We reached out to Plan Sponsors and asked them about challenges they face, problems they approach, and questions they have. Then our panel of experts addressed these concerns with simple, straightforward solutions. Take a look inside for advice from the experts!
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Fall 2015
Welcome to the Fall 2015 Issue of Confero

This Fall marks a special occasion for Westminster, as we are celebrating the third year of publishing Confero. For three years, we have done our best to bring you relevant, important, and interesting content through our magazine, and we hope to continue this through the 12th Issue of the magazine.

This issue, however, we are trying something fresh and new, to make sure that we continuously hit home on what matters most to our readers; we reached out to you all in search of questions, challenges, and problems you face every day. In Issue 12, we addressed these questions by sending them on to experts in the field in search of answers.

We wanted to showcase the best industry expertise through professional answers to real challenges that plan sponsors and committees face every day – and we hope that the Fall 2015 Issue will help readers feel better equipped to handle the complex and ever-changing landscape around qualified plans.

In the pages that follow, you will find recommendations and advice on topics such as plan assets, plan sponsor checklists, the new fiduciary standard, HSA plans, participant engagement, Tibble vs. Edison, non-profit plans and more. If you have additional questions after reading through, please send them our way so that we can address them and continue to better serve the plan sponsor community. Questions or challenges can be sent to tfzamiara@westminster-consulting.com, and may be featured, anonymously of course, in future editions of Confero.

Please note that the responses given by panelists in this publication are general information and are not intended as legal advice, nor should you consider them as such. You should not act upon this information without seeking professional consent.

Sean D. Patton
Partner

Thomas F. Zamiara
Partner
“For a plan that terminates and that requires spouse consent, what are the plan sponsor’s options in the case of a spouse who refuses to sign consent? Is the plan never able to distribute all assets because of this?”
Addressed by panelist Marcia Wagner

“A big topic of conversation these days is the Tibble vs. Edison case. I am a committee member, and although I know this court decision is important, I am wondering how it really impacts me, and how I will be affected?”
Addressed by panelist Alan Hahn

“My current advisor is a broker. With all the noise out there regarding the new fiduciary standard, is our relationship going to change? What questions should I be asking?”
Addressed by panelist Michelle Capezza

“We need help engaging remote employees in our communications efforts. We hold webinars on plan education for our large employee population residing across the country and working remotely, and attendance is consistently very low. Any out of the box ideas on how to engage remote employees?”
Addressed by panelist Kara Segreto

“We were late with a few employee deferrals over the last couple of years. Our colleague suggested we consider filing a VCP (Voluntary Correction Program) to own up to the error. What do you think about this? What should we do?”
Addressed by panelist Richard Schwartz

“With so much changing in the environment around retirement, what do you think are the three biggest trends in 401K investment? How should we prepare for and keep relevant with these trends?”
Addressed by panelist Meredith Wolff
"What would be your checklist or questionnaire that plan sponsors should review that can help us develop good practices and avoid unnecessary liability in our stewardship of retirement plans for our employees?"
Addressed by panelist Marcia Wagner

"A challenge that we have is engaging participants in plan education. Each year we hold on site seminars for our employees who work at headquarters. This year the attendance was rather poor – what are your suggestions on how to involve and educate on-site participants on plan information?"
Addressed by panelist Kara Segreto

"Each year we struggle with setting the economic assumptions used for determining our pension expense and disclosure. Can you discuss what procedures should be used for setting the assumed rate of return on assets? Are there alternatives available when selecting the discount rate to be used for determining liabilities? If so, what documentation or process would be required to support the selection?"
Addressed by panelist Robert Danesh

"I am a plan sponsor and have been tasked with deciding if we should offer an HSA alongside our 401k. I am not terribly familiar with how an HSA works but, have heard it referred to as a “401k for health care”. What should I know about HSAs?"
Addressed by panelist Ryan Tiernan

"Our committee meets regularly, and it is always a problem taking minutes – we are not sure what exactly to include, who should be note taking, etc. What are the basic rules we should follow when taking minutes? Is there a basic template that we should follow?"
Addressed by panelist Richard Schwartz

"We have advocated for continued adoption of automatic features (auto-deferral, auto-increase) for employer sponsored retirement plans. What sort of trends are you seeing with your clientele? Are some automatic features more common than others? What sort of reasons are you noticing for those clients who have avoided automatic features? (Are they too paternalistic, or expensive?) Finally, what, if anything, are you doing as a recordkeeper to improve participant outcomes using automatic features?"
Addressed by panelist Dave Gray
Ryan Tiernan
Panelist
Ryan Tiernan is a Senior HSA Consultant at Access Point HSA. Mr. Tiernan founded Access Point, an HSA consulting and distribution company in 2015 while being a member of the retirement and investment community for over 15 years.

Ryan holds a B.S. with honors from the School of Public Health at the University of Massachusetts at Amherst. He is also a member of the Investment Management Consulting Association and The Society of Human Resource Management.

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Lindsay Igoe
Editor, Graphic Designer
Lindsay is an undergraduate student at Syracuse University studying public relations at the S.I. Newhouse School of Public Communications. She has minors in marketing, geography, and sociology and is in the Fashion and Beauty Communications Milestone Program. Lindsay is interning at Westminster Consulting for Summer 2015.

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Sean is a graduate of the University of Dayton, and earned his designation of Accredited Investment Fiduciary (AIF®) from the Center for Fiduciary Studies (in association with the University of Pittsburgh). In 2009, 401kWire named Sean one of the 300 Most Influential Advisors in Defined Contribution. He is a member of the Goldman Sachs Retirement Advisor Council and the Blackrock DC Leaders Circle. In addition, he is the President of the Board of Directors for Camp Hacciana, a Rotary Camp for individuals with disabilities.

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Tom is a founding partner of Westminster Consulting and today serves as the managing partner where he currently works with corporate, non-profit and foundation clients.

Tom began his career in the financial services industry managing the fixed income desk of the Regional Institutional Sales Group for the Lehman Brothers division of Shearson in Rochester NY. In 1994, he joined Prudential Securities, Inc. and helped develop the Private Client Group and Qualified Plan Consulting Group practices.

A graduate of Boston College, Tom also attended The Wharton School at the University of Pennsylvania where he earned his Certified Investment Management Analyst (CIMA®) certification as well as the University of Pittsburgh’s Katz School of Business Accredited Investment Fiduciary Analyst (AIF®) designation. Today, he also serves as a member of the Brothers of Holy Cross Investment Advisory Committee.

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Roland is an Associate Analyst of Westminster Consulting where he is involved in performance analysis, client projects, and Senior Consultant support. Roland earned a B.S. in Psychology, an A.S. in Business Administration from Elmira College and an MBA with concentrations in Corporate Finance and Accounting from St. Bonaventure University.

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Panelist
Kara is vice president and chief marketing officer for Prudential Retirement, a division of Prudential Financial, Inc. (NYSE: PRU). Prudential is a leading provider of defined contribution, defined benefit, nonqualified deferred compensation plan administration, and institutional investment and risk management services.

