

VIEWPOINT

SageView Advisory Group Quarterly Newsletter

Q1 2020

SECURE Act May Reduce Retirement Deficit by over \$100M, New Study Shows

New research from the Employee Benefit Research Institute (EBRI) estimates the SECURE Act could help reduce the nation's retirement deficit by over \$100 million.

EBRI evaluated the impact of the SECURE Act's provisions to: widen access to multiple employer plans (MEPs); increase the auto-escalation cap for plans that automatically enroll workers; and require coverage of long-term part-time employees. When these three provisions are included with baseline assumptions on open MEP take-up rates and participation rates, the retirement savings shortfall would have an overall decrease of 3%. Based on an overall retirement savings shortfall of \$3.83 trillion, this translates to a reduction of \$115 billion for households ages 35 to 64.

The analysis also found that the percent reductions in retirement savings deficits aggregated across all age groups would be greater for employees working for smaller employers: 5.6% for employers with fewer than 100 employees and 5.2% for those with 100 to 500 employees.

Retirement savings deficit reductions among workers ages 35-39 are significantly greater, as they have more time to benefit from the new provisions. EBRI research shows deficit reductions for this age group projected at 5.3% for all employer sizes combined, 10.7% for those with fewer than 100 employees and 8.6% for those with 100-500 employees.

There is a lack of information currently available on likely take-up rates for open MEPs by small employers who do not currently offer a retirement plan, so EBRI notes that its analysis incorporates a wide array of assumed take-up rates. If all open MEPs are assumed to adopt automatic enrollment, the overall retirement savings shortfall reduction is 3.3% or \$126 billion. However, if they are assumed to adopt a voluntary enrollment plan, the overall retirement savings shortfall reduction is only 2.8%, or \$107 billion.

Taking into account the provision that requires coverage of long-term part-time employees, the retirement savings deficit is projected to be reduced by 3% overall and 5.3% for those ages 35-39.

Source: EBRI, NAPA

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SageView Named to 2020 PlanAdvisor Top 100 Retirement Plan Advisers

In early March, SageView Advisory Group was named among the 2020 PLANADVISER Top 100 Retirement Plan Advisers. SageView has made the list every year since 2008.

The PLANADVISER Top 100 Retirement Plan Advisers is an annual listing of adviser individuals and teams that stand out in the industry in terms of a series of quantitative measures. These include the dollar value of qualified plan assets under advisement (AUA), as well as the number of plans under advisement.

With over 1,250 retirement plans totaling \$104 billion in AUA and 140 employees, SageView was recognized in the Mega Team segment.

planadviser's 2020 **TOP 100** RETIREMENT PLAN ADVISERS

The Top 100 Retirement Plan Advisers is segmented into four groups based on the number of advisers

and number of total employees, including support staff: Individual advisers are one adviser with support staff; a small team comprises of two or more advisers and support staff, the total not exceeding 10; a large team is a group of 11 to 35 advisers and support staff; mega teams have 36 or more team members in all.

To qualify for a particular segment, individuals needed to advise a minimum of 100 plans or \$1 billion in retirement plan AUA; small teams had to advise at least \$1.7 billion in retirement plan assets or more than 115 plans; large teams needed \$3.5 billion or more in retirement plan AUA or 200 or more plans; and mega teams had to oversee at least \$12 billion in retirement plan AUA or more than 300 plans.

The 2020 PLANADVISER Top 100 Retirement Plan Advisers list is available online [here](#).



SEE WHERE YOU'RE GOING



SageView Listed Among Top DC Advisor Teams and Multi-Office Firms

In early March, NAPA released the list of its top DC Advisor Teams and Multi-Office Firms, with SageView and many individual offices among the top firms.

The Top DC Advisor Multi-Office Firms listing is based on self-reported defined contribution assets under advisement as of December 31, 2019 for the organizations that submitted data. The firms listed had to have more than one office/physical location to be included and had to have over \$1 billion in DC assets under advisement.

The 2019 Top DC Advisor Teams are primarily groups in a single location having at least \$100 million in DC assets under advisement. SageView is pleased to have 12 teams across the country make the list, including: Irvine, Boston, the South Team, Orinda, Chicago, Washington D.C., Austin, Richmond, Pasadena, Hawaii, Dallas and Denver.

