



HYAS GROUP

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4Q|2019 THE 457 PLAN FIDUCIARY ADVISOR

IMPORTANT SECURE ACT INFORMATION FOR GOVERNMENTAL PLAN SPONSORS

The list of items in the recently passed SECURE Act that may impact your 457(b), 401(a), 401(k) or 403(b) Plan is substantial and includes “[1] Modification to Required Minimum Distribution rules... [2] Required Beginning Date... [3] Repeal of maximum age for traditional IRA contributions... [4] Plan loans... [5] Portability of lifetime income options ...[6] Treatment of custodial accounts on termination of Section 403(b) plans... [7] Withdrawals for individuals in the case of birth or adoption... [8] Treatment of difficulty of care payments as compensation... [9] Fiduciary safe harbor for selection of lifetime income provider... [10] Increase[d] failure to file penalties.” Read more analysis from the law firm Ice Miller LLP here: [SECURE Act Provisions Which May Affect Governmental Plans](#).

HYAS GROUP CHECKLIST FOR SECURE ACT RETIREMENT PLAN ITEMS

Click on this link for a handy guide to what is required or optional for your governmental 457, 401(a), 401(k), or 403(b) retirement plan: [See Here](#).

REQUIRED MINIMUM DISTRIBUTIONS ARE LIKELY DECREASING, AND NOT BECAUSE OF LEGISLATIVE CHANGES

“Retirees could take smaller mandatory withdrawals from their tax-advantaged accounts under a new [Treasury Department proposal](#) designed to adjust for rising life expectancy. If finalized, the rules would take effect starting in 2021, reducing tax collections and letting more money accumulate in tax-preferred accounts. The change amounts to a tax cut for retirees who don’t need to tap their savings for living expenses.” Read the full article from *The Wall Street Journal* here: [Retirees’ Mandatory IRA Withdrawals Would Shrink Under Treasury Proposal](#).

GOVERNMENT REGULATORS LOOKING AT 457(B) AND 403(B) PLANS

“It appears that the SEC has initiated a ‘sweep’ examination to inquire into the sales practices applicable to retirement plans for teachers and state and local government employees... Further, the New York Department of Financial Services recently launched an investigation into the sales tactics and costs involved with 403(b) plans ... Many of these 403(b) and 457(b) plans are not subject to ERISA and its higher regulatory standards[.]” DrinkerBiddle provided the attached: [403\(b\) and 457\(b\) Plans Going Under the Regulatory Microscope](#).



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THE IRS CLARIFIES THAT UNCASHED CHECKS DON'T CHANGE PLAN SPONSOR WITHHOLDING RESPONSIBILITIES

[\[Revenue Ruling 2019-19\]](#) clarifies that the participant's failure to cash the distribution check does not change the plan administrator's obligation to withhold taxes and report the distribution as taxable income. Therefore, a plan administrator should not try to undo income tax withholding or reporting merely because a participant fails to cash a distribution check... "One concern is that the plan still has the funds. A qualified plan document should address the disposition of funds attributable to uncashed distribution checks." [IRS Issues Guidance on Uncashed Distribution Checks.](#)

RESEARCH SHOWS TARGET DATE FUNDS MAY BE MAKING A BIG DIFFERENCE IN DC PLAN OUTCOMES

"Target date funds in corporate retirement plans grew from \$5B in 2000 to \$734B in 2018, partly because federal regulation sanctioned these as default investments in automatic enrollment plans... Including these funds in retirement saving menus raised equity shares, boosted bond exposures, curtailed cash/company stock holdings, and reduced idiosyncratic risk. The adoption of low-cost target date funds may enhance retirement wealth by as much as 50 percent over a 30-year horizon." Read the full research paper from the Wharton School of Business here: [Target Date Funds and Portfolio Choice in 401\(k\) Plans.](#)

GET INVOLVED! NAGDCA WANTS YOU TO SHARE YOUR PERSPECTIVE

With the National Association of Government Defined Contribution Administrators (NAGDCA) Annual Conference taking place in Seattle on October 4-7 this year, there is an opportunity for public sector committee members to contribute as a panelist or moderator for a conference session. If you are interested, but concerned about time commitments, etc., talk to your Hyas Group consultant. Most of our senior consultants have participated as moderators or panelists in the past and can give interested parties an overview of what's involved. Or, visit NAGDCA's website (<https://www.nagdca.org/>) in late February or early March to learn more and sign up to serve on a panel!



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