Segreto directs branding and defines client experience programs for Prudential Retirement. She oversees the marketing strategies, business and competitive intelligence, creative services, marketing operations and communication functions for Prudential Retirement’s business lines, and is also leading the evolution of Prudential Retirement’s digital strategy. Segreto is a member of Prudential Financial’s Marketing Council and the Enterprise Advertising Council.

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Marcia S. Wagner
Panelist
Marcia Wagner is a specialist in pension and employee benefits law, and is the principal of The Wagner Law Group. The Wagner Law Group is one of the nation’s largest boutique law firms, specializing in ERISA, employee benefits and executive compensation. Wagner founded the group over 19 years ago. A summa cum laude and Phi Beta Kappa graduate of Cornell University and a graduate of Harvard Law School, she has practiced law for over 28 years. Wagner is recognized as an expert in a variety of employee benefits issues and executive compensation matters including, qualified and non-qualified retirement plans, fiduciary issues, all forms of deferred compensation, and welfare benefit arrangements. She has been inducted as a Fellow of the American College of Employee Benefits Counsel and for the past six years 401Kwire has listed Wagner as one of its 100 Most Influential Persons in the 401(k) industry.

Alan Hahn
Panelist
Alan Hahn is a partner in and co-chairs the Benefits & Compensation Practice Group of Davis & Gilbert LLP. His practice is devoted to advising clients in the design and implementation of creative, unique and tax-effective employee benefit plans and programs.

Robert Danesh
Panelist
Robert Danesh is a founding partner of Harper Danesh LLC, an actuarial consulting and retirement planning services firm located in Rochester, NY, and a graduate of the State University of New York at Binghamton with a Bachelor of Arts degree in Mathematics. He is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary licensed to perform actuarial services under the Employee Retirement Income Security Act of 1974 (ERISA). Robert lives in Fairport, New York with his wife and three daughters. He enjoys coaching youth soccer and volunteering for several non-profit organizations including PRALID and the National Kidney Foundation.

Michelle Capezza
Panelist
Michelle Capezza is a Member of Epstein Becker Green in the Employee Benefits and Health Care and Life Sciences practices. Michelle also co-leads the Technology, Media, and Telecommunications strategic industry group in the Labor and Employment practice (visit the blog at www.technologyemploymentlaw.com). Capezza practices law in the areas of ERISA, employee benefits, and executive compensation. As well as providing legal counsel on qualified retirement plans, ERISA fiduciary responsibilities, nonqualified deferred compensation arrangements, employee welfare benefit plans, equity/incentive programs and benefits issues that arise in corporate transactions. These benefits issues can vary from financial services, health care, technology, media, telecommunications, hospitality, and retail.

Meredith Wolff
Panelist
Meredith Wolff is the Regional Sales Director at Empower Retirement. She is responsible for marketing Empower’s defined contribution solutions to large market plan sponsors, fostering new business development, and maintaining key relationships with Consultants, Registered Investment Advisors and Financial Advisors in the Northeast region. She joined the organization in 2009 and has 21 years of retirement industry experience.

Meredith earned a bachelor’s degree in communications from the University of New Hampshire and a master’s degree in sales and marketing communications from Emerson College. She currently maintains FINRA Series 63 securities registrations – to coincide with sponsoring broker dealer’s qualifications – and holds FINRA Series 7 and 26 credentials.

Richard Schwartz
Panelist
Richard Schwartz is a partner in the Employee Benefits & Executive Compensation Department of Seyfarth Shaw LLP. His practice involves all aspects of employee benefits law, including plan design of both pension and welfare plans under the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code. A significant part of his practice involves the special tax and ERISA rules that apply to tax-exempt, nonprofit organizations.

Dave Gray
Panelist
Dave Gray is vice president of client experience at Schwab Retirement Plan Services. He has more than 13 years of diverse experience in the retirement services industry. Mr. Gray holds a bachelor’s degree from Tennessee Temple University. He has also earned a Certified Pension Consultant (CPC) designation from the American Society of Pension Professionals & Actuaries (ASPPA). He holds Series 7, 24, and 66 registrations.

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HSAs bring health care costs to the forefront

Retirement plan advisers are addressing the high cost of health care in retirement with plan participants. While a recent report from National Association of Government Defined Contribution Administrators estimates that a 65-year old couple retiring today should expect to spend $220,000 on health care over the course of a 20-year retirement, most advisers say the costs could range from $150,000 to $400,000. The report finds that Medicare covers 62% of an individual’s health care costs, but the individual is responsible for the remaining 38%. “The trend toward high deductible health care plans paired with health savings accounts (HSAs) is bringing the subject of health care costs—pre- and post-retirement—to the forefront,” said Shelby George, VP of advisor services, at Manning & Napier in Rochester, NY.

Online tools and calculators increasingly utilized to project retirement savings

Transamerica Center for Retirement Studies’ report, “A Compendium of Findings about American Workers from its 16th Annual Retirement Survey”, covers the perceived helpfulness of online tools and calculators to project retirement savings and income needs. Eighty-five percent of survey respondents in 2015 said quarterly statements are “somewhat” or “very” helpful. This is up from 71% in 2014. The perceived helpfulness of online tools and calculators to project retirement savings and income needs on the retirement plan provider’s website climbed to 83% in 2015 from 65% in 2014, while mobile applications that provide the same tools were somewhat or very helpful to 59% of participants in 2015, compared to 32% in 2014. Professional advice on how to invest retirement savings from the retirement plan provider – 81% in 2015 vs. 59% in 2014. Educational articles and videos from the retirement plan provider that share ideas and insights on how to save and plan for a financially secure retirement – 76% vs. 52%. Informational seminars, meetings, webinars, and/or workshops by the retirement plan provider – 75% vs. 51%. Informative emails sent to my work and/or personal address from the retirement plan provider – 71% vs. 49%. Mobile apps from the retirement plan provider to manage my account – 56% vs. 31%. Information on social media (e.g., Twitter, Facebook) from the retirement plan provider – 44% vs. 26%.

