August 2025

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

Trump Executive Order Paves Way for Crypto in 401ks

Implications of Demographic Shifts for Retirement Plan Sponsors

President Donald Trump signed an executive order on August 7 that enables U.S. citizens to invest their 401k retirement savings in alternative assets like cryptocurrency, private equity, and real estate. The executive order directs the DOL and other agencies to review and clarify guidelines on these investments within 180 days. It also tasks the DOL with evaluating fiduciary responsibilities related to alternative asset investments in ERISA-governed 401k and other defined-contribution plans, prompting caution from employers regarding the implications of such changes. Source: Shrm.org

[The No. 1 Risk to Retirement and One Way to Guard Against It]

Future retirees often envision endless golden years, but the reality of longevity can pose significant risks. David Blanchett, head of retirement research at PGIM DC Solutions, emphasizes that the primary risk in retirement is longevity risk--the chance of outliving one's savings. While it may seem like a positive issue to have, it can create substantial anxiety for both financial advisors and their clients. The article offers strategies to help clients manage longevity concerns, ensuring they can enjoy a secure retirement regardless of its duration. Source: Journalofaccountancy.com

[The Rise of CITs: What ERISA Plan Fiduciaries Should Know]

Collective Investment Trusts have gained popularity among fiduciaries of ERISA plans who are looking to reduce investment management fees. But what exactly are CITs, and what considerations should fiduciaries keep in mind before investing in them? In this article, attorney Michael T.Joliat delves into the distinguishing features of CITs compared to other investment vehicles and provides a framework for evaluating their suitability for inclusion in ERISA plans. Source: Ifebp.org

[Big Catch-Up Contribution Changes Coming in 2026]

Starting January 1, 2026, new regulations will impact catch-up contributions for Highly Paid Individuals under SECURE 2.0. HPIs contributing to 401k, 403b, or governmental 457b plans will be required to make catch-up contributions on a Roth basis. While the Internal Revenue Service has released proposed regulations to guide plan sponsors on these changes, final regulations have yet to be issued. In the interim, plan sponsors are advised to adhere to the proposed regulations in good faith. Source: Ferenczylaw.com

[Managing Retirement Plan Litigation Risk: Know Your IPS]

Diana Schneider from Massachusetts Mutual Life Insurance Company discusses how shifting demographics in the U.S. are impacting retirement planning and the role of plan sponsors. She notes that increasing longevity and generational behavior changes are reshaping attitudes towards aging and careers. Schneider identifies three key implications for employers regarding these evolving retirement dynamics. These insights suggest that plan sponsors need to adapt their strategies to better support participants in retirement planning as the nature of retirement continues to change. Source: Plansponsor.com

[Selecting Plan Features That Appeal to Younger Employees]

Company culture and workplace benefits are evolving to meet the needs of younger generations in the workforce. To attract and retain young talent, companies must adapt their benefit programs, particularly in the area of company-sponsored retirement savings plans. Younger workers are increasingly reliant on their savings for financial security, rather than relying solely on Social Security. Additionally, they value features that address their specific needs, like student loan debt assistance, and investments that align with their social values. Recommendations are provided for benefits that would appeal to this demographic. Source: Planpilot.com

[What's the Alternative(s)? Nevin Adams and Fred Riesch Podcast]

On August 7, President Trump issued an executive order directing the DOL to reconsider barriers preventing defined contribution plans from accessing alternative investments. The order specifically calls for a reevaluation of the guidance on fiduciary duties related to alternative asset investments in ERISA-governed plans, such as 401ks and 403bs. This move is viewed as a push to encourage the inclusion of alternative assets in these retirement plans. In this podcast, Nevin & Fred check it out and the implications. Source: Napa-net.org

[Selecting Annuity Providers for Retirement Plans: Tips for Success]

When a plan administrator chooses an insurer to offer annuities for a retirement plan governed by ERISA, this decision is considered a fiduciary act that must be carried out with prudence. Errors during this process can lead to substantial liability for the plan administrator and threaten the security of retirees. This article outlines how to utilize existing guidance and provides practical advice on how to properly document and defend your selection process. Source: Bradley.com

