VIEWPOINT

SageView Advisory Group Quarterly Newsletter Q4 2019

PlanAdviser Highlights SageView Foundation in "Advisers Giving Back" Feature

In September, PlanAdviser Magazine interviewed Randy Long, Founder and CEO of SageView and Co-Founder of the SageView Foundation, for a special feature entitled "Advisers Giving Back: A Foundation That Spans the World."

"At SageView, giving back is personal" said Long in the interview. "That's what gave us the inspiration to establish the SageView Foundation with two goals in mind: To provide health care and education for women and children in crisis, and to promote microfinancing initiatives that bring sustainable change to local and international economies."

Today, the SageView Foundation supports 14 other foundations around the world and since its founding in 2011, has donated more than $1.5 million from the company's profits and employee donations.

Source: PlanAdviser Magazine. Art by Iris Lei.

Much of the Foundation's work has been in Rwanda, the article notes. "We felt this was a country we could support and that the need was so great," said Long. "From a humanitarian standpoint, a dollar goes very far there."

The interview closes with a heartfelt thank you to the many partner organizations and key influencers "who share our vision, allowing us to create a global footprint in only a few years."

Read the full article here.

SageView Expands in the Southwest With Addition of TJ Arcuri in Phoenix

SageView announced in late August that TJ Arcuri joined the firm as a Retirement Plan Consultant in Phoenix, Arizona.

TJ will further SageView's strong continued growth in the Southwest, bringing over a decade of experience in institutional retirement plan design and relationship management. He specializes in collaborating with retirement plan sponsors to offer cost-effective, high-value retirement programs in the defined contribution, defined benefit and non-qualified plan space.

Prior to joining SageView, TJ was a Senior Institutional Relationship Manager at Vanguard, supporting some of Vanguard's largest and most complex retirement programs.

He holds a B.S. in Finance and minor in Economics from the University of Delaware, and an MBA from Arizona State University with a dual emphasis in Finance and International Business.

Phoenix marks SageView's 25th location and 3rd new office opening since last year. The firm now has 140 employees nationally with over 1,250 retirement plans and $101 billion in assets under advisement.

Read the full press release here.

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Study Shows Most Americans Want to Retire at Age 65

Most pre-retirees want to stop working when they hit retirement age, according to a report by LIMRA Secure Retirement Institute. The survey found that 56% of pre-retirees between ages 55-64 said they plan to stop working entirely, and more than two-thirds of recent retirees feel the same way, Financial Advisor Magazine reported. People who continue to work past retirement age say they do so to remain intellectually active, for discretionary spending money, to stay physically active and to remain socially engaged.

The survey also found that:

- 27% of pre-retirees want to work part-time, and 17% plan to gradually reduce their hours before they stop working.
- 19% of retirees continue to work part-time, while 17% gradually have reduced their hours.
- 25% of female recent retirees gradually transitioned into retirement, compared to 16% of male recent retirees.

The report's findings were based on a survey of 1,000 people ages 55-71.

EMPLOYEE EDUCATION CORNER

Every quarter, SageView's education team releases a new flyer and video on topics important to retirement plan participants. Click below to view the most recent pieces.

INVESTING BASICS

5 Principles Everyone Should Know

Watch the video here.

THE POWER OF 1%

Download the flyer here.

SEE WHERE YOU'RE GOING

NAGDCA Names SageView's Jake O'Shaughnessy to Executive Board

The National Association of Government Defined Contribution Administrators, Inc. (NAGDCA) elected its 2019-2020 governing officers and members-at-large at the organization's annual conference held in September in New Orleans, LA.

SageView Advisory Group Managing Director Jake O'Shaughnessy, CFA was elected as Industry Observer on the Board. Jake previously served as Industry President during the 2018-2019 year.

NAGDCA says those serving on the Executive Board represent the diversity of NAGDCA membership. This brings varying perspectives that will propel the association toward achieving its mission of being a premier provider of education, information and training to support plan sponsors and service providers of government-sponsored defined contribution retirement plans in creating successful retirement security outcomes for their plan participants.

"I am looking forward to continuing my work with the NAGDCA Executive Board to advocate for the retirement security of governmental defined contribution plan participants. NAGDCA maintains a demonstrated track record of impacting positive changes, and it is an honor to be able to represent the service provider perspective on the Board of this organization," commented Jake O'Shaughnessy.

View the full press release and complete list of Executive Board members here.

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Upcoming Compliance Reminders

DECEMBER 1, 2019 - Annual notice to participants for plans providing for a "Qualified Default Investment Alternative" (QDIA) option

A notice must be provided by December 1 to participants explaining their rights under the plan for plans offering a QDIA option, (used when participants do not exercise an investment election). The notice must detail the default investment option, a participant's right to select another investment option, circumstances causing default investment option, and the type of default investment.

DECEMBER 1, 2019 - Annual notice to participants for plans with an eligible automatic contribution arrangement (EACA)

Plans with an EACA follow the QDIA regulations. An annual notice must be provided by December 1 to participants explaining their rights under the plan. The notice must be provided at least 30 days prior to the first contribution going into a default investment option or entry date if the plan has immediate eligibility and offers 90-day return of erroneous contribution provision. Only EACA plans can utilize the 90-day unwind provision and the 6-month ADP testing period to avoid the employer 10% penalty.

DECEMBER 1ST, BUT NO MORE THAN 90 DAYS PRIOR TO THE BEGINNING OF THE PLAN YEAR - 2019 Safe Harbor Notice (and Contingent Notice for 3% safe harbor contribution, if applicable)

Distribute to plan participants 30-90 days prior to start of plan year using Safe Harbor design.