The digital revolution is reshaping how public pension organizations operate

Accenture published a report on “straight-through processing” which refers to a pension using digital technology and automation for processing routine requests. The report shows that far fewer U.S. public pension decision makers (63%) thought more straight-through processing would improve client service. In the U.S. only 23% of managers have adopted any straight-through processing with 56% or respondents saying this country is lagging behind comparable organizations. With this being said the other two countries in the study, the U.K. and Australia both had higher participation and satisfaction ratings, perhaps showing a lack of adoption in the U.S. “The digital revolution is just beginning to reshape the way public pension organizations operate and serve their members. “Pressures for increased administrative efficiency and modern customer services are waking pension organizations up to new and emerging digital opportunities to transform how they operate,” said Owen Davies, managing director in Accenture’s pensions practice.
### OCTOBER

**October 8.**
What You Need to Know About ERISA: A Comprehensive Overview
- New York, NY, Sponsored by Bloomberg BNA
- BenefitsLink.com

**October 12.**
Columbus Day

**October 15.**
IRA Beneficiary Distributions Webcast, sponsored by Ascensus
- BenefitsLink.com

**October 26.**
AIF Designation Training
- Atlanta, GA
- fi360.com

**October 31.**
Halloween

### NOVEMBER

**November 9 - 10.**
ASPPA Regional Conference
- Cincinnati, OH
- ASPPA.org

**November 10 - 11.**
Retirement Plan Insights Seminar
- Las Vegas, NV, sponsored by McKay Hochman Co.
- BenefitsLink.com

**November 11.**
Veterans Day

**November 26.**
Thanksgiving

### DECEMBER

**December 8.**
AIF Designation Training
- Irving, TX
- fi360.com

**December 25.**
Christmas
We reached out to our readers and asked them about challenges they face, problems they approach, and questions they have.
Read on to see how our panel of experts addressed these concerns with simple, straightforward solutions - giving our readers the answers they need.

Note: The responses and suggestions given by panelists in this publication are general information and are not intended as legal advice, nor should you consider them as such. You should not act upon this information without seeking professional consent.
“A big topic of conversation these days is the Tibble vs. Edison case. I am a committee member, and although I know this court decision is important, I am wondering how it really impacts me, and how I will be affected?”

Addressed by panelist Alan Hahn

Every Supreme Court case is important, but Tibble doesn’t really change things for most plan fiduciaries, at least in the short term. In the longer term, we’ll have to wait and see how lower courts interpret this decision.

So, how did we get here and what should Committee members do in the meantime?

The build-up to Tibble was almost unprecedented. Many Committee members were told that Tibble could change their level of responsibility forever. But, the actual ruling was anti-climactic. The Court chose not to speak to many issues that impact plan fiduciaries. Unfortunately, that news did not reach many Committee members, who may now feel like they missed out on what was actually said or whether their fiduciary duties have actually changed. To understand what happened, it’s worth considering what the hullabaloo was all about in the first place.

A quick refresher: Former Edison employees brought suit against 401(k) plan fiduciaries alleging breaches of fiduciary duty given the existence of retail class mutual funds in the investment line up that had high fees, when cheaper share classes were available. In their defense, fiduciaries argued that they had no duty to remove the funds since the original decision to choose the funds was made many years earlier. They claimed that the ERISA statute of limitations had already run, so the claims were no longer timely.

The District Court agreed with the fiduciaries, and held that the employees’ complaint was untimely. The Ninth Circuit affirmed, concluding that employees had not established a change in circumstances that might trigger an obligation on the part of fiduciaries to conduct a review of the funds. Although the prior decisions were against the plaintiffs, many expected the Supreme Court to side with the plaintiffs anyway. It was hoped that the Supreme Court would use this opportunity to comment on fiduciary duties generally.

Well, the Supreme Court did side with the plaintiffs, unanimously. But the Court did not provide much in the way of comment to help Committees fulfill their responsibilities. Of interest, the Supreme Court criticized the Ninth Circuit for failing to recognize that fiduciaries have a “continuing duty to monitor trust investments and remove imprudent ones” when applying the ERISA statute of limitations. The Supreme Court remanded the case to the Ninth Circuit, asking them to reconsider the case while recognizing the importance of analogous trust law that would apply the continuing duty to monitor.

For most well-functioning Committees, then, Tibble is likely just a reiteration of their responsibility to monitor investments, no matter when the investments were first selected. The hope was that the Court would use this case as an opportunity to further define what this monitoring might look like, but the Court did not do so.

Here is a handy list of things to do in light of Tibble:

- Meeting minutes should include a discussion on how the Committee views its “continuing duty” to monitor plan investments
- Take another look at your Investment Policy Statement—it may need to reflect recent ERISA litigation considerations
- Ask ERISA counsel to explain how the statute of limitations apply to your plan and whether there are opportunities to add plan language or provide additional disclosures to participants that limits the ability of participants to bring claims years down the road
- Continue to monitor Tibble, which has been remanded to the Ninth Circuit

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As a plan sponsor, you are undoubtedly aware that the Department of Labor’s proposal for a new fiduciary standard under ERISA has been called a retirement industry game changer. The proposed rules seek to treat those who provide investment advice or recommendations to an employee benefit plan, plan fiduciary, plan participant or beneficiary, IRA or IRA owner as fiduciaries under ERISA and the tax code in a wider array of advice relationships than currently exists. The rules also seek to create new exemptions, and amendments to existing exemptions, from prohibited transaction rules to allow certain broker-dealers, insurance agents and others that act as investment advice fiduciaries to continue to receive a variety of common forms of compensation that would otherwise be prohibited as conflicts of interest. The main impetus for these rules is the concern that many advisers have escaped fiduciary status under the existing fiduciary standard and that they have direct and substantial conflicts of interest which encourage investment recommendations that generate higher fees for the advisers at the expense of their customers and result in lower returns for customers. There is still a lot of clarification needed regarding the DOL’s proposed regulation concerning the definition of a fiduciary under ERISA and the DOL recently held a public hearing to address comments received regarding the proposed rules issued in April 2015 (which replaced the proposal issued in 2010). Thus, more guidance and interpretations are expected before the rules are finalized and in effect. Nevertheless, many industry advisors and service providers will be examining their business models to determine what changes they may need to make to comply with the anticipated rules.

In the meantime, you should consider addressing the following with the broker that advises your employee benefit plan:

1. Discuss with your broker the types of services that they currently provide to your plan and how they anticipate such service arrangements might change under the new fiduciary rules.
2. Ask your broker to confirm their fiduciary status and ask them to identify whether they find that they meet an exception or “carve-out” under the new rules, or whether they meet pre-existing exemptions for non-discretionary participant advice, so that you can further evaluate their position.
3. If your plan has less than one hundred participants and is a non participant-directed plan, ask your broker if they intend to comply with the so-called Best Interest Contract prohibited transaction exemption and the service agreement or contract changes that they will make to comply with this exemption, as well as applicable fee disclosures, so that you can have them reviewed and evaluated.
4. Address with your broker how their fee schedules will be impacted by the new rules and what changes they anticipate with regard to their compensation, fees, commissions, etc.
5. Review service agreements in the general course and assess updates that should be made to the agreements.

It is definitely important to have a dialogue on these issues and continue to monitor developments as they unfold. Keep in mind that the rules may evolve further before finalized and your broker and service providers will need to assess the impact of the rules on the services they can provide and how they are delivered. Further, my comments are general in nature and not tailored to any particular facts; you should seek qualified legal counsel to assist you with these and other benefit plan issues.

Michelle Capezza is an employee benefits and executive compensation attorney and a Member of Epstein BeckerGreen, resident in their New York office. She can be reached at mcapezza@ebglaw.com and 212.351.4774.
This goes back to understanding human behavior and motivation. In today’s world, people respond more positively when you make it easy for them to take action or make it real for them, through a shared experience.

