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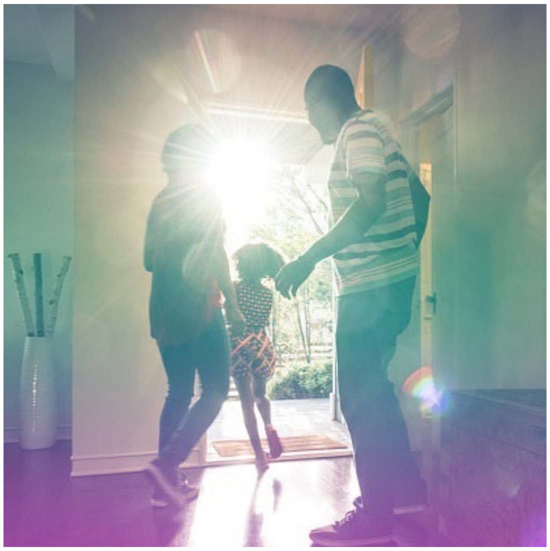
The Retirement Times

RISEN SON FINANCIAL
Your Retirement Plan Partners

When It Comes to Financial Wellness… the Time Is Now



While one could say it's always a good idea to focus on well-being of any type — whether that's physical, mental, or financial wellness — there's perhaps never been a more important time to help employees improve their financial literacy, behaviors, and resilience than right now.

More workers under greater financial strain. It would be difficult to overstate the overarching impact that the pandemic has had on the financial lives of American workers. Sadly, many are struggling under increased budgetary and inflationary pressures, which can put retirement readiness at risk — or out of reach altogether. And while lately it may feel like COVID-19 exerts an uncontrollable influence on daily life, personal finance is one area where plan sponsors can help foster a greater sense of agency for plan participants through robust financial wellness programming. Financial wellness education and services that respond to the evolving needs of a changing workforce can help increase participation rates, enhance retirement readiness, bolster emergency savings, and reduce 401(k) loans.

Increased emotional and physical strain. Fears for the health of themselves and loved ones, social isolation, changes in work and personal routines and even decreased access to preventive care due to fear or financial pressures can put workers' emotional and physical health at risk. And just when a transition to post-pandemic life seemed around the corner, new concerns have emerged with worrisome variants. The connection between mental and physical health is well established, especially as mediated by the effects of stress on the body — and anything employers can do to reduce stress can only help their workers in this regard. Responsive financial wellness programs designed and implemented to meet the needs of all employees can help reduce stress and improve morale. And an added benefit to employers can be a reduction in health care costs and fewer missed days of work.

Tightening job market. When businesses shuttered or were restricted during the pandemic, the demand for labor understandably dropped. But now that companies are hiring once again, the labor force participation rate has remained stubbornly low over the last few months, remaining unchanged at 61.6% in June — and down from 63.3% before the pandemic. Rising wages suggest heightened competition for qualified workers. Companies are doing all they can to attract and retain top talent during the "Great Resignation" — and offering a robust retirement plan and comprehensive financial wellness programming can help organizations do just that.

WellCents can help both sponsors and retirement plan participants weather the storm that COVID-19 has brought, and which now appears to be lingering on our shores. There are few events in history with such widespread national impact as the pandemic. With a greater proportion of employees under stress and in need, a program like WellCents that boasts an average utilization rate of 35% to 75%, compared to rates in the 1% to 2% range of comparable programs, can make all the difference. There's no better time than now to help your employees establish and maintain their financial health for today — and for whatever the future may hold.

Source
https://www.nytimes.com/2021/07/02/business/economy/jobs-economy-covid.html

Three Ways to Strengthen Your Retirement Plan Committee

Retirement plan committees aren't required by ERISA, but they can be extremely beneficial nonetheless — especially for larger plans. And if they're constructed and operated appropriately, they can even help in the event a sponsor is sued. Depending on the size of the plan, some organizations split up committee responsibilities into investment oversight, administration, and settlor functions. But no matter how you structure them, here are three ways to make retirement plan committees a more effective tool for your organization.