A recent court case, Macias v. Sisters of Charity of Leavenworth Health System, highlights the importance for retirement plan sponsors to adhere strictly to their Investment Policy Statements. The Colorado federal district court denied the defendants' motion to dismiss the case, which was based on claims that they failed to evaluate the performance of their plan's investments annually as required by the IPS. This ruling emphasizes the need for plan sponsors to not only document their investment strategies in writing but also ensure they follow through on them to mitigate legal risks. Ultimately, even if sponsors believe they might win a case, the costs of litigation often lead to settlements, making adherence to processes critical to reduce potential liabilities. Source: Benefitsnotes.com

[Coming Soon to Your 401k Plan: Tontines and Other Exotic Investments]

Participants in 401k and other DC retirement plans may soon have access to high-risk, potentially high-return investments following President Trump's Executive Order 14330, issued on August 7, 2025. This order aims to "democratize" investment opportunities and directs the Secretary of Labor to clarify guidelines on alternative assets and the fiduciary processes for offering such investments under ERISA. There is debate about the suitability of alternative assets for 401k and defined contribution plans. Nevertheless, investment fiduciaries must prioritize the prudent evaluation and documentation of these assets when considering them for participants in ERISA-governed retirement plans. Source: Verrill-law.com

[Plan Design That Works: Why 401k Participants Are Saving Smarter]

Vanguard's latest "How America Saves" report highlights positive trends in retirement saving among participants, attributing these improvements to intentional plan design choices. The report reveals that smarter design leads to increased savings, better engagement, and enhanced retirement resilience. Key strategies include automatic savings increases, default enrollments in professional management, and access to both pre-tax and Roth options. This proactive approach benefits participants and ultimately reduces fiduciary risk for plan sponsors, as better outcomes lead to fewer legal challenges and complaints. Overall, a well-designed retirement plan creates a win-win situation for both employees and sponsors.
Source: Jdsupra.com

[IRS Issues Proposed Automatic Enrollment Guidance]

The IRS recently released proposed guidance regarding the automatic enrollment requirements introduced by SECURE 2.0 for new 401k and 403b plans established after December 29, 2022. This guidance, referred to as "Mandatory Auto Enroll," mandates that employers automatically enroll employees at a minimum rate of 3% of their compensation, with annual increases of at least 1% up to a cap of 10%. Since the original legislation lacked detailed operational specifics, this IRS Guidance aims to clarify those details. However, it's important to note that the guidance is still in proposed form, and changes may occur before it is finalized.
Source: Legacyrsllc.com

[Things I Worry About: ESG and the Political Back-and-Forth at the DOL]

This article highlights the ongoing political struggle between Republican and Democratic administrations regarding investment selection factors for retirement plans, such as economically targeted investments, socially responsible investments, and environmental, social, and governance criteria. Historically, this tug-of-war was expressed through sub-regulatory guidance, which reflected each administration's views but lacked legal authority. However, during the first Trump administration, a binding regulation was implemented that opposed ESG considerations. Despite these political maneuvers, Reish reminds fiduciaries that their primary responsibility remains to act in the best interests of retirement plan participants.
Source: Fredreish.com

[Executive Order Clears Path for Alternative Assets in 401k Plans]

On August 7, 2025, President Trump signed an Executive Order aimed at increasing access to alternative assets for 401k plan investors. While the Order allows the DOL to provide guidance on these matters, it is viewed as unlikely to fulfill the Order's objectives. A formal rule, which would involve a comprehensive notice-and-comment process and be subject to greater judicial scrutiny, would be more effective. As a result, plan fiduciaries would prefer a regulatory safe harbor over mere guidance to reduce liability concerns. Source: Debevoise.com

Western Benefits & Pension Council
Please visit **westernpension.org** for all current and upcoming programs.

Small Business Council of America
Please visit the Small Business Council of America (SBCA) website at **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: **lwarner.com**.

WPBC
Please find all the upcoming panel and speaking events for Western Pension and Benefits Council at: **westernpension.org**.

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