For example, making it easy could mean a direct email invitation with registration links that automatically add the meeting to employees’ calendars, since they prevent other commitments from being scheduled in that time. If a web based approach works better, we often provide our clients a link to our online scheduler tool, making it simple for employees to schedule time to join group meetings.

Making a personal connection is an important method of engagement. For example, promoting meetings onsite through the traditional methods – flyers, posters, etc. – and then enlisting an advocate or key employee to encourage workplace attendance can motivate the employee base as it brings a more personal touch to a shared experience. This might include a senior benefits person reaching out to managers, or an influential employee quoted on a meeting invitation with an "I will be there and so should you" quote on the invitation. In Taft-Hartley plans, the Business Manager sets work schedules and job sites for the membership, so reaching out to them ensures high attendance. Consider coordinating meetings with employee fairs or company picnics and invite employees’ families too, where they are also able to join sessions with retirement counselors.

Whether the client encourages direct personal engagement, email marketing, traditional print promotions and giveaways, or any combination, we work to understand the climate and culture of each site to determine the best techniques to ensure optimal employee attendance and engagement. For a different way to engage participants and create an experience that leads to action, check out the videos, activities, and quizzes on our “Challenge Lab,” available at BringYourChallenges.com.

Kara Segreto is the Chief Marketing Officer for Prudential Retirement. She can be reached at 973.802.3996

“We need help engaging remote employees in our communications efforts. We hold webinars on plan education for our large employee population residing across the country and working remotely, and attendance is consistently very low. Any out of the box ideas on how to engage remote employees?”

Addressed by panelist Kara Segreto
Spousal consent would not keep a terminating plan from distributing all assets. Upon plan termination, all plan assets must be distributed as soon as administratively feasible (generally within one year following the effective date of plan termination).

Federal law provides some measures to protect employees who participated in plans that are terminated, both defined benefit and defined contribution. When a plan is terminated, the current employees must become fully vested in their accrued benefits. This means they have a right to all the benefits earned at the time of the plan termination, even benefits which were not vested and would have been lost if they left the employer.

Only plans subject to the Retirement Equity Act of 1984 ("REA") must comply with the spousal consent rules when distributing benefits to married participants\(^1\). REA amended the portion of ERISA concerning spousal rights, as applied to pension plans, by making Internal Revenue Code (the "Code") Sections 401(a)(11) and 417 applicable to all defined benefit plans and to defined contribution plans subject to Code Section 412 minimum funding standards.

Following REA's enactment, ERISA requires that the default benefit payment form for a married participant in a covered plan be a qualified joint and survivor annuity ("QJSA"). A QJSA provides an annuity for the life of the participant and a survivor annuity payable to the participant's surviving spouse following the death of the participant. Spousal consent is not necessary for distribution made in a form that meets ERISA's survivor annuity requirements. Thus, in a situation where spousal consent is withheld in connection with a termination distribution to a participant, a terminating plan may still distribute the benefit in a form that meets ERISA's survivor annuity requirements. If the participant has not attained normal retirement age, this will entail distributing a deferred annuity under which benefits will not commence until the participant does in fact attain retirement age.

ERISA allows married participants to waive the QJSA form of benefit and elect an alternative form of benefit payment offered by the plan which may provide no survivor benefit or a survivor benefit payable to someone other than the participant's spouse. However, in order to make such an election, a married participant must provide written consent from his or her spouse. In general, benefits provided under a plan subject to ERISA's survivor annuity requirements must be provided in accordance with those requirements, even when the plan is terminated. In other words, spousal consent would be required for a married participant to receive a termination distribution in a form other than a QJSA.

Marcia Wagner is an ERISA attorney and the founder of The Wagner Law Group. She can be reached at 617.357.5200 or marcia@wagnerlawgroup.com

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1 Treas. Reg. 1.411(a)-11(e) provides that a terminating defined contribution non-pension plan that does not offer an annuity distribution option may distribute a participant’s account balance without regard to the participant’s consent, even if the account balance exceeds the involuntary cash-out limit in the plan.

2 See Treas. Reg. 1.401(a)-20, Q&A 17.
“With so much changing in the environment around retirement, what do you think are the three biggest trends in 401K investment? How should we prepare for and keep relevant with these trends?”

Addressed by panelist Meredith Wolff

Innovation is a function of new and better ways to approach challenges — looking beyond the tried and true and status quo. Solutions that give people the opportunity to replace their working income in retirement — for life — are the next evolution of planning and saving for defined contribution plans.

Among other approaches, evidence shows that these three approaches may help put people on track to replace their working income and sustain it throughout retirement:

1. A singular focus on retirement income
2. Early education on retiree healthcare costs
3. Social and behavioral science

1. A singular focus on retirement income

The idea of simply showing people their account balance offers neither the motivation nor insight required to become retirement ready. This is reinforced by the fact that more than half (56%) of people are not confident about knowing how much money they will need for retirement.

People traditionally budget their expenses monthly based on their monthly income, and it should be no different in retirement. Showing them their projected retirement income compared to their income replacement goal can motivate them to save more. And how much they save is a key driver of retirement income success, with contributions of 10% or more of income potentially leading to income replacement of 106%.

An experience that allows people to easily model how higher savings rates influence their outcome and gives them the opportunity to quickly implement changes can encourage them to save more.

2. Early education on retiree healthcare costs

Healthcare expenses are an important line item on a retirement budget. It’s estimated that the amount a household needs to cover 90% of healthcare expenses throughout retirement is $247,000 ($116,000 for a man and $131,000 for a woman).

Retirement service providers need to offer tools and resources to help people estimate their expected healthcare cost at year one of retirement — and at specific ages — so they understand how much they can expect to pay. This type of solution can help the nearly two-thirds of people (64%) who are not confident about knowing how much money they will need to cover healthcare expenses in retirement.

3. Social and behavioral science

A proven approach to improving savings rates lies in behavioral science. As people consider how much they should save, a natural tendency is to wonder how much others in their peer group are saving. Social comparison begins at an early age. Whether it’s where a person falls on the grading bell curve or how fast they run a mile compared to those who are the same age and gender, people want to know where they fit in the mix. This also holds true when it comes to saving. With a tool that lets individuals compare themselves to top savers in their peer group — based on demographic factors like age, salary and gender — people tend to save more. Data from those who have used this type of planning tool correlates with savings rate increases of 25%.

The workplace savings system is ripe for these new ideas to create positive change. And the time for these types of innovations is now.

If you have any questions, please contact Meredith Wolff at meredith.wolff@empower-retirement.com

The opinions expressed here are solely those of the author, not Putnam Investments, Empower Retirement, Great-West Financial® or their subsidiaries, and are not intended as tax, legal or investment advice.

