BeneSys™ Navigator

COMPLIANCE

SECURE 2.0 retirement bill raises questions for Taft-Hartley plans

by Tom Shaevsky, General Counsel

New retirement legislation may be on the horizon after the House of Representatives in March passed by a wide margin (414–5) the Securing a Strong Retirement Act of 2022. Referred to as SECURE 2.0 because it builds on the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019, the bill contains over 50 retirement plan provisions. Congressional watchers expect the Senate to address SECURE 2.0 or a similar bill sometime this year.

Some commentators have noted that one of the bill's provisions could create administrative complexities for Taft-Hartley plans. Under current law, plan sponsors of 401(k) plans have the ability to *voluntarily* adopt plan provisions pertaining to automatic enrollment. The House bill would change that: For 401(k) plans adopted after the legislation is enacted — i.e., for *new* 401(k) plans — organizations with more than 10 employees would be *required* to automatically enroll newly eligible employees at 3% of pay, with this percentage increasing by 1% annually up to at least 10% but no more than 15%. The automatic enrollment and escalation features would not apply if the employee opts out of participation or elects a different percentage of contribution.

At times, Participants in Taft-Hartley plans work for multiple employers who participate in the same plan (either simultaneously or consecutively). Some commentators have suggested that it is not entirely clear how the proposed provision would apply to these situations, especially if Participants submit deferral election forms to their employer(s) rather than to the plan administrator. If the plan administrator only knows the amount the Participant is contributing to the 401(k) plan but not the percentage of pay, it may be difficult to administer the proposed requirement.

Along those same lines, would a Participant have to opt out (or elect a different percentage of contribution) each time they begin employment with a different participating employer? Or would the Participant only have to engage in this exercise once,

SHUTTERSTOCK.COM

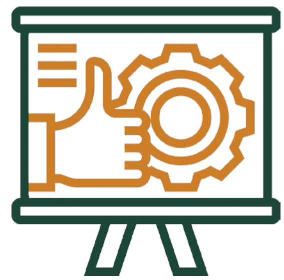
CONTINUED ON PAGE 2

TECH NEWS

Cybersecurity awareness training keeps employees on the alert

Cyber criminals are much more likely to target employees through email than attempt to penetrate company network systems — so much so that according to one recent study, about 88% of data breaches happen because of employee error. To minimize such risk, BeneSys recently deployed a Security Training and Awareness Program to our entire staff.

The program is designed to educate employees about their responsibility in protecting company information, which includes safeguarding our customers' PII (personally identifiable information), PHI (protected health information) and financial information. As an added benefit, this training should prove helpful to employees in protecting their own information in their personal lives.



BeneSys has rolled out seven initial courses covering cybersecurity basics, email essentials, phishing, smishing (text phishing), social engineering, web browsing and mobile device security. Every quarter will see new mandatory courses released and a follow-up email phishing test given. Any employee who fails the phishing test will be prompted with additional education.

BeneSys takes cybersecurity seriously, and this training is just one more step toward keeping our customer data, company and employees safe. •

COMPLIANCE | CONTINUED

upon first becoming eligible for the plan? If it's the latter, would the plan administrator be responsible for maintaining the opt-out form, or would the initial employer?

If the SECURE 2.0 bill progresses through Congress, let's hope any provision requiring automatic enrollment features for newly adopted Taft-Hartley 401(k) plans will also address the intricacies of operational compliance.

The House bill's other provisions address myriad issues, including the following:

- **Increase in the age for RMD.** SECURE 2.0 would increase the required minimum distribution age as follows: for individuals born in 1951 or later, to age 73 (effective January 1, 2023); for individuals born in 1957 or later, to age 74 (effective January 1, 2030); and for individuals born in 1959 or later, to age 75 (effective January 1, 2033).
- **Catch-up contribution changes.** Beginning January 1, 2024, SECURE 2.0 would increase the catch-up contribution limit for 401(k) plans from $6,500 to $10,000 — but only for individuals aged 62–64. Beginning January 1, 2024, all catch-up contributions would be allowed only on an after-tax Roth basis for all individuals aged 50 and older.
- **Matching contributions.** If a matching contribution is available under a 401(k) plan, the plan could voluntarily decide to provide employees with the option of choosing to receive the matching contribution in the form of an after-tax Roth contribution.
- **Involuntary cash-out increase.** Beginning January 1, 2023, SECURE 2.0 would allow a plan to increase the involuntary distribution cash-out limit from $5,000 to $7,000.
- **Missing Participants.** If SECURE 2.0 becomes law, then within two years of its enactment, the Department of Labor and the IRS would create a national online database whereby missing Participants could search for their retirement account funds.

Again, as of this writing, SECURE 2.0 is only proposed legislation, but given its wide approval by the House, some form of retirement legislation is likely to become law this year. We'll keep you up to date on any final legislation and how it may affect your plan. •

This article is provided for informational purposes only and does not constitute legal advice. Readers should consult with their own legal counsel before acting on any of the information presented.

