

*Yes, A Superior 401(k) Plan is Possible
We are Crusaders Against Wall Street Greed!*

**Outstanding Content, Retirement Plan Tips, Articles,
Juicy Nuggets, Events, Resources and Overall Thoughts**

401(k) Newsletter (Q1 - 2020)

For Benefits, Human Resources, CFOs, Controllers & CPAs



Topics in this Edition:

- Company Retirement Plan - Start the Year Off Right!
- Secure Act 2020 (**Must Read**)
- 401(k) Average Balances by Age
- New 2020 Contribution Limits for Retirement Plans
- Benchmark Your Plan (and a Fiduciary Review)
- HSA (Health-Savings Account) Contribution Limits Raised for 2020
- **Articles** You Should Read
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Company Retirement Plan - Start the Year Off Right!

As the stock market reaches new highs, everyone with a retirement plan is excited to see their new balances as they continue to go up. Some even increase their contributions because of FOMO (**F**ear **O**f **M**issing **O**ut) in the upward move in the market. This is a good thing, but consistent increases to participant contributions should be encouraged and it doesn't matter whether the market is in an upward or downward trend. In a downward trend, it gives the participant the opportunity to earn better returns when the market returns to an upward trend.

Another trend in 2019 that has continued from prior years is the lack of Fiduciary awareness. We saw this more and more with prospective clients. Most companies believe they are too small or fly under the radar either in number of employees or plan asset size. These are "myths"! We know of companies as small as 5 employees that have been "random audited" by the DOL. You must have your Fiduciary checklist and review it with your team or designated fiduciary individual on a monthly basis. This could include but not limited to; Participant Notifications, General Reporting, IPS (Investment Policy Statement) Review, Investment Committee Meetings (at least one annually) and keeping the Fiduciary File current. These are critical to keeping in compliance.

[IRS Provides Help - 401\(k\) Fix-it Guide - CLICK HERE](#)

Education is critical, but most companies are doing it wrong. Group meetings only is not the answer.

You need a combination of group meetings, one-on-one investment guidance availability and even a video may help. Keep the topics and content simple-to-understand. The more intermediate and advanced topics should be saved for the one-on-one conversations to participants who have some investment background or wanting to learn more about investing in greater detail. Follow-up is probably the most critical component to Education success. You can provide investment education to a group of people and they may be motivated at that time, but without follow-up, a high percentage of those people will not follow through on enrollment, investment planning, etc.

Lastly, Atlas will be discussing "Asset Protection" in future newsletters. With the New Secure Act of 2020 (more info below), 401(k) Plans can now add safe Annuity options to protect principle and guarantee income when participants reach retirement age. This will be a very important component moving forward as participants want more diversity in their asset options. Asset Protection is becoming more top of mind as the stock market reaches new highs and geo-political events are becoming more tense. We all know everyone wants all the upside and none of the downside in their investment accounts. No one likes volatility, but if you are investing and taking the "long game approach", diversification is critical to your success. If many of your participants are looking to retire in the next 5-10 years, they need education and quality choices for peace of mind.

[CLICK HERE To Schedule a Call with an Atlas Investment Advisor](#)

The New Secure Act is now in place for 2020.

Participation by Less than Full-Time Employees. Employees who have three consecutive 12-month periods of at least 500 hours of service and satisfy the plan's minimum age requirement must be allowed to make deferral contributions — in addition to employees who have fulfilled the general one year of service requirement by working at least 1,000 hours during one 12-month period. This group can be disregarded for nondiscrimination testing. These changes are effective for 2021, but no 12-month period that begins before January 1, 2021 shall be taken into account

Required Minimum Distributions (RMDs). The age at which required minimum distributions must generally begin will be increased to age 72 from age 70 ½. These changes are effective for distributions required in 2020 and later years, for those who reach age 70½ in 2020 or a later year.

Insurance/annuity safe harbor and portability. An objective fiduciary safe harbor for the selection of a lifetime income provider is being added to encourage employers to offer in-plan annuity options. The SECURE Act also provides for tax-advantaged portability for a lifetime income product from one plan to another or between plans and IRAs to help avoid surrender charges and penalties where the lifetime income product is removed from a particular plan. The safe harbor is effective as of the date of enactment and the portability provisions are effective January 1, 2020.

Lifetime income disclosure. A separate provision also requires participant lifetime income disclosures illustrating the monthly payments if the participant's account balance was used to provide lifetime income in an annuity. These changes are effective for benefit statements provided more than 12 months after the Department of Labor provides guidance, which must be completed within one year of the date of enactment.

The SECURE Act also repeals the maximum age for IRA contributions (so an individual can make traditional IRA contributions at any age) and eliminates the stretch IRA. As to the latter, non-spouse beneficiaries of inherited IRAs will be required to take their benefits in income on an accelerated basis which can have estate planning implications for individuals and families. These changes are effective January 1, 2020.