1 Empower Retirement, Lifetime Income Score V: Optimism and opportunity, March 2015
2 EBRI Retirement Confidence Survey, 2014
3 Internal review of Empower Retirement Web activity statistics, conducted May 2015
As explained more fully below, the failure to timely remit to a plan deferral contributions withheld from employees’ salaries is considered by the Department of Labor ("DOL") to be a fiduciary breach as well as a prohibited transaction (a "PT"), and subject to both civil penalties and a PT excise tax. The DOL has established the Voluntary Fiduciary Correction ("VFC") Program to address certain enumerated fiduciary violations (as distinguished from the IRS "VCP" program designed to address tax-qualification defects under a tax-qualified retirement plan). If the delinquencies are corrected under the VFC program, the DOL will issue a “no-action” letter, pursuant to which the DOL will not initiate an investigation of the involved fiduciary (limited to the issue(s) disclosed in the VFC submission) or assess any civil penalties on the amount remitted to the plan. Also, the fiduciary may qualify for an exemption from the PT excise tax.

The question whether or not to take advantage of the VFC program and the PT exemption is inherently factual. I generally recommend to clients that they should take advantage of the VFC program, but my advice on whether or not to take advantage of the PT exemption will vary with the circumstances.

DOL regulations provide that salary deferral contributions are considered to be assets of the plan as soon as such contributions can be segregated from the employer’s general assets, but no later than the 15th business day of the month following the month such amounts are withheld from employees’ salaries. (This DOL regulation is commonly referred to as the “plan asset rule”.) Under other ERISA requirements, an employer, as either a fiduciary or “party-in-interest” to the plan, is not permitted to hold plan assets. Doing so is considered a PT, and subjects the fiduciary to a PT excise tax.

A common misconception is that the plan asset rule gives employers permission to remit salary deferral contributions by the 15th business day of the month following the month of the withholding. To the contrary, the DOL has made it clear that the rule requires the remittance to occur as soon as the salary withholdings can be segregated from the employer’s general assets. Given the sophistication of today’s computerized payroll systems, depending on the individual circumstances, the DOL generally interprets this to mean the employer has only a matter of days to remit the salary withholdings to the plan before the withholdings are considered to be plan assets. Note that the plan asset rule provides a safe harbor for plans with fewer than 100 participants as of the beginning of the plan year – in that case, remittances are considered to be timely if made no later than the 7th business day following the withholding.

The DOL established the VFC program to permit plan fiduciaries to voluntarily disclose and correct certain enumerated fiduciary breaches in exchange for a “no-action” letter. Delinquent remittance of employee salary deferral contributions are one such eligible breach that may be corrected under the VFC program. (Do not forget that loan repayments withheld from salary also are covered by the plan asset rule and to the extent remitted to the plan late, need to be considered under the VFC program.) Separately, the DOL also established an exemption from the PT excise tax ("PT exemption"). Unlike the IRS’s VFC program, the submitting fiduciary is not charged a fee to use the DOL’s VCP program or to take advantage of the PT exemption.

So, assuming that payroll withholding and plan records exist and can be provided to the DOL in demonstration of the untimely remittance and the appropriate corrective remittance to the plan (which includes a remittance to the plan of missed earnings resulting from the delay), the advantage of making a submission is that the responsible fiduciary(ies) will be freed from any possible DOL investigation of the matter or any civil penalties that the DOL might assess on the amount remitted to the plan.

However, in order to qualify for the PT exemption, the salary withholdings must be remitted to the plan no later than 180 days from the withholding date, and in certain instances, the affected employees must be provided with a notice that describes the delayed remittance, the steps taken to correct the mistake, as well as provide a 30 day period for such employees to contact or provide the local DOL office with comments (and include the address and phone number of such DOL office). Further, a fiduciary may take advantage of the PT exemption only once every 3 years. As a result, certain fiduciaries either are not eligible for the PT exemption, or simply choose to calculate and pay the PT excise tax. (The PT excise tax is reported and paid on Form 5330.) It should be noted that the calculation of the excise tax can be somewhat burdensome: each instance of a delinquent remittance (i.e., each payroll period for which deferral contributions are remitted untimely) is considered a separate PT, and each such PT is considered to be an additional PT each January 1st thereafter until the PT is corrected (and the PT excise tax paid). As such, the excise tax works like an inverted pyramid, growing and expanding if correction is not made timely.

As a result, it is generally advisable to make a VFC program submission. Whether or not a fiduciary takes advantage of the PT exemption is dependent on the facts and circumstances.

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“We were late with a few employee deferrals over the last couple of years. Our colleague suggested we consider filing a VCP (Voluntary Correction Program) to own up to the error. What do you think about this? What should we do?”

Addressed by panelist Richard Schwartz
“What would be your checklist or questionnaire that plan sponsors should review that can help us develop good practices and avoid unnecessary liability in our stewardship of retirement plans for our employees?”

Addressed by panelist Marcia Wagner

1. Tax Qualified Plans
   a. Has the plan document been amended for all recent tax and ERISA law changes? When must your plan be filed for a favorable determination letter under the IRS’ cycle requirements?
   b. Has the plan received a favorable determination letter and/or does the employer have a copy of the opinion or a notification letter in the case of prototype plans?
   c. Does the summary plan description accurately reflect the terms of the plan?
   d. Has the plan maintained and timely distributed required ERISA participant disclosures such as summary plan descriptions, QDIA notice, 404c notice, blackout notices, safe harbor notices, and summary annual reports?
   e. If there are more than 100 employees participating in the plan, does the Form 5500 contain the required audited financial statements?
   f. Are employer contributions made timely and in accordance with the terms of the plan, and are employee elective deferral contributions (e.g. 401(k) and 403(b) contributions) made as soon as administratively practicable as required by law?
   g. Are all nondiscrimination tests accurately performed, including controlled group testing?
   h. How is the investment asset mix determined, modified, monitored and re-balanced? Who is rendering appropriate investment advice? Is this entity a fiduciary? Has it acknowledged its fiduciary status in writing?
   i. Does the plan have an investment policy statement? Is the plan complying with the investment policy statement?
   j. What are all the direct and indirect fees being paid from plan assets, including, but not limited to, revenue sharing? Has a reasonableness analysis been undertaken to determine if the plan is getting good value for the services it is paying for?
   k. When was the last time an RFP was done vis-à-vis plan administration, investment, accounting, and recordkeeping?
   l. Are the plan and all fiduciaries appropriately bonded? Do the fiduciaries also have liability insurance? Does the plan sponsor indemnify its fiduciary-employees and Board Members? Is the surety bond, as required by ERISA, in place and sufficient?
   m. Are you aware of and in compliance with all of the new fee disclosure requirements (under ERISA Section 408(b)(2) and 404a-5) that became effective in 2012?

