

Defined contribution market update

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As with so much that has happened in the broader retirement plan market this year, there are no shortage of key issues facing defined contribution plan sponsors in the fourth quarter of 2020.

Many plan sponsors continue to grapple with challenges surrounding suspending and potentially reinstating employer match contributions, while confronting new issues such as lifetime income disclosure, the impact of the COVID-19 pandemic on participant savings rates, the security of participant data, and dealing with investment strategies, particularly target date funds, amid market volatility and low interest rates.

Here's a summary of four topics that are currently top of mind for plan sponsors, along with some suggestions on next steps.

What's on your mind?

Are you considering suspending 401(k) employer contributions?

Revised 401(k) eligibility rules go into effect on 1/1/2021 for part-time workers. Are you ready?

The Department of Labor has issued new rules governing the use of ESG investments in ERISA qualified plans that go into effect January 2021.

The Department of Labor has issued new lifetime income disclosure rules that go into effect September 2021.

Next steps:

- Benchmark comparable employers to help with the decision making
- Consider alternative designs that generate cost reductions without unduly discouraging employee savings

Next steps:

- Consider if there are temporary employee groups (e.g., interns, summer help) who might now qualify for the Plan under a reduced hour threshold
- Estimate the cost of expanding eligibility for these employees (if matching contributions are offered) to avoid tracking hours worked

Next steps:

- Review how any ESG (or other affinity funds) are evaluated and communicated to ensure compliance with the new rules

Next steps:

- Consider what additional communication might help participants understand their post-retirement income needs.

Learn more:

To arrange a call to discuss these and other important defined contribution plan trends, contact us at **1 866 355 6647** or talktous@buck.com.