

(K)LARITY

THE 401(K) NEWSLETTER

PROVIDING RETIREMENT PLAN (K)LARITY IN A COMPLEX WORLD

June 2020

DID YOU KNOW...

New Department of Labor rules add an additional safe harbor for electronically distributed ERISA documents to participants. It is an alternative rule (does not replace the old rule) and allows the default method of delivery to be electronic, instead of paper, if certain requirements are met. The participant can provide an electronic address and must receive an initial paper notice to let them know documents will be provided electronically.

BACK TO 401(K) BUSINESS

The coronavirus pandemic has certainly disrupted our personal, financial, and business lives. As we continue to learn to navigate this new paradigm to protect the health of our family and friends, we are also learning how to navigate it from a business perspective. Much more of us are working from home, conducting virtual meetings, and doing our best to operate and run our businesses during volatile and uncertain times.

Initially it made sense to postpone those 401(k) committee meetings. With a more pressing issue of simply keeping your business running while we transitioned to this new normal, the 401(k) was probably put on the back burner. As we have settled into our new and different business routines, it is important that we get our 401(k) fiduciary routine back on track, albeit in a virtual setting.

With stock market volatility, the adoption of various CARES Act provisions, and participants on edge, there are steps plan committees should take to ensure they are meeting their fiduciary obligations.

Get the committee back on schedule. You have a legal obligation and duty to monitor your plan. When your advisor reaches out to schedule a meeting, do not put it off for too much longer. These past few months it likely made sense to defer those meetings to a later date as you tackled important business decisions, but it is time to get them going again.

Review the plan investments. With recent volatility and the possibility of continued volatility, make sure you continue to follow your Investment Policy Statement (IPS).

Monitor your participant/employee actions. Your 401(k) provider should be able to generate reports that show investment exchanges and activity. Panicked participants may make drastic changes in their investment accounts.

Communicate with your employees. Use this as an opportunity to address market volatility and investment diversification. Have your advisor or provider host a virtual meeting and record the meeting to distribute to your employees.

Rely on your advisor. A good advisor can help you navigate these steps above. Rely on them for analysis and to recommend courses of action.

Document fiduciary decisions. Be sure to document the process and any decisions along the way.

EMBRACING THE VIRTUAL MEETING, FROM JOE FLEISCHMANN

Nothing beats a face-to-face meeting in the conference room for me. Handshakes, body language, seeing each other up close and personal. The in-person human interaction is and always will be the best experience. Someday we will return to that, or at least some of that, but many of us are recognizing the advantages of virtual meetings which will likely carry on in a post coronavirus world. Here are a few reasons I believe virtual meetings will survive long into the future.



Efficiency. No time is wasted traveling to and from meetings and you can engage from any location. There is also less small talk and more getting straight to the point.

Scheduling and rescheduling. Virtual meetings can be scheduled or rescheduled easily. No conference rooms to reserve. Everyone does not have to be onsite. And if a meeting needs to be rescheduled you do not have to disrupt an entire day.

Communication with visuals. If visual collateral is needed, virtual meetings force the presenter to organize the material to ultimately create a presentation due to the screen sharing required in a virtual setting. A little more work up front, but it ideally creates efficiencies for the presenter to simplify the message and get to the point quickly.

Overall, I think most businesses are recognizing the efficiency advantage and the cost savings that comes with this. I believe the virtual meeting is here to stay and will be used more frequently even in a post coronavirus world. The business owner in me likes these efficiencies. The human in me that craves social interactions, not as much. I look forward to using these efficiencies with clients, but hope I never have 100% virtual meetings with any of our clients. I miss the human interaction, the inefficient small talk, and even the travel. I hope we all strike a balance to leverage these efficiencies, but not so much that we miss out on deeper relationships.

ON A LIGHTER NOTE

We all look forward to a COVID-19 vaccine. Whether we continue with this new normal or revert to the way it was, I think all of us are looking forward to a few things we have been deprived of over the last four months. We share with you what we most look forward to doing when we those opportunities return.

I look forward to a few things. Taking my 2-year-old out for a donut at a donut shop and watching her cover her face with frosting. Seeing my parents in-person and giving them a great big hug. And lastly, to attend a baseball game with my wife and to simply sit in the stands and enjoy a beer and a bratwurst. – Joe

The very first thing my wife and I will do once able, will be to visit with my 96-year-old Grandmother. Phone calls are ok, but we are used to seeing her once a week. – Charles

The opportunity that I look forward to most is visiting family in Arizona and playing in the pool on a hot day with my 6-year-old. Also, making a weekend trip to Seattle to watch the Yankees beat the Mariners, while drinking a cold beer and cheering with the crowd. Go Yankees! – Richelle