2. Welfare Benefit Plans
   a. Do you have an ERISA-compliant welfare benefit or wrap plan document?
   b. Do you have an ERISA-compliant summary plan description?
   c. To the extent that the plans are self-insured, are they reduced to writing?
   d. Has consideration been given to the Medicare Part D requirements regarding required notification for prescription drugs and potential federal subsidies?
   e. To the extent that there are more than 100 eligible employees participating in the plan, have Forms 5500 been filed annually and timely?
   f. If you maintain a 125, flexible spending account, dependent care assistance or other cafeteria plan, is it reduced to writing? When was it last updated?
   g. When were your COBRA notices last updated? Are such notices distributed timely and in compliance with the law?
   h. Are your health plan documents and open enrollment forms updated to comply with the Health Care Reform rules?

3. Employee Plan Issues in General
   a. Do you have an employee handbook? When was it last updated?
   b. Are your leave of absence policies reduced to writing and distributed (e.g., maternity/paternity, military leave, and other leaves of absence)?
   c. What policies and procedures do you have in place with respect to same-sex spouses? Do you understand and are you complying with the tax ramifications thereof?

If you have any further questions about creating a plan sponsor checklist, please contact Marcia Wagner at 617.357.5200 or marcia@wagnerlawgroup.com
"A challenge that we have is engaging participants in plan education. Each year we hold on site seminars for our employees who work at headquarters. This year the attendance was rather poor – what are your suggestions on how to involve and educate on-site participants on plan information?"

Addressed by panelist Kara Segreto

Boosting attendance usually comes down to a few key things – adequate planning, knowing your audience and providing engaging content. An approach that incorporates all three tends to drive better results for employers and employees.

For example, we typically work with our clients to recommend a meeting format that works best with the culture, climate, and location of the workplace, which can mean hosting live or virtual meetings or a combination of both. Some clients have a few large locations where live meetings are optimal, but many satellite offices that may have been neglected. A live webinar allows for all satellite offices to join in and interact live with their peers. It comes down to knowing the audience you’re trying to reach and making sure to plan appropriately to reach them.

From a content standpoint, one of our most important realizations is understanding that the key retirement planning challenge Americans face isn’t about the plan, it’s overcoming behavioral traits that get in the way of long-term financial security. Prudential has assembled a “behavioral army” of social scientists to help us study the five traits that are most likely to derail saving for retirement, and that research informs our entire approach to participant communication.

For a different way to engage participants, check out the videos, activities, and quizzes on our “Challenge Lab,” available at BringYourChallenges.com.

If you have any questions, please contact Kara Segreto by calling 973.802.3996
At the end of each fiscal year, sponsors of defined benefit (DB) plans are required to report the financial position of their plans. This end-of-year disclosure requires that certain assumptions be made – from demographic to economic – in order to calculate the plan’s funded status. The assumption-setting process is a joint effort that reflects information and input from the plan sponsor and the investment advisor, with a recommendation from the plan’s actuary and approval by the plan’s auditor.

Demographic assumptions are generally easier to set since they are based on the actual experience of your employees and organization. How many years do your employees work before terminating? When do participants in your plan retire? What form of payment do they elect at retirement? These statistics can be obtained by studying the history of your plan’s participants over time.

Economic assumptions, however, are more complicated since past experience does not as easily predict future expectations. That said, there are accounting standards and guidelines that assist the actuary in defining and selecting assumptions like the discount rate, the expected return on assets and salary scale.

Let’s take a look at each of these individually:

**Discount Rate**

DB plan liabilities behave like a bond, which means that the higher the discount rate, the lower the liability and vice versa. Consequently, accounting standards state that the discount rate must be based on high quality bond yields that could be used to settle the liabilities on the measurement date. A precise method of setting this rate is to match a bond portfolio to the projected benefit payments of the plan. The yield on these bonds translates to your discount rate. This methodology, while accurate, is not commonly used because it is time consuming and, therefore, costly. A more common method that mimics this process is to apply your plan’s future benefit payments to a yield curve where different discount rates for each future cash-flow date are used to discount the payments back to the measurement date. From
there, a single equivalent rate is determined which, when applied to the same cash flows, results in the same present value of benefits.

This process is normally performed by your actuary, and while some actuarial firms may develop their own yield curve, an investment-grade corporate bond yield curve – like the Citigroup Pension Discount Curve – measures today’s market value of future payments quite accurately. Because it is still based on a plan’s unique cash flows, the methodology is widely accepted by most accounting firms.

**Expected Return on Assets**

The expected return on assets is a long-term assumption meant to reflect the average anticipated return for the plan (normally net of fees) over its lifetime. This assumption is strongly influenced by the particular asset mix of the plan and, once set, does not usually change from year to year unless the plan’s target mix changes. While the allocation may fluctuate somewhat during the year, the expected return on assets should not change from year to year unless the long-term investment strategy changes.

To come up with an expected return, a building block approach is often used that relies on a range of returns for each asset category and computes a weighted-average based on these projections. Input from the plan’s investment advisor can also help determine an appropriate rate of return which may be based somewhat on past performance, but should also reflect the expectation for the next 20 years, including projections for inflation, as well as forecasts for each individual asset category in the portfolio.

**Salary Scale**

This assumption is used to estimate a participant’s future compensation for a pay-related benefit formula. It can be based on a company’s historical data or future outlook. When setting this assumption, separate consideration should be given to inflation expectations in addition to merit increases.

**Mortality**

While not an economic assumption, mortality has a significant impact on plan liability and can be unique to specific plan populations. While certain industries have built their own mortality tables, most DB plan sponsors do not have a large enough population or sufficient history to make it credible. Instead, the use of published mortality tables – like the recently released RP-2014 table by the Society of Actuaries – is widely accepted. This table, along with MP-2014 scale for future mortality improvements, has different rates for active employees, healthy and disabled retirees, as well as considerations for blue and white collar employees. Most pension plan sponsors have already adopted this table for disclosure purposes.

Almost as important as the assumptions themselves is the process of selecting and documenting these expectations. Professional standards of practice require actuaries to adhere to certain guidelines when setting assumptions. These same standards require auditors to review and approve the processes and data used to support such assumptions. If followed properly, these guidelines ensure an accurate picture of a plan’s financial status.

Robert Danesh is a Partner and Founder of Harper Danesh LLC. He can be reached at 585.319.4218 or rdanesh@harperdanesh.com
“I am a plan sponsor and have been tasked with deciding if we should offer an HSA alongside our 401(k). I am not terribly familiar with how an HSA works but, have heard it referred to as a “401k for health care”. What should I know about HSAs?”

Addressed by panelist Ryan Tiernan

First things first: We commend you for your question and your willingness to help your employees better position themselves for a long and successful retirement. You are correct in that health savings accounts (HSAs) have been referred to as 401(k)s for health care cost but, there are several key differences we should all be aware of when comparing the two.

The first and most imperative question you must ask is, are you currently or in the near future planning to offer a High Deductible Health Plan (HDHP) to your employees? What can sometimes be overlooked is that an HSA can only be used in conjunction with a HDHP, sometimes referred to as an HSA eligible health insurance plan. If your employees only have the more traditional HMO or PPO or are getting their health care through a spouse’s HMO or PPO, they would not be eligible to also participate in an HSA. HRA and FSA can also add a level of confusion to the question and in short can be offered with an HSA but, only if the HRA and or FSA are limited in their coverage.