[CLICK HERE To Schedule a Call with an Atlas Investment Advisor](#)

Average 401(k) Balances by Age*

Ages 20-29

- The average 401(k) balance was \$11,800
- The median 401(k) balance was \$4,300
- The average contribution rate was 7% of compensation

Ages 30-39

- The average 401(k) balance was \$42,400
- The median 401(k) balance was \$16,500
- The average contribution rate was 7.8% of compensation

Ages 40-49

- The average 401(k) balance was \$102,700
- The median 401(k) balance was \$36,000
- The average contribution rate was 8.5% of compensation

Ages 50-59

- The average 401(k) balance was \$174,100
- The median 401(k) balance was \$60,900
- The average contribution rate was 10.1% of compensation

Ages 60-69

- The average 401(k) balance was \$195,500
- The median 401(k) balance was \$62,000
- The average contribution rate was 11.2% of compensation

**from an article provided in thestreet.com*

CONTRIBUTION LIMITS for 2020

401(k) - \$19,500 (Participant) plus \$6,500 (Catch-up Contribution over 50)

SIMPLE IRA - \$13,500 (Participant) plus \$3,000 (Catch-up Contribution over 50)

Individual - \$6,000 plus \$1,000 (Catch-up Contribution over 50)

Benchmark Your 401(k) Plan (along with a Fiduciary Review) - **no charge**

Every year most companies perform a review across all departments and benefit offerings. First, its part of your Fiduciary Responsibility to get this done every couple of years. Second, it helps create a baseline that you can build off of if you are looking to review your Service Provider and review your asset lineup for performance versus it's benchmark. Compare your fees (administrative and fund fees against DOL reasonability), Fund Performance and get a Fiduciary Compliance check-up.

[Click Here for More Information](#) **(no charge)**

[CLICK HERE To Schedule a Call with an Atlas Investment Advisor](#)

HSA (Health Savings Account) Contribution Limits for 2020

For a Single Person the HSA is being raised \$50 to \$3,550 and for a Family, HSA is being raised \$100 to \$7,100. Over 50 years old, the catch-up contribution remains at \$1,000. HSA has been a growing trend for companies and individuals who have a "*high-deductible healthcare plan*". It is a cheap benefit for companies to offer their employees and as a "pre-tax" benefit for both short-term and long-term money and investments, its almost a no-brainer. DON'T Forget, if you company doesn't offer a HSA, you can set one up on your own. [Learn More](#)

[CLICK HERE To Schedule a Call with an Atlas Investment Advisor](#)

Important Articles You Should Check Out

[Fidelity Fees Are Top 401\(k\) Litigation - CLICK HERE](#)

[The 5 Biggest ERISA Retirement Plan Settlements of 2019 - Click HERE](#)

[The More \(401\(k\) Choices The Merrier, Morningstar Finds - CLICK HERE](#)

[8 Ways The Secure Act Changes Financial Planning - CLICK HERE](#)

[Smaller 401\(k\) Plans Have a Lot More Problems than Larger Plans - CLICK HERE](#)

[How to Establish a Strong Investment-Focused 401\(k\) Plan Committee - CLICK HERE](#)

FUN LINKS

[**James Bond Movies Ranked Worst to Best**](#)

[**The Luxury Yacht That Turns Into a Submarine**](#)

[**Top Gun 2 Movie Trailer**](#)

[**The 50 Best Films of 2019 in the United States: the full list**](#)

[**10 Suave Behind-the-Scenes Facts About Mad Men**](#)

Reuters Special Report : "*Fidelity Puts 6 Million Savers on Risky Path*" - [CLICK HERE](#)
Atlas Response to the Reuters Special Report - [CLICK HERE](#)

Archive of Prior Atlas 401(k) Quarterly Newsletters

[CLICK HERE FOR COMPLETE LISTING](#)

MORE Article Links that you will find Interesting and Educational:

Transamerica settles 401(k) Excessive-Fee Lawsuit with its Employees for \$3.8M - [CLICK HERE](#)

Wells Fargo's 401(k) Rollover Practices Under Investigation - [CLICK HERE](#)

Merrill Lynch to Pay \$25M in Lawsuit Over Fees in Small 401(k)s - [CLICK HERE](#)

Millions of Americans Overlook Retirement Savings Tax Credit - [CLICK HERE](#)

From SHRM - "401(k) Plan Sponsors are Focused on Fees" - [CLICK HERE](#)

VOYA Targeted in 401(k) Fee Suit - [CLICK HERE](#)

Wells Fargo Class Action Law Suit against its 401(k) Practices - [CLICK HERE](#)

What Happened With IRA Balances, Contributions, Allocations And Withdrawals?" - [CLICK HERE](#)

[401\(k\) - Top 6 Reasons Why It's That Important To Your Business](#) - *Authored by Ron Lang*

Need a *SPEAKER* for your

Human Resource Association(SHRM) Group OR CPA Association/Group

Ron Lang has been a very "well-received" speaker at many groups and offers a variety of topical content that have been SHRM, HRCI CE and CPE approved. - [EMAIL For More Information](#)

[CLICK HERE - Full Bio on Ron Lang & Recent Speaking Engagements](#)

Ask yourself and your 401(k) Plan Committee the following questions:

1. Have you reviewed your Investment Policy Statement (IPS) annually?
2. Have you compared EACH of your Funds/ETFs for reasonable fees and performance?
3. Have you sent out a company survey of 5-7 questions to solicit feedback on your 401(k) Plan?
4. Do you have a complete "Fiduciary File" of all your 401(k) Plan documents (centralized)?
5. Have you checked your Fidelity Bond amount to make sure it covers your total plan assets?
6. Do you have procedures for new eligible employees on your plan?
7. Do you get good service? Calls frequently? Offers Education? Offers tax strategy consulting?
8. Have you interviewed 1-2 other companies just to compare service and asset offerings?

(These are just a sample of important questions to ask at this time of the year)

401(k) Plan Review - Checklist

Atlas has provided a 2-Page 401(k) Plan Review checklist for you to download

[CLICK HERE TO VIEW THE CHECKLIST AND DOWNLOAD](#)



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