Read the full press release [here](#).

401(k) Millionaires Reach Record Levels

The number of people with \$1 million or more in their 401(k) increased to a record 233,000 in Q4 2019, up from 200,000 in Q3 and 21,000 in Q4 2009, according to new analysis from Fidelity Investments.

The research also shows that average 401(k) and 403(b) balances reached record levels in Q4 2019. The average 401(k) balance rose to \$112,300, a 7% increase from Q3 2019 and a new record high. The average 403(b)/tax exempt account balance increased to \$93,100, up 6% from last quarter and an increase of 18% from Q4 2018.

Employee 401(k) savings rates continued to increase, reaching 8.9% in Q4, while the average total savings rate (employee contributions + company match) was 13.5%. In 2019, 33% of plan participants increased the amount they are saving, 40% proactively taking steps to do so on their own and 60% had their savings rate automatically increased through a service within their employer's retirement savings plan.

Further, among individuals who have been in their 401(k) plan for 10 consecutive years, the average balance reached a record \$328,200. The average 401(k) balance for millennials who have been in their 401(k) plan for 10 consecutive years reached \$149,800, also a record high.

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.



THE POWER OF 1%
Small Changes Make a Big Impact in Retirement

Watch the video [here](#).



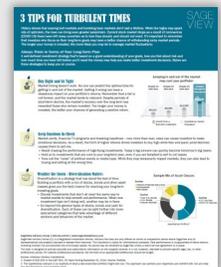
TRADITIONAL AND ROTH 401(k)

Download the flyer [here](#).



SAVER'S TAX CREDIT

Download the flyer [here](#).



3 TIPS FOR TURBULENT TIMES

Download the flyer [here](#).

Upcoming Compliance Reminders

MARCH 31 - Form 5330 for Excise Tax on "Return of Excess" Payments

If the 10% excise tax is due on a corrective distribution for ADP and ACP tests, Form 5330 (Return of Excise Tax Related to Employer Benefit Plans) must be filed by last day of the 15th month after the close of the plan year to which the excess contribution relates.

APRIL 1 - Required Minimum Distributions*

Initial required minimum distribution must be made to 5-percent-or-more owners who reached 70½ during the preceding year, or to participants who attained at least 70½ and terminated during the preceding year.

**Note: Age changes to 72 for anyone who turned 70½ after June 30, 2019.*

APRIL 1 - Return of Excess Deferrals

On or before this date, return excess deferrals to most participants who exceeded the applicable 402(g) dollar limitation for the tax year. (NOTE: Participants who made excess deferrals in unrelated plans cannot receive a corrective distribution after this date).

APRIL 15 - Employer Contribution due for Partnerships, Sole Proprietorships, and LLCs taxed as Partnerships

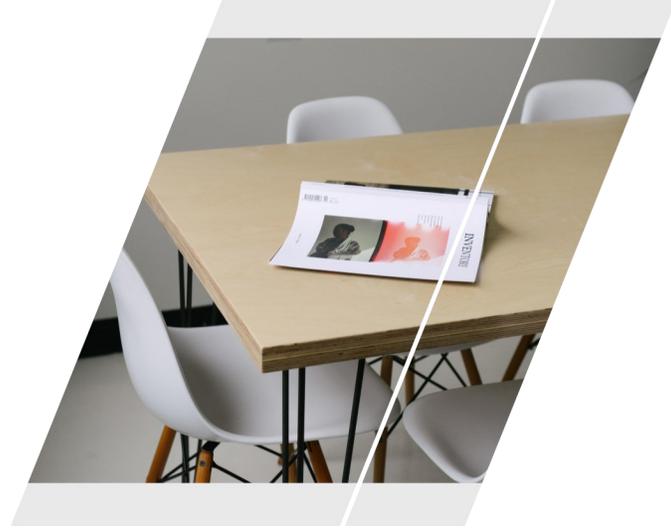
For partnerships, sole proprietorships, and LLCs taxed as partnerships, make contributions to the plan no later than April 15, 2020 (i.e., the 2019 federal income tax return filing deadline), unless the plan sponsor has extended its filing deadline.