Once the initial hurdle of the coverage type is understood we can then move on to how an HSA is actually used in day to day health care consumption. If an employee is participating in an HSA he or she can use the dollars that have been contributed to their account for qualified health care expenses, which are those listed in the IRS Code Section 213(d). The amounts used for these types of qualified medical expenses are tax free upon withdrawal and have no additional penalties at the federal and state level. If however, dollars are withdrawn and used for expenses that do not qualify as 213(d) expenses (buying a boat for example) then those dollars are taxed as ordinary income and also enjoy an additional 20% penalty levied by the IRS. Currently there are only three states that do not also allow for state tax exemptions on HSA withdrawals (CA, AL & NJ). Amounts can be contributed to an HSA in several ways but, the most efficient and relevant to a plan sponsor is via payroll deduction. When contributions are made in this fashion the amounts can be income and FICA tax free for both the employer and the employee which then positions those contribution amounts to also grow tax free and be withdrawn tax free for the previously discussed expenses.

Here is where the similarities of 401(k) and HSA begin to take shape. To the untrained eye an HSA is a tax efficient savings vehicle to be used for current health care spending but, to the more savvy planners the idea of letting these HSA balances grow and compound year over year has become more popular. When the HSA is better understood and differentiated from its siblings (HRA and FSA) it becomes clear that the HSA is a very efficient and very robust long term planning tool. The balances in many HSAs can be both stored simply in a cash account for safe keeping or deployed into a host of investment options. Once we integrate the investment picture to this benefit offering it becomes apparent that we now have an account that is offered in conjunction with an employer health plan, one that is funded most often with tax free dollars (both employer and employee contributions), one that offers multiple investment options and one whose dollars can be deployed for both current and future health care needs. Putting those attributes into one benefit can be extremely powerful in setting our employees on the right track.

I would be remiss to not mention that it is in fact these health care costs that are among the largest retirement concerns for both employers and employees alike. A vehicle that can help them lower health care cost while simultaneously creating more efficient health care consumers and savers is one that cannot be ignored.

Although this is an overview of how the two accounts differ what we all need to be thinking about is how we best position our employees for success and give them as many tools in their saving and investing arsenal as possible. Health Savings Accounts can be incredibly dynamic and efficient vehicles but, like so many others, education and adoption will be key components to our joint success.

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Disclaimer: The information provided herein is general in nature and should not be construed as legal or tax advice, as such opinions can be rendered only when related to specific situations.
This is an excellent question. One of the first things the Department of Labor (‘DOL’) will ask a plan fiduciary to produce upon audit is a record (minutes) of all committee meetings over the past year or two. In recent years the DOL has been particularly focused on the fiduciary process, perhaps driven by the increased attention paid to investment returns and fees by the plaintiff’s bar. Take heart, in this regard, you are ahead of the curve; you have regular committee meetings and you take some form of minutes.

There are no “rules” when it comes to recording the minutes of a committee meeting, only best practices. And as with any question we ponder, reasonable people will differ. However, it cannot be refuted that taking committee meeting minutes is important, if for no other reason than to demonstrate the fiduciary process to the DOL upon audit or in the event a committee action is otherwise challenged.

The ERISA fiduciary rules are “process-driven”. By this I mean that the decision a fiduciary makes, and the consequences of that decision, are not necessarily what is important; more important is the process followed by the fiduciary in reaching that decision - and if the process is prudent within the context of ERISA. The result alone (e.g., an underperforming investment fund) is not enough information to reach any conclusion as to the appropriateness of the fiduciary decision to include that fund in the line-up offered to participants. To demonstrate a prudent fiduciary process, it is recommended that the committee meet regularly and maintain minutes of those meetings.

With that background in mind, let’s turn to the specific question posed. When it comes to recording minutes, a general rule of thumb that I follow is “less is more”, but within reason. The trick is to provide sufficient information to demonstrate a prudent fiduciary process, while at the same time not being so specific as to provide a road map for a plaintiff’s counsel to exploit gaps.

The minutes should record the date, time and place of each meeting, who attends and how (in-person or by phone), starting and ending time of the meeting, and include a copy of the meeting agenda, as well as any reports presented at the meeting by record keepers, investment advisors or other advisors retained by the committee to provide expertise. In addition, the minutes should memorialize any committee deliberations and any actions taken by the committee. A best practice that I follow is to keep the minutes to a general description of the discussion that takes place, and not identify what each committee member may have asked or said; it will often suffice to simply provide that the committee discussed a particular subject (e.g., reviewed the investment returns of each investment option available under the plan) and if necessary, voted on a particular path (the voting results should be included, but not necessarily each particular member’s vote).

Investment performance is often the primary focus of the committee meeting, but the committee also should focus on other fiduciary issues of concern. Investment fees should be reviewed periodically, distribution/cash flow needs of the plan, and recordkeeping performance and fees also are important fiduciary concerns. In addition, committee meetings should devote some time to periodic fiduciary education sessions. ERISA’s fiduciary standards are among the highest under the law, and upon audit, the DOL has been known to inquire about the fiduciary education provided to committee members. Committee members often wear two hats - one as a corporate officer/employee, and the other as a plan fiduciary. When wearing the fiduciary hat, committee members need to act solely in the interests of the plan participants. An understanding of these fiduciary concepts can be demonstrated by periodic fiduciary training which is documented in the minutes.

A committee member may be designated as secretary to take the minutes, or the appointed secretary may delegate the actual recording of minutes to an assistant or other non-committee member. Whether the appointed secretary or a delegate actually records the minutes, the secretary is responsible for making sure that minutes are drafted and provided to the other committee members, and for keeping records of the minutes of all committee meetings.

No one can prevent an otherwise prudent fiduciary action from back-firing from time-to-time (e.g., an investment fund underperforming). Such results can raise questions as to the committee’s adherence to ERISA’s fiduciary standards. The best defense, should such a challenge arise, are regular and well-documented committee meetings and maintenance of meeting minutes.

If you have any further questions, please contact Richard Schwartz at 212.218.5516 or rschwartz@seyfarth.com

“Our committee meets regularly, and it is always a problem taking minutes – we are not sure what exactly to include, who should be note taking, etc. What are the basic rules we should follow when taking minutes? Is there a basic template that we should follow?”

Addressed by panelist Richard Schwartz
Plan sponsors are now coalescing around the idea that a 401(k)’s success is measured by the outcomes it produces for individual participants, helping them become more prepared for retirement than they would be on their own.

We see sponsors focusing on three core components. First, sponsors are embracing smarter plan design, including more automatic features. This is buoyed by the understanding that participants are often best served when the plan sponsor takes action on their behalf to get them started on the journey toward retirement preparedness.

The second trend is advice. Historically, we have relied on individuals to make their own 401(k) investment decisions. But there is a growing understanding that participants would fare better with help. As a result, we’re seeing increased adoption of managed accounts wherein a professional manages a participant’s investments based on multiple personal data points.

