December 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.

Happy New Year!

2026 IRS Limits for Retirement Plans have been Released, Please See Link Below

"2026 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 --

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How to Prepare for 401k Compliance Testing: Five Key Areas

As the new year begins, business owners should focus on organizing their retirement plan reporting. It's time to inform your third-party administrator about any business changes from the previous year and provide complete employee census data for 401k compliance testing. While the information requests may seem repetitive, it's crucial to answer them thoroughly. Incomplete or incorrect data can impact test results, potentially leading to complicated corrections and penalties. Ensure your retirement plan is secure and compliant by providing your TPA with the necessary information to avoid issues during an audit.
Source: Watkinsross.com

401k Auto-Features Aren't Set-It-and-Forget-It

Auto-enrollment and auto-escalation are popular tools in the retirement plan industry, appreciated by plan sponsors for simplifying participant engagement and increasing savings rates. While they may give an impression of effortless progress, relying on these features without active management can lead to serious fiduciary risks. Despite their effectiveness in enhancing participation and outcomes, seasoned plan sponsors recognize that retirement plans require continuous oversight and cannot be treated as entirely self-sufficient solutions. Source: Jdsupra.com

How to Talk to Participants About Cybersecurity

As we approach 2026, cybersecurity in retirement planning is emphasized as a shared responsibility among plan sponsors, advisers, recordkeepers, and participants. Sastry Durvasula from TIAA stresses that preventing fraud is a collective effort, while Luke Delorme from Tableaux Wealth highlights the individual responsibility in safeguarding assets. To better inform participants, Durvasula insists on the importance of communicating the evolving nature of digital scams, which now include not just common phishing emails but also sophisticated AI-generated deepfake scams that can deceive even savvy individuals.
Source: Plansponsor.com

Government Charts New Course in ERISA Retirement Space

On December 9, 2025, the U.S. Solicitor General and the DOL submitted an amicus brief in the case of Parker-Hannifin Corporation, et al. v. Johnson, et al., urging the Supreme Court to review Parker-

Required Amendments List for Qualified Plans and 403b Plans

On December 4, 2025, the U.S. Treasury Department and IRS released Notice 2025-60, which includes the Required Amendments List for 2025 concerning qualified defined benefit and defined contribution plans, as well as 403b plans. This RA List details the amendments that must be made in response to legislative and regulatory changes applicable to both individually designed and pre-approved plans. Each year's RA List consists of updates for which the IRS has issued guidance or does not anticipate needing guidance, and it outlines compliance requirements for the calendar year in which it is published. Source: Milliman.com

How Do State Auto-IRAs Affect Adoption of Employer Plans?

According to this paper, State auto-IRA initiatives have expanded opportunities for many additional workers to save through payroll deductions in two ways: by participating in the newly established auto-IRAs and by increasing the adoption of employer-sponsored retirement plans. The paper is structured as follows: The first section offers an overview of state auto-IRA programs. The second section outlines the data and methodology employed to assess the impact of these programs on the proportion of employers providing their own retirement plans. The third section presents the findings of the analysis. Finally, the concluding section highlights that state auto-IRAs have encouraged a greater number of employers to establish their own retirement offerings. Source: Bc.edu

Employee Participation in 403b Plans Jumps for 2024

Research from the Plan Sponsor Council of America indicates a significant increase in employee participation and the adoption of automatic features in 403b plans for 2024. The survey found that the percentage of eligible employees with an account balance rose by five points to 85.1%. Additionally, contributions from employees increased to 78.3%, up from 73.7% the previous year. Employees continued to defer an average of 6.7% of their gross annual pay, while employer contributions slightly increased to an average of 5.4%, resulting in a combined savings rate of 12.1%.
Source: 401kspecialistmag.com

403b Plans Continue Rapid Modernization: Survey

Hannifin's petition for certiorari. The petition challenges the Sixth Circuit's decision, which stated that a meaningful benchmark is not necessary to plead a fiduciary breach claim under ERISA concerning underperforming, high-fee investments in a 401k plan. The government's brief contends that the Sixth Circuit's ruling is incorrect and highlights two main errors in the decision.
Source: Millerchevalier.com

Bringing Alternatives to DC Plan Participants Tops 2026 Regulatory Priorities

During the first year of Trump's second term, the administration focused on key appointments and a government shutdown. Looking ahead, experts expect a busy year for the SEC and the DOL, particularly in expanding access to private markets. Trump signed an executive order to "democratize access to alternative assets" for 401k plans, including private equity and digital assets. The DOL is tasked with creating guidance by February 3, 2025, to amend current policies and address litigation concerns under ERISA. Despite the legality of including alternative assets in retirement plans, plan sponsors remain cautious due to fears of litigation and issues regarding fees, liquidity, and transparency.
Source: Wagnerlawgroup.com

Participants' Credit Card Debt Reduces Retirement Funding

A study by J.P. Morgan Asset Management reveals that nearly half of retirement plan participants are burdened by credit card debt, leading many to take loans against their future savings. The "Retirement by the Numbers" report analyzed data from 16,000 defined contribution plans and over 12 million participants, highlighting the correlation between high credit card balances and lower contribution rates and account balances. This debt impacts retirement readiness, decreasing it by up to 40% for older participants. Source: 401kspecialistmag.com

Recordkeepers Prepare for Next Year's "Roth-Only" Catch-Up

Starting in 2026, individuals aged 50 and older who earned at least $150,000 in the previous year will be required to make catch-up contributions to their 401k, 403b, and 457b plans as Roth contributions. While this change may increase immediate tax revenue for the federal government, it introduces significant complexity for recordkeeping firms, as they navigate a new compliance landscape created by these requirements. Plan sponsors and payroll providers will likely take the initial steps to adapt, but the burden of compliance will increasingly fall on recordkeepers. Source: Planadviser.com

PSCA's 2024 survey of 303 nonprofits shows significant modernization in 403b plans, with sharp increases in employee participation, Roth options, and automated features like auto-enrollment and escalation. SECURE Acts 1.0 and 2.0 accelerated these changes, making 403b plans resemble 401ks and driving record savings rates. Article contains survey details.
Source: Psca.org

401k Investing: ESG, Crypto and Fiduciary Risks

The increasingly politicized environment has made 401k investment guidance unpredictable, with regulations shifting whenever a new administration takes office. This constant change creates uncertainty and imposes costly administrative burdens on plan sponsors and fiduciaries striving to remain compliant. So, what's the best path forward? This article explores practical strategies for plan sponsors to navigate these challenges. Source: Phillipslytle.com

Benefits: 2025 Highlights and 2026 Outlook

Employers across the United States experienced significant legislative, regulatory, and judicial changes in the benefits landscape throughout 2025, developments that will shape plan sponsor and fiduciary strategies in 2026. This year brought notable advancements in employee benefits, and this article highlights the key trends from 2025 while offering a forward-looking perspective for the year ahead. Source: Mayerbrown.com

IRIC Forecasts Retirement Trends to Watch in 2026

The Institutional Retirement Income Council forecasts that next year will see a significant shift toward broader adoption of in-plan retirement income solutions, driven by growing interest in retirement income innovation. In 2025, the industry focused on laying the groundwork through options like target-date funds, annuity marketplaces, systematic withdrawal programs, managed accounts with income features, and middleware integrations. By 2026, consultants and advisers are expected to implement standardized fiduciary evaluation frameworks to help plan sponsors assess, compare, and adopt these features.
Source: Plansponsor.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**.

Editor
This newsletter is compiled and edited by Ala Smochinsky. Please direct any comments to the Editor: **asmochinsky@lwarner.com**.

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