JULY 1 - Return of Excess Contributions (ADP Test)

Corrective distributions must be made to participants within 6 months after the end of the plan year to avoid imposing the 10% penalty excise tax on the plan sponsor. [EACA Plans]

JULY 28 - Summary of Material Modifications

If plan amendments or other changes to the material terms of the plan were made during the prior plan year, and if a new Summary Plan Description has not been distributed, issue a Summary of Material Modifications ("SMM") no later than 210 days after end of the plan year in which the change in plan provisions was made (e.g. July 28, 2020 for calendar year plans.)



SECURE Act Update and Resources

On December 20, 2019, the SECURE Act was signed into law. The Act includes a number of retirement savings and employee benefit changes, including but not limited to:

- Expansion of Multiple Employer Plan design and the creation of a new term: "Pooled Employer Plans"
- Providing modifications to the Required Minimum Distribution (RMD) rules, increasing the required beginning date to take RMDs from 70½ to 72
- Permitting plan withdrawals for birth or adoption
- Modifications to the age for in-service withdrawals from governmental 457(b) and Pension plans.
- Modifications to automatic enrollment and escalation
- Increased credit for small employer pension plan startups
- Modifications of eligibility rules for long term part-time employees

While some are optional, many of the provisions in the SECURE Act are required and will go into effect in the next couple of years.

To help you with an understanding of how these changes affect your retirement program, SageView has made a number of resources available.



SECURE ACT webinar with Groom Law Group

In partnership with Groom Law, SageView hosted a webinar tackling the key points in the SECURE Act as well as answering your questions. If you missed it, watch the recording [here](#).



SECURE ACT summary with key provisions

This quick reference guide lists which provisions are optional, which are required, and important dates to keep in mind. Download it [here](#).



SECURE ACT detailed overview

We break down the SECURE Act section by section, explaining each provision, how it impacts your retirement plan and effective dates. Download it [here](#).



SageView Advisory Group Proudly Recognizes Excellence in Client Service by Recordkeeper Relationship Managers

SageView Advisory Group (“SageView”) presented the 8th Annual Retirement Plan Service Provider *Excellence in Client Service* Awards at their National Conference in Dana Point, California in mid-January.

Identified by SageView’s retirement plan consultants for superior commitment and service delivery to their shared clients were:

Jane VanderWerf from Empower, as nominated by Ann Cheu, Retirement Plan Consultant out of Woodside, CA: “Jane recently took over a relationship that didn’t start off on the right foot. It was a small plan that converted from a PEO. She knew immediately what to do to get the relationship on the right track. For example, instead of the pooled client service team, she got approval to get a dedicated client service person assigned on the account. In addition, she took the lead on all administrative issues, giving the client confidence that things were getting back on track.”

Amber Bastian from Prudential, as nominated by Nick Jahn, Retirement Plan Consultant based in Knoxville, TN: “Humble, sincere and dynamic. Amber’s client-first approach, knowledge, expertise and overall relationship savvy are constantly on display as she provides consistent quality service to our clients. It is a real pleasure to work with such a professional.”

Jamie Weber from Lincoln, as nominated by Ji Mi Tsang, Retirement Plan Consultant in Honolulu, HI: “Jamie has been outstanding in supporting our clients through everything from plan terminations and acquisitions to numerous plan design and fund changes. She is very responsive and always works quickly and efficiently to move open items to closure with just the right tone to let everyone know she is there to serve. Jamie is great at following up with clients on matters related to the audit, census, testing, or any other outstanding issues.”

Martha Bone from Principal, as nominated by Stacy Walters, Retirement Plan Consultant from West Palm Beach, FL: “Martha’s commitment to her client base, internal partners and external partners is honorable and praiseworthy. She goes above and beyond, making herself very accessible to her clients and her partners. Martha’s preparation is what separates her from others: data mining the plan’s statistics and tying communications and actions to impact. She makes each meeting more meaningful. She does a great job telling a story and keeping the client engaged.”

“Without a doubt, this is one of the strongest classes of relationship managers recognized by SageView team members. Each year, we look to raise the bar and expect more for our clients, holding both ourselves and the recordkeepers accountable. We always try to exceed; Martha, Jamie, Amber and Jane have clearly done so, and we are proud to acknowledge their hard work and dedication to our shared clients.” said Randy Long, SageView Founder and CEO.

View the press release [here](#).

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