September 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

Final Catch-Up Contribution Rule Provides Some Relief

Retirement Trends Advisors Can't Ignore: Research

The final rule does not extend the effective date for the Roth catch-up contribution requirement for plans, except for multiemployer plans. For other plans, participants earning over $145,000 from their 2026 employer in 2025 must make all catch-up contributions in 2026 as Roth contributions instead of pre-tax contributions. Until the final rule is enacted, plans must comply with SECURE 2.0 using a reasonable, good-faith interpretation, and following the final rule will be considered such an interpretation.
Source: Segalco.com

Private Equity in DC Plans: Prioritizing Expertise Over Exuberance

Private market assets are increasingly being integrated into defined contribution plans due to changing regulatory guidelines. These assets, including private equity, private debt, real estate, and infrastructure, offer attractive potential returns but also present challenges such as illiquidity, high fees, and complex management selection. The risks include possible underperformance and increased litigation. This paper examines recent developments that tackle these investment and operational issues, enhancing the feasibility of private markets, particularly private equity, for DC plan sponsors. It covers the entire investment process, including asset allocation, portfolio construction, implementation, and manager selection.
Source: Nepc.com

Industry Best Practices and Procedures for Roth Catch-Up Contributions

Final regulations regarding Roth catch-up contribution rules were released on September 15, 2025, and will take effect in 2027. In the interim, plans are expected to follow a reasonable, good faith interpretation of Section 603 for the year 2026. This document provides best practices, along with designated roles and responsibilities, to ensure compliance with the Roth catch-up contribution requirements, with the goal of streamlining complex processes and fostering consistency across the industry.
Source: Sparkinstitute.org

What Happens When Default Rates Are High?

Researchers, including David Laibson from Harvard University, studied the impact of default savings rates on retirement outcomes by examining employees at a U.K. firm with a 12% default rate. They found that while 75% of employees opted out, 25% remained at the 12% savings rate, notably including many lower-income employees. Laibson suggests that these findings indicate the

Workplace savers are increasingly confident about their retirement prospects, but plan sponsors do not share the same optimism, highlighting a growing disconnect. This divide is influenced by economic uncertainty, longer lifespans, and insufficient portfolio growth, leading savers to save less while retirement costs continue to rise. Many savers express concerns about their future financial security, and retirees echo these worries. Advisors are positioned to help bridge this gap by addressing the differing perspectives. Source: Blackrock.com

Market Volatility Has Not Slowed 401k Growth

A report by the Investment Company Institute and the Employee Benefit Research Institute highlights significant growth in retirement savings from 2019 to 2023, despite market downturns in 2022. The study, which analyzed 2.7 million workers with 401k accounts, found that the average account balance increased from $82,274 in 2019 to $148,092 in 2023, representing a compound annual growth rate of 15.8%. The median balance also grew substantially, rising from $23,468 to $58,898, marking a 25.9% annualized increase. Notably, younger participants, especially those in their 20s and 30s, experienced the largest percentage increases, with 20-somethings seeing an impressive annualized growth rate of 56.1% due to contributions relative to their smaller starting balances. Source: Planadviser.com

Safe Harbor 401k Plan: 2025 Trends to Know

Safe Harbor 401k plans are increasingly popular among businesses as a reliable and advantageous retirement option. These plans allow employers to bypass certain IRS compliance tests while providing competitive benefits. With new incentives, features, and concerns about economic conditions and state regulations, Safe Harbor plans are viewed as a strategic tool that not only enhances employee engagement but also boosts business profitability, making them a preferred choice for many employers. Source: Myubiquity.com

2025 Statistics for 401k Plan Benchmarking

Benchmarking employee benefits plans allows companies to evaluate their offerings against others, revealing trends in recruiting and retention while highlighting areas for improvement in plan design. This process goes beyond fiduciary concerns, encompassing aspects like deferrals, participation rates, and overall competitiveness of the 401k plan. The article includes links to various benchmarking statistics from 2025 surveys to aid in this evaluation. Source: Ifebp.org effectiveness of high default savings rates but also highlight the need for a more individualized approach to retirement plans. Source: Plansponsor.com

U.S. Retirement Assets Back to Setting Record Highs in Q2: ICI

Total U.S. retirement assets reached a record high of $45.8 trillion as of June 30, 2025, representing a 6% increase from the end of Q1. This growth is attributed to strong stock market performance, with the S&P 500 rising nearly 11% and the Nasdaq Composite increasing almost 18% during Q2, alongside disciplined saving behavior and continued investments. Retirement assets now account for 34% of all household financial assets, despite earlier market volatility and tariff concerns. Source: 401kspecialistmag.com

Evaluating Auto Rollover IRA Providers

A recent article promoting auto-portability compared "traditional" automatic rollover IRAs to a landfill where those small balances languish and go unclaimed by accountholders. The "traditional" label was used to distinguish those automatic rollover IRAs from the auto-portability process. However, the auto-portability process also uses automatic rollover IRAs. To avoid being a landfill where small balances languish, automatic rollover IRAs should be assessed based on three criteria: minimal fees, a reasonable rate of return, and accessible information for better financial decision-making. Source: Penchecks.com

The 2025 Advisors' Choice Top Recordkeepers

Which recordkeepers truly excel in the industry? Who offers the most exceptional services, support, products, and processes? Advisors, with their broad experience across different market segments and plans of varying sizes, are uniquely qualified to assess the wide array of available options. NAPA reached out to advisors to evaluate various service categories across five distinct market segments. They were asked to provide their insights solely on the services relevant to their target markets and to rate them on a five-point scale, ranging from "world-class" to "functional" and "needs work." Based on their evaluations, NAPA identified the top five recordkeepers in each of the five market segments categorized by size. Source: Napa-net.org,

Inherited 401k rules: What Beneficiaries Need to Know

When you inherit a 401k from a loved one, understanding how to manage it can help you honor their memory effectively. Your options for the account depend on your relationship with the deceased, as different rules apply. Being aware of the regulations surrounding inherited 401ks can help you avoid unnecessary taxes and penalties. If the 10-year rule applies to your situation, it's important to stay informed about key deadlines to maximize the benefit from the inheritance. Source: Bankrate.com

A New Look at Designing ERISA Retirement Plans

In recent decades, private-sector employers have moved away from traditional DB plans that provided guaranteed lifetime income, opting instead for DC plans that focus on asset accumulation. This transition has reduced employer liabilities but left many retirees struggling to convert their savings into a reliable income. Although retirees value lifetime income options, attempts to integrate insured income products into DC plans have faced challenges. As workforce demographics and retirement expectations change, there is a need for new retirement plan designs that provide predictable lifetime income for retirees while managing risks for employers. However, the ERISA DB-DC classification requirement can hinder innovative plan designs, especially when a plan doesn't fit neatly into either category. Source: Actuary.org

Lessons From Alternative Mutual Funds for 401k Advisors

A Morningstar report by Jeffrey Ptak examines the performance of mutual funds in the private market and its implications for 401k investors. The report highlights a significant decline in alternative mutual funds since 2015, with only 341 remaining out of 1,345, resulting in a 75% mortality rate over the past decade. While alternative asset managers are promoting private market investments for retirement plans, Ptak cautions about the potential drawbacks of offering these funds to 401k investors and provides recommendations for retirement plan advisors. Source: 401kspecialistmag.com

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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