, triggering the audit if that number exceeds 100. This article provides a quick overview of the requirements. Source: Withum.com

only 32% having a specific income plan. Source: Prnewswire.com

### [Avoiding 401k Problems With Former Employees](#)

The author reflects on his experience as a former employee to explain why his employer avoided hiring staff for their law firm. Additionally, his employer identified a potential liability risk for 401k plan sponsors involving former employees who still have account balances in the plan. To minimize this risk, the author recommends encouraging these former participants to roll over their balances or cash them out if they qualify under the cash-out provision. For more details, the full publication is available here for review. Source: Jdsupra.com

### [Form 1099-R Distribution Codes for Defined Contribution Plans](#)

Form 1099-R must be issued by January 31 of the year following the distribution. The accompanying image outlines the most commonly used boxes on the form and provides explanations specifically for distributions from defined contribution plans. Source: Dwc401k.com

### [IRS Releases Guidance on Overpayments From 401k Plans](#)

On October 15, 2024, the IRS issued Notice 2024-77, which outlines new rules for correcting overpayments from retirement plans, including 401k plans, under the SECURE 2.0 Act. This guidance clarifies situations in which plan sponsors can correct inadvertent benefit overpayments made to participants without needing to recoup those amounts or make corrective payments, a shift from the previous requirement that sponsors attempt recoupment to avoid potential plan disqualification. Source: Compliancedashboard.net

### [Developing an Investment Policy Statement for Retirement Plan Sponsors: Video](#)

An investment policy statement is a formal document that explains the guidelines and procedures for how to manage an organization's investment

### [Prepare for Upcoming Changes to Retirement Plans for 2025](#)

The SECURE 2.0 Act of 2022 introduced major changes to retirement plans, with some already implemented by service providers and others set to take effect in 2025. Employers must comply with these changes as they come into effect, but the IRS has allowed an extended deadline for adopting amendments to reflect the changes until the end of the 2026 plan year for many employers. This article outlines some of those changes. Source: Wagnerlawgroup.com

### [2024 Defined Contribution Consultant Study](#)

T. Rowe Price's fourth annual Defined Contribution Consultant Study gathered insights from the defined contribution consultant and advisor community regarding current retirement perspectives. The study, conducted from January 12 to March 4, 2024, involved 35 leading consultant and advisor firms, which together manage over \$7.5 trillion in assets. Key findings continued to highlight areas such as target date solutions, retirement income, investment trends, and financial wellness programs. New topics introduced this year included managed accounts, alternative investments, and comparisons of active versus passive management strategies. Source: Troweprice.com

### [Retirement Plan Amendments and 2024 Year-End Action Items](#)

The notice advises plan sponsors to prepare for 2024 IRS year-end amendments and outlines key action items. This includes amendments related to qualified plans, catch-up contributions under the SECURE Act 2.0, and the IRS final rule regarding required minimum distributions after death. The advisory emphasizes upcoming deadlines for amending qualified retirement plans and encourages plan sponsors to review other important considerations. Source: Alston.com

portfolio. For retirement plan sponsors, this important plan document is part of creating a sound investment policy. In this video, learn about IPS development and the role an IPS can play in your risk management process. Source: Captrust.com

#### [Understanding the New Super Catch-Up 401k Rule](#)

The Super Catch-Up 401k rule is a new legislative provision designed to help individuals aged 60 to 63 significantly boost their retirement savings by allowing them to contribute more to their 401k plans beyond the standard limits. This rule expands on the existing catch-up contributions available for those 50 and over. This is an overview of the new rule. Source: 401khelpcenter.com

### **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)

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