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## 2Q | 2024 THE 457(b) PLAN FIDUCIARY ADVISOR NEWSLETTER

### **U.S. Department of Labor Finalizes Major Changes to Its Fiduciary Investment Advice Rule**

“In this article, the authors examine the final “Retirement Security Rule” published recently by the U.S. Department of Labor amending the existing rule defining when a person is an investment advice fiduciary under the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code.” [Read More Here](#)<sup>1</sup>

### **The End of Chevron Deference and Its Impact on Employee Benefits**

“On June 28, 2024, the Supreme Court published a landmark ruling that overturned decades of judicial deference to government agencies under the so-called Chevron doctrine. This decision fundamentally alters the landscape of administrative law. Although the specific impact remains unclear, the reversal of Chevron is sure to affect the world of employee benefits and executive compensation.” [Read More Here](#)<sup>2</sup>

### **ERIC, Coalition Allies File Amicus Brief in U.S. Supreme Court Supporting Review of Claims Case Threatening to Explode Frivolous Litigation**

“Under the Ninth Circuit’s interpretation of Section 406 of ERISA, a plaintiff could sue a plan fiduciary for the routine renewal of its contract with its recordkeeper.... Based on the Ninth Circuit’s decision, a complaint alleging nothing more than that would survive a motion to dismiss and become an expensive burden for the employer. The amicus brief demonstrates that the resulting legal fees and perverse incentives to settle will make it harder for plan sponsors and administrators to provide benefits, which will reduce benefits for employees to instead pay trial attorneys’ legal fees.” [Read More Here](#)<sup>3</sup>

### **Government Sponsors Say Payroll Systems Are Main Obstacle to Roth Catch-Ups**

“Many plans do not offer Roth options and need to update their systems to flag incomes at or above the limit to be sure they are in compliance. This problem is particularly acute for governmental plans, which tend to have more complicated and less centralized payroll systems, and in many cases require updates to state legislation and collectively bargained labor contracts in order to make the necessary changes.” [Read More Here](#)<sup>4</sup>

### **IRS Issues Guidance on Personal Expense and Domestic Abuse Victim Distributions**

“On June 20, 2024, the Department of the Treasury (“Treasury”) and the Internal Revenue Service (“IRS”) released guidance in the form of Notice 2024-55 (the “Notice”) regarding two of the exceptions to the 10% additional tax on early distributions under Internal Revenue Code (the “Code”) section 72(t)(1): emergency personal expense distributions and domestic abuse victim distributions.” [Read More Here](#)<sup>5</sup>

## SECURE 2.0's Saver's Match: The Promise and The Challenges

"Slated to begin operation with the 2027 tax year, both the promise and the challenges of the Saver's Match program are coming more sharply into focus. While research is still ongoing, the picture being revealed is one of massive potential to increase retirement savings and to help close the minority wealth gap." [Read More Here](#)<sup>6</sup>

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<sup>1</sup> Source: Volume 37, Number 2 – Summer 2024, Benefits Law Group: "U.S. Department of Labor Finalizes Major Changes to Its Fiduciary Investment Advice Rule"

<sup>2</sup> Source: July 2, 2024, Snell & Wilmer Benefits Update Newsletter: "Meet the New Boss, Same as the Old Boss? The End of Chevron Deference and Its Impact on Employee Benefits"

<sup>3</sup> Source: May 9, 2024, The ERISA Industry Committee ("ERIC"): "ERIC, Coalition Allies File Amicus Brief in U.S. Supreme Court Supporting Review of Claims Case Threatening to Explode Frivolous Litigation"

<sup>4</sup> Source: April 25, 2024, PlanSponsor: "Government Sponsors Say Payroll Systems Are Main Obstacle to Roth Catch-Ups"

<sup>5</sup> Source: June 27, 2024, Ferenczy Benefits Law Center: "Flashpoint: IRS Issues Guidance on Personal Expense and Domestic Abuse Victim Distributions"

<sup>6</sup> Source: July 2, 2024, 401(k) Specialist: "SECURE 2.0's Saver's Match: The Promise and The Challenges"

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