

VIDEO

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Focus on Funds: Retirement Law Brings Change to the Fund Industry

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The recent SECURE Act aims to cut red tape for plan providers and offer individuals new savings incentives. In the May 1, 2020, edition of *Focus on Funds*, ICI Associate General Counsel Elena Barone Chism details what changes are coming.

Transcript

Stephanie Ortbals-Tibbs, ICI director of media relations: The newly passed SECURE Act has many implications for the US funds industry. Elena Barone Chism, you're watching all of this for us. Can you give us a sense of what to look for and when?

Elena Barone Chism, ICI associate general counsel: The SECURE Act does make some bigger changes to the retirement system. In addition to some expanded tax credits for small employers adopting plans, the SECURE Act encourages plan formation by allowing unrelated employers to join together to adopt a single retirement plan for their workers. You may hear this called a multiple employer plan or a pooled employer plan.

This type of arrangement allows employers to share the costs and burdens of offering a retirement plan to their workers, which is going to be a good thing for employees [and] retirement savers in general. But we do need some implementing guidance from both the Labor Department and Treasury before we see these plans start to take off.

Ortbals-Tibbs: The lifetime income disclosure is also a pretty big deal.

Chism: Participants in 401(k) plans, within the next couple of years, will start to see estimates of the stream of retirement income that could be generated from their account balance. Many plans already provide this type of estimate. The SECURE Act may change the way that estimate is calculated and also the underlying assumptions that some plans currently use.

Ortbals-Tibbs: Change is on the horizon, too, for part-time workers.

Chism: The law will now require 401(k) plans to allow certain long-term part-time workers to make salary deferrals into the plan, whereas previously they may not have been eligible to participate.

Ortbals-Tibbs: What happens from here?

Chism: The Treasury and Labor Departments are already working on providing needed guidance to implement the SECURE Act changes. We do expect some additional guidance on the RMD-related changes in the near term. Things like the lifetime income disclosure and multiple employer plans—or pooled employer plans—will take some more time.

Additional Resources

- [Statement: SECURE Act Delivers Major Wins for American Savers](#)
- [A Q&A with Members of ICI's Retirement Team](#)
- [Focus on Funds: New Rules Encourage Long-Term Savers](#)
- [Focus on Funds: Retirement Savings Options Set to Expand](#)
- [ICI Research Report: Defined Contribution Plan Participants Activities, First Three Quarters of 2019](#)
- [ICI's Retirement Resource Center](#)

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