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Unfiltered 401(k) Views On What Is Going On Now



For years, dating back to college and law school, I had an unfiltered view of things. I have strong opinions and the opinions are based on my experiences. The problem, sometimes, is that the opinions do bother people and I certainly know that it might rub people the wrong way. However, I'm north of 50 and I can't change and if that gets me out of speaking at some major events, so here are some unfiltered views on some of the topics of today.

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Lisa Gomez confirmed as EBS Chief

More than a year after her nomination, the Senate confirmed Lisa Gomez as assistant secretary of labor for the Employee Benefits Security Administration in a 49-36 vote.

During a vote in June for the nominations, the vote failed 49-51, with all Republicans and Senate Majority Leader Chuck Schumer, D-N.Y., voting no. Mr. Schumer voted no for procedural reasons and immediately filed a motion to reconsider the nomination. At that time, Vice President Kamala Harris was attending an international summit in Los Angeles and couldn't break the tie.



It's easier to lose it than it can grow



One of the business philosophies I learned while working for a third party administrator is that it's a lot easier to lose a client than to gain one. I know firsthand, seeing business service that gets plan sponsors to fire you and going to sales meetings and how slow the sales process can

Building a retirement plan provider "empire" doesn't happen overnight. You might have started that business at a small desk in an office that you might have rented from a family member or business affiliate. It takes a lot of work to slowly build

strong provider practice just like it's hard to build a new 401(k) plan's assets into something a provider would look at.

While it's great to admire your accomplishments in building your practice, you should never lose sight of how much easier it's far easier to lose your stature in the retirement plan business than it was to gain it. You should never strive away from the reason why you got into the business in the first place, providing good retirement plan services to plan sponsors at a reasonable fee. You should never get bogged down in the petty that gets plan sponsors so aggravated that they fire you.

You should never stray away from that important philosophy that the client is right as long as the Internal Revenue Code and ERISA.

ESG rule finalized

The Department of Labor (DOL) has finished its ESG rule for retirement plans and sent it to the White House for final approval.

The final version of that rule will not be published until this month.

The proposed rule was published in October 2021. It walked back provisions of two Trump-era rules that discouraged the use of ESG criteria in 401(k) Plans and other employer-sponsored retirement plans. The proposed rule stated that ESG factors can be considered financially material in investment selection and that sustainable funds can be used as the default

investments on plan menus. By allowing retirement plans to include ESG-themed investments as a default, the DOL would allow target-date funds and other asset-allocation products to widely incorporate ESG factors and not run afoul of regulations.

The proposed rule also sought to clarify that climate change can be a material factor for pension funds to consider when voting on shareholder resolutions.



The problem for me is that I'm from a school where investment selection is based on total return and with a political football this has become, the rule is subject to who is sitting in the White House, and that may change in 2024.

Larger providers team up for auto-portability



Fidelity Investments, Vanguard, and Alight Solution have teamed up with Retirement Clearinghouse, LLC (RCH) to create a consortium of workplace retirement plan recordkeepers, Portability Services Network, LLC, to accelerate the nationwide adoption of auto portability.

The idea is that plan participants would have their account balances automatically move to the new retirement plans. The hope is that automating the process of moving 401(k), 401(a), 403(b) and 457 account balances from plan to plan when workers change jobs will help limit cash-outs and preserve trillions of dollars in savings in the U.S. retirement system. More importantly for providers, it will help them keep more assets.



Detroit is booked.

We will have a great event in the Motor City this May. Information and
signup available soon,

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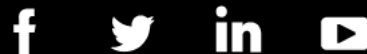
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