CLIENT SPOTLIGHT

Staying power: 67 years of service to electrical workers trust

If long-term customer retention speaks volumes about a company's service capabilities, then a client relationship spanning 67 years is certainly something to shout about. BeneSys, through the acquisition of A&I Benefit Plan Administrators, has been proudly serving the electricians and contractors of the Harrison Electrical Workers Trust since 1955.

Created by the partnership of the Oregon-Columbia Chapter National Electrical Contractors Association (NECA) and the International Brotherhood of Electrical Workers (IBEW) Local 48, the Harrison Trust began with employer contributions of 10 cents per hour. It has since grown to an almost $400 million health plan protecting more than 9,000 electricians, retirees and their families in Oregon and Southwest Washington.

"As the Trust chair for nearly 40 years, I am proud of the growth of the Harrison Trust and the accomplishment of providing solid and unique benefits for our industry families," says Tim Gauthier, Trust chair and NECA executive manager. "The partnership between NECA and IBEW working with [Senior Vice President] Lee Centrone and her team at BeneSys/A&I has made that possible."

With BeneSys by its side, the Trust has become an industry leader, offering comprehensive medical, dental, vision, hearing, short-term disability, life insurance, flex and heavily subsidized retiree benefits. The Trust:

- Became self-funded in 1981.
- Started the drug-free workplace program in 1990 and removed THC (marijuana) testing in 2022.
- Added a prefunded retiree plan for early retirees in 1992 that continues to provide free coverage for Participants meeting the eligibility rules from age 60–65.
- Began providing mental health benefit parity long before the 1996 Mental Health Parity Act required it.
- Received a private letter ruling for its one-of-a-kind flexible benefit plan in 1999.
- Added coverage for domestic partners in 2007.
- Introduced self-pay via credit or debit card in 2020 with member text-message notification.
- Added six months of paid maternity leave in 2020.
- Moved to online open enrollment in 2020.

BeneSys is also proud to note that some of our staff have been supporting the Trust for decades, including Claims Supervisor Sandy Taylor. "It's been an honor to serve the Harrison Trust for the last 30 years," she says. "The best part is getting to know the Participants and making a difference for them." •

Participants in the Harrison Electrical Workers Trust have access to an industry-leading family health plan, as well as top-notch customer service from dedicated BeneSys staff.

NECAIBEW48.COM

FROM THE CEO

Change management

by Ed Wolyniec, CEO

Change is a constant in our world — some of it welcome, some not so much. In this edition of the *Navigator*, I'm happy to share with you some positive changes underway at BeneSys.

New compliance leadership

We recently welcomed two experienced attorneys to our executive team, giving us a boost in the vital areas of compliance and risk management.

Regan Dahle joined BeneSys in February as vice president, Human Resources, and associate general counsel after 27 years at the law firm Butzel Long. She was a shareholder in the firm's Labor and Employment group and in that capacity represented BeneSys as outside counsel for nearly 24 years.

Tom Shaevsky, our new general counsel, has spent nearly 25 of his 30 years in law practicing ERISA/employee benefits law. He came to us in March after 15 years at Butzel Long, where he advised clients on compliance and planning issues pertaining to a wide range of retirement, pension and welfare plan issues. He asked me to share a message with you: "I am excited to have been so warmly welcomed into the BeneSys family of clients. Since joining BeneSys, I have been so impressed with the dedication and commitment I have witnessed from so many BeneSys team members to serve all of you."

Regan Dahle

Tom Shaevsky

Both Tom and Regan bring great skills that will help us respond to the ever-evolving benefit administration landscape.

Transparency on cyber matters

Another area of continuous change is the IT arena. As you know, BeneSys maintains a strong commitment to securely handling fund and member data. To adhere to last year's Department of Labor guidelines on cyber matters for third-party administrators, our cybersecurity team has been publishing regular updates on our activities. If you have not seen the latest one, ask your BeneSys plan manager for a copy.

As always, thanks for reading. Have a safe and happy summer! •

Content suggestions welcome

If you would like to see specific topics covered in the *BeneSys Navigator*, tell us! Email content suggestions to info@benesys.com.

ABOUT BENESYS

BeneSys has been providing Taft-Hartley trust fund administration and IT services since 1979. Our dedicated specialists understand the nuances of Taft-Hartley benefit plans, and our software system, BenefitDriven, is designed to give our clients and their plan Participants the most efficient tools for self-administering trust fund accounts.

CORPORATE & OPERATIONAL HEADQUARTERS
700 Tower Drive, Suite 300
Troy, MI 48098-2808
248-813-9800

www.BeneSys.com

WEST COAST HEADQUARTERS
7180 Koll Center Parkway, Suite 200
Pleasanton, CA 94566-3184
925-398-7060

BUSINESS DEVELOPMENT
Thomas Lally: 401-378-1299
thomas.lally@benesys.com

FOLLOW US

To keep up with BeneSys between *Navigator* editions, visit us at www.BeneSys.com or follow us on LinkedIn.