Finally, we see a growing awareness of investment costs. The industry-wide movement towards fee transparency has spurred sponsors’ desire to understand the cost of the investment vehicles inside 401(k) plans. These fees are the most significant cost a participant experiences and therefore may have the greatest impact on how much they ultimately save for retirement. Sponsors are increasingly incorporating low-cost index mutual funds to drive down that investment expense, and more recently, they are selecting low-cost exchange-traded funds (ETFs) to lower costs even further.

Are some automatic features more common than others?

Automatic features are not a new concept. Over the years, about 50 percent of our clients have adopted automatic enrollment; that is, putting participants in the plan automatically, unless they choose to opt out.

Automatic savings increases, used by about a third of our client base, are also common. With this feature, a participant’s
contribution rate is raised by a specific percentage (usually 1 or 2 percent) annually up to a desired level. This gradual increase is effective because the initial rate at which most people start contributing is often insufficient.

Recently, we’ve seen more sponsors adopt an approach whereby all plan participants are automatically enrolled in managed account services, but can opt out if they choose. We refer to that as a plan reset. When sponsors employ this approach, about 85 percent of participants stick with the advice.

Participants consistently tell us that they want professional advice; however, it can be difficult for them to seek out and implement it on their own. With a plan reset, the employer does it for them, allowing participants to start in a place they are trying to get to. Over the past few years, we have seen more than 10 percent of our clients move to this approach, putting them at the forefront of that trend.

What sort of reasons are you noticing for those clients who have avoided automatic features?

Some sponsors have been reluctant to implement automatic enrollment because of the costs associated with recordkeeping or the company match, or both. The reality is that auto-enrollment has plateaued, with about 40 percent adoption across the industry. The automatic savings increase has some room to grow, but it likely will plateau, probably at a similar percentage.

The plan reset still has room to grow, and an employer can implement it without the same cost concerns that come with other automatic features. There is a cost associated with professional management that is borne by the participant, but using index funds in the plan still can mean overall lower costs.

Some sponsors are initially reluctant to adopt the plan reset approach because they’re nervous about their employees’ reaction, but when they actually implement it, they are greeted with gratitude. The same concerns were raised when automatic enrollment and automatic savings increases were new, but participants overwhelmingly stick with automatic features. They trust their employer to make beneficial decisions on their behalf.

Finally, what, if anything, are you doing as a recordkeeper to improve participant outcomes using automatic features?

We’re also investing in enhancements so plan consultants, like Westminster Consulting, can develop the portfolios used in the managed accounts. Enabling consultants to construct custom portfolios based on their knowledge of the unique needs of a plan can benefit participants.

By reducing investment expense with index funds, especially exchange-traded funds, and implementing a low-cost managed account, plan sponsors have actually reduced all-in costs while increasing the value of the 401(k) benefit.

This approach represents a true value shift. Sponsors now see the value of putting their participants in a much better starting place than they would be through traditional means. Despite sponsors’ best efforts, years of education have not successfully turned most participants into savvy investors or significantly moved the retirement outcome needle. In concrete terms, research from Morningstar suggests that participants receiving advice as part of a managed account service could end up with nearly 40 percent more income in retirement. We aim to empower plan sponsors to implement innovative plan design to build in a level of engagement that will give participants the possibility of better retirement outcomes over the long term.

Dave Gray is the Vice President of Client Experience at Schwab Retirement Plan Services. If you’re interested in automatic features he can be reached at 330.908.4514 or dave.gray@schwab.com
Did you read through this entire magazine looking for the answer to a problem that wasn't addressed? Are you searching for help that these plan sponsor questions did not provide? Good news, you still have time to submit questions to Westminster Consulting!

[STILL] HAVE QUESTIONS?

Note: The responses and suggestions given by panelists in this publication are general information and are not intended as legal advice, nor should you consider them as such. You should not act upon this information without seeking professional consent.
We know there are more unanswered pleas for advice out there. If you still have questions or challenges you would like addressed, please send them along to tfzamiara@westminster-consulting.com, and we will recruit an expert to respond. Remember, the only dumb question is the one you don’t ask!
A BIG thank you to our panel of experts!
STAY IN THE LOOP.
We have directly considered the falling price of energy and the strong dollar. So, in this piece, we’ll address the implications of a strong US dollar. Some of the causes of 

- Durable goods orders were down a seasonally adjusted 0.5% in April from the previous month.
- Jobless Claims
- Employment Situation
- PMI Services Flash
- Bloomberg Consumer Comfort Index
- Consumer Credit
- June 1, 2015
- June 3, 2015
- June 5, 2015
- June 8, 2015
- June 10, 2015
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- June 21, 2015
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- July 28, 2015
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- August 11, 2015
- August 12, 2015
- August 15, 2015
- August 18, 2015
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MEET WESTMINSTER CONSULTING.

Promoting a Culture of Stewardship Responsibility
At Westminster Consulting, we specialize in providing incomparable fiduciary advice and counsel coupled with thoughtful investment research to our clients. Our services help qualified plan sponsors and their fiduciaries fulfill their responsibilities under ERISA.

Our singular focus of promoting, developing and maintaining proper and strong fiduciary governance processes for clients is central to our culture and to the services we provide. Our role as “fiduciary” consultant to plan sponsors goes beyond that of a traditional investment consultant. Pivotal to the work we do with plan committees is assisting them with the development of and compliance with sound fiduciary practices while delivering exceptional, original investment analysis.

Our prudent process-based approach enables Defined Benefit and Defined Contribution plan fiduciaries to meet their legal obligations, as well as mitigate their potential liability in a cost-effective and prudent manner, benefitting all stakeholders of a plan.

As a leading independent, fee-only fiduciary consultants, we provide plan sponsors with the ability to better navigate and manage the demanding and changing ERISA regulatory landscape. Our independence provides objectivity, allowing Westminster Consulting to provide clients with impartial advice, time-tested industry leading insight and improved plan results.

Whether through the development of Investment Policy Statements, intensive fiduciary reviews, education and training, or ongoing oversight and document management, the policy and procedures approach utilized by Westminster Consulting provides clear and thoughtful solutions to the regulatory challenges of managing a qualified plan.

The complexity of the plan oversight process is streamlined by utilizing Westminster Consulting’s proprietary Fiduciary Compliance Resource Center™ (FCRC) technology platform. This secure portal is the first of its kind to provide consistent and accurate plan information in an easily accessible and secure location. FCRC helps plan sponsors control and manage all aspects of plan oversight consistent with Department of Labor’s ERISA requirements. FCRC is one of the most comprehensive fiduciary management tools available to plan fiduciaries.

At Westminster Consulting, we provide informed insight and seasoned expertise in helping investment fiduciaries better manage their legal responsibilities through considered advice, secure technology, and ongoing fiduciary education.

“We provide plan sponsors with the ability to better navigate and manage the demanding and changing ERISA regulatory landscape”
-Thomas Zamiara