1. Ongoing fiduciary training and education. Fiduciary committee members take on significant risk for their service. And even though there are no specific job titles or requirements to participate on a retirement plan committee per ERISA — such as being a financial or human resources officer, it's vital that committee members be prudently appointed and that only individuals qualified for the role take on this responsibility. They should have an understanding of ERISA fundamentals and the workings of retirement plan structures and operations. But perhaps most importantly, members must have a commitment to working solely for the interests of plan participants and beneficiaries. The functioning of the committee can be further strengthened with ongoing continuing education on fiduciary responsibility and training to keep members abreast of any regulatory or other ERISA, DOL or IRS changes that could impact the retirement plan they oversee. Schedule regular training — perhaps quarterly — and consider fiduciary liability insurance to provide an added layer of protection for members, whose performance should be closely and regularly monitored.

2. Retirement plan committee charter and documentation. Documentation is a key for fiduciaries. Many advisors will take minutes that record agenda items for each meeting, which might include a review of areas such as investment performance, plan fees and documents such as the investment policy statement or form 5500. Additionally, any recommended changes or amendments to the plan — or its providers — should be documented along with the processes that led to such changes. The minutes should be reviewed and approved by the committee members and records retained. And while ERISA does not mandate a retirement plan committee charter, it's considered a best practice to use one to document who possesses delegated fiduciary functions. The charter can also be used as part of a legal defense in the event of a lawsuit.

3. Committee member diversity. As with other leadership groups in your company, the retirement plan committee should reflect the diversity within your organization. Representation in terms of age, ethnicity, culture, socioeconomic background and gender can help ensure the committee understands the needs and concerns of all the participants and beneficiaries in whose interests they're entrusted and obligated to act — and how best to serve, educate and communicate with them. Including first-line workers as opposed to only members of your C-suite can be particularly useful when it comes to appreciating the perspectives of employees with greater financial need or those who are not (or are under-) participating in the plan. And for individuals who don't possess fiduciary education or experience, be sure to limit committee responsibilities to an advisory role that does not involve direct decision-making.

Assembling a qualified, representative and responsive retirement plan committee — well equipped with a comprehensive charter and ongoing fiduciary training — can be a highly effective tool to help plan sponsors discharge their fiduciary duties to plan participants and beneficiaries.

Sources

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Beneficiary of Unintended Consequences

Upon becoming eligible to participate in your company's 401(k) plan, participants are asked to select investments, contribution rate and to indicate a beneficiary designation. This is obvious and it is likely that an application would not be accepted unless this information was completed. What is often less obvious is the need to update beneficiary designation in event of significant life changes acknowledging that their 401(k) assets may not then coincide with the terms of a will addressing other assets.

Not changing the designation when appropriate may at the least subject your intended beneficiaries to the inconvenience and distress of the probate process and likely delay distribution of assets. Identifying and updating participants' beneficiaries for 401(k) plan assets can ensure a smooth transition of 401(k) assets to the people who need them in their absence.

This issue is often manifest in the event participants become divorced and eventually remarry. They may know to update their will and contact their life insurance company to change their beneficiary so that the new spouse will be entitled to their assets upon their death, but often people neglect to update their 401(k) plan beneficiary. In this event, their 401(k) plan assets may go to their former spouse because they neglected to update their 401(k) beneficiary designation form.

In order to avoid these potential negative experiences, encourage participants to periodically review their 401(k) beneficiary designation forms, especially if they've had major family changes since they set up or last updated their beneficiary designation.

Participant Corner

School is now in session!

Let’s check if you’re preparing for retirement and review the following items we’ve listed below.

Contribute to your Retirement Plan

It is imperative to keep track of your retirement plan and set aside a percentage of your income. It’s recommended to save at least 10% of your income for an enjoyable retirement.

Assign or Update Beneficiaries

A critical part of having a retirement plan is to assign the accounts beneficiaries. It’s important to periodically check or update the account after major life events like the death of a spouse, marriage, divorce, etc.

Familiarize yourself with your Company Offerings

Does your company offer long-term care insurance and/or healthcare plans? It’s a good idea to be familiar with their benefits and frequently check to see what new perks they offer.