DECEMBER 16 - Summary Annual Report (on Form 5558 Extension)

If the filing deadline for Form 5500 was extended by means of filing Form 5558, distribute to plan participants and beneficiaries the summary annual report (SAR) required by ERISA, on or before December 16, 2019.

DECEMBER 31 - Plan Amendments

Adopt and execute documents implementing plan changes made during the plan year, if applicable and as required. (NOTE: best practice in maintenance of plan documents is to execute amendments prior to the effective date of the change in design or operation; in any event, to be valid, plan amendments must be executed on or before the last day of the plan year in which the change was effective).

NAPA Names Eight SageView Consultants to Top Women Advisors List

In early November, the National Association of Plan Advisors (NAPA) announced its annual list of "Top Women Advisors," naming eight SageView associates to the list.

Nearly 500 women were nominated for the honor, which the National Association of Plan Advisors (NAPA) created in 2015, to acknowledge the growing number of women who are making significant contributions to the retirement industry.

As in years past, nominees answered a series of quantitative and qualitative questions about their experience and practice, as well as their accomplishments, their contributions to the industry, the state of retirement plans, and in what way(s) they "give back." The responses were reviewed anonymously by a panel of judges.

Those who made the list were separated into three categories: Captains, All-Stars and Rising Stars.

Among the Captains are SageView's Susan Hajek, MBA, QPFC and Nichole Labott, MBA, AIF®.

Recognized as All-Stars are Kyla Bolger, MBA, QPFC; Tina Chambers; Ann Cheu; Shelly Schaefer, AIF®, QPFC; and Larissa Whittle, CEBS.

In the Rising Star category is Maressa Etzig-Marin, QPFC.

"Congratulations to all of the well-deserving Top Women Advisors," commented Randy Long, SageView Founder and Managing Principal. "Each year the list grows more competitive and we are thrilled to have eight outstanding women who bring excellence to the profession recognized across all three categories."

The complete list of the NAPA Top Women Advisors can be found here.

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Retirees' Spending Patterns Vary By Age Group

The fraction of households who spent more than their income increased with age, according to an issue brief from the Employee Benefit Research Institute (EBRI). However, the average amount overspent was lower for older age groups.

Using the Health and Retirement Study (HRS) and the Consumption and Activities Mail Survey (CAMS), EBRI examined spending behavior of older Americans for the 50-64, 65-74 and 75-or-older age groups between 2005 and 2017, biennially.

Average annual total spending is lower for households in older age groups compared with those in younger age groups. The study also showed that housing is the largest spending category for every age group, and in all survey years studied except 2017, the median share of households' budgets allocated to housing expenses was smaller for older households.

Analysis also showed:

- On average, households spent less on food as they grew older, and the average dollar amount spent on work-related expenses such as transportation and clothing declined by age.
- The average amount spent on entertainment declined by age, and older households allocated a larger share of their budgets to gifts and contributions.
- The share of health care costs in households' budgets increased with age. However, the average annual share of health costs for the 65-74 and 75-or-older age groups declined after 2007, the year after Medicare Part D went into effect.
- Across all age groups, for low-income households, a larger share of expenses was spent on housing and food compared with high-income households. This increased spending on necessities was offset by a reduction in the average share of spending on entertainment and gifts and contributions.
- Median total income was lower for households in older age groups. In addition, they had higher median spending-to-income ratios than younger age groups.
- Median non-housing wealth increased with age but leveled off and even declined as households reached ages 75 or older.

Net Worth Falls While 401(k) Assets Rise

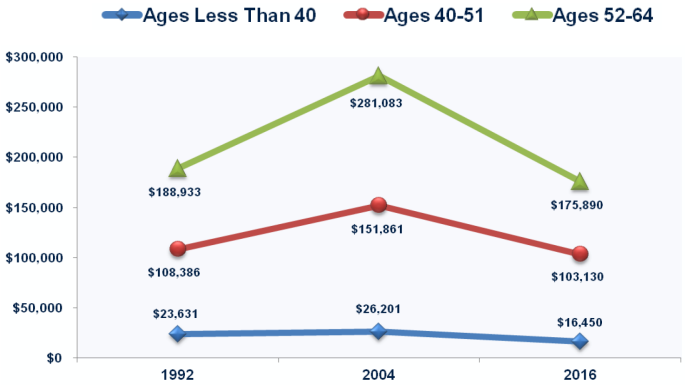
Although 401(k) assets have risen significantly in recent years, for most Americans median savings were lower and debt-to-earnings ratios worsened between 2004 and 2016, a report from the Employee Benefit Research Institute (EBRI) showed.

The EBRI report was based on data from the 1992, 2004 and 2016 Survey(s) of Consumer Finances, Ignites reported.

More significant, there were striking differences in net worth between generations. Among people ages 40-51 in 2004, the median amount was nearly $152,000, compared with about $103,000 (inflation adjusted) for people in the same age group in 2016.

Except for those in the highest-income quartile, the situation is even bleaker. In 2004, lowest-paid workers ages 40-51 had a median net worth of about $19,500, but that dropped to $6,800 for the same age group in 2016.

Median Family Net Worth, By Age of Family Head, 1992, 2004, and 2016
(2016 Dollars)



Source: Employee Benefit Research Institute estimates of the 1992, 2004 and 2016 Survey of Consumer Finances.

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