Be Aware of Cyber Security

Cyber-attacks are common and should be recognized by retirement plan participants to ensure their information is safe. It’s essential to frequently update your passwords and educate yourself on cyber security.

For assistance, please contact your financial professional, Kevin Donahue AIF®, CRPC® at kevin@risensonfinancial.com or call 813.512.2746.

RISEN SON FINANCIAL

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Our Mission

Risen Son Financial strives to help employers reduce the cost of their retirement plans and the liability of their responsibilities by naming ourselves as fiduciaries to the plan and participants. We believe this builds the foundation to help employees reach their ideal financial future, through one-on-one education, risk analysis, and financial planning.

Why Us?

Based in Land O' Lakes, Florida, Risen Son Financial serves as retirement plan partners and investment fiduciaries for large and small businesses across the nation. Fulfilling the duties of good faith and trust, clients choose us knowing we will go above and beyond. As an Independent Financial Advisor, Risen Son Financial represents clients to the marketplace without any bias or conflicts of interest. We're accountable to you and your best interests. Risen Son Financial serves as a named fiduciary for both the plan and participants. As your Plan Fiduciary, we evaluate plan design, mitigate risks, conduct reviews, and offer solutions helping to improve performance. As Participant Counselors, we also serve as fiduciaries providing customizable advice and resources for the participants.

Our Process

At Risen Son Financial, our first step is to review the current cost and value being received by the plan. We can do this by reviewing the 404(a)(5) (participant fees) and 408(b)(2) (plan fees) disclosures that plans are required to distribute and receive from vendors. If these are not readily available, we can also review fund lineups and statements.

We meticulously review the retirement plan, including these 4 costs:

1. **Recordkeepers** – Receive funds from the employer and employee paycheck. Their main responsibility is to keep record of the contributions a participant receives and investment gains. Additionally, recordkeepers do the buying and selling of investments that the participant chooses, while also providing a website and quarterly statements.
2. **Administrators** – Make sure the plan meets the requirements set forth in the IRS code. They handle, testing, compliance, vesting, eligibility, loans, and withdrawals. Many times, administrators are "bundled" with the recordkeeper.
3. **Investments** – Contributions are deposited into investments. They have their normal expense ratio; however, these often come loaded with internal fees like 12b-1, sub-TA, concession and wrap. This is called "indirect compensation" or "revenue sharing." Often, an investment company will pay the recordkeeper a fee to be included in the investment lineup.
4. **Advisors or Brokers** – There is a difference. As a named fiduciary to the plan and participants, Advisors give advice, recommendations, and/or have discretionary control of investments, along with being the quarterback of the plan. This includes benchmarking all fees paid to vendors and shopping plan costs to keep fees reasonable. Advisors are held to the best interest standard. In contrast, Brokers are held to the suitability standard. Brokers can't give advice nor can they name themselves as a fiduciary to the plan. Brokers sell a product as a representative of a larger entity.

Once all fees are known, we benchmark those fees and services being received to the open market. We then use this benchmarking to get the cost of the plan reduced. We accomplish this by either going to the current provider to have them reduce the cost or moving the plan to a platform that will, along with providing for the needs of the plan. Being completely independent we can work with all providers which allows us to provide bias-free advice.

About Kevin Donahue, CRPC®, AIF®

Kevin Donahue is the owner of Risen Son Financial. After serving four years in the United States Navy, he graduated from Florida State University in 2004 earning a bachelor's in Computer Science and a minor in Mathematics. Seeing firsthand, the impact of retirement saving and planning with his own parents, Kevin entered the financial services business to pursue his passion of helping clients meet and exceed their financial goals and visions. Kevin has passed and currently holds the Series 65 license along with obtaining Chartered Retirement Planning Counselor (CRPC) designation from the College for Financial Planning. This designation encompasses pre-and post-retirement needs, wealth management, estate planning, and the entire retirement planning process. Additionally, he holds the Accredited Investment Fiduciary (AIF), which empowers investment professionals with the fiduciary knowledge and tools they need to serve each client's best interests.

Kevin resides in Land O' Lakes, with his wife Brittany and their twin boys Andrew and Noah