



PLAN REVIEW REPORT

Sample Client, Inc. 401(k) Plan

Presented by: Mike Advisor

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Since 1988 we have come to work every day to tackle some of the biggest challenges faced in financial services. Our mission is to help plan sponsors and individual investors meet and exceed their retirement plan needs and obligations, and to do it with uncompromising integrity.



As a CEFEX certified advisory firm, we adhere to the Global Fiduciary Standard of Excellence — meaning we must act in the best interest of investors and are audited annually to ensure continual compliance to this standard.

PREVIOUS MEETING RECAP

- Review previous meeting action items
- Discuss investment changes and communication strategies
- Discuss payroll integration
- Update employee education census list
- Confirm annual meeting schedule

AGENDA

Firm Updates

Industry Intelligence

Plan Governance

Plan Summary

Plan Cost Analysis

Plan Utilization

Plan Health Analysis

SMARTMAP Financial Wellness

Appendix

FIRM UPDATES

Sample Client, Inc. 401(k) Plan



PENSIONMARK IS NOW WORLD INVESTMENT ADVISORS



Our new brand better reflects the growth of our organization into a more holistic full-service financial services firm and creates alignment with our parent company, World Insurance Associates, LLC.

We will continue to build upon the strong foundation that the Pensionmark brand has established with a focus on maintaining the culture, core values, and high standards that have made our organization so unique.

Everything you have come to expect from us remains the same. **Your advisor, our local office, account numbers, and level of service will not change.**

You can learn more about our rebrand here: <https://worldadvisors.com/news/pensionmark-rebrands-to-world-investment-advisors>.

ONE WORLD



HOLISTIC SOLUTIONS FOR BUSINESSES AND INDIVIDUALS

RETIREMENT PLANNING SERVICES

Our network of financial advisors helps with defined contribution and benefit plans, terminal funding, not-for-profit, and executive/deferred compensation plans.

EMPLOYEE & EXECUTIVE BENEFITS

Using modern approaches, our highly technical team utilizes data and forensic underwriting to build a capital-efficient and employee-centric benefits program.

BUSINESS INSURANCE & BONDING

Our business insurance offering spans all risk protection products across liability, property & casualty, and bonding, including exclusive coverages for niche industries.

PAYROLL & HR SOLUTIONS

Our in-house team has more than 20 years of experience with HR outsourcing, payroll and tax administration, time and labor management, and HR technology.

WEALTH MANAGEMENT

Our advisors combine investment management and financial planning to help individuals grow and preserve their wealth, tailored to their unique goals and needs.

PERSONAL INSURANCE

In addition to coverages for your home, vehicles, and valuables, our advisors can help with life and disability insurance, 401(k) plans, and college funding strategies.

PRIVATE CLIENT GROUP

Our advisors are specialist in high-net-worth insurance programs and our premier carrier partners cater specifically to the HNW market with greater capacity for higher coverage limits.

WHOLESALE INSURANCE

Our wholesale insurance brokerage, managing general agency, and program manager, offers a range of programs, including both binding authority and brokerage on many practice lines.

INDUSTRY INTELLIGENCE

Sample Client, Inc. 401(k) Plan



COMPLIANCE CALENDAR

PLAN LIMITS FOR 2025

| | |
|--|------------------|
| 401(k), 403(b), 457 Elective Deferrals | \$23,500 |
| 401(k), 403(b), 457 Catch-Up Contribution Limit (ages 50 or over) | \$7,500 |
| 401(k), 403(b), 457 Super Catch-Up Contribution Limit (ages 60, 61, 62, 63)* | \$11,250 |
| Annual Defined Contribution Plan Limit | \$70,000 |
| Annual Compensation Limit | \$350,000 |
| Highly Compensated Employees | \$160,000 |
| Key Employee Officer in a Top-Heavy Plan | \$230,000 |
| Traditional IRA Contribution Limit | \$7,000 |
| Traditional IRA catch-up Contribution Limit (age 50 or over) | \$1,000 |
| SIMPLE Employee Deferrals | \$16,500 |
| SIMPLE Employee Catch-Up Contribution (age 50 or over) | \$3,500 |
| SIMPLE Employee Super Catch-Up Contribution (age 50 or over)* | \$5,250 |
| Social Security Wage Base | \$176,100 |

**For plans that have adopted new voluntary provisions under a change made in SECURE 2.0.*

Sources: Internal Revenue Service Notice 2024-80, Internal Revenue Service Notice 2024-25.

JULY

- Conduct a review of second quarter payroll and plan deposit dates to ensure compliance with the U.S. Department of Labor's rules regarding timely deposit of participant contributions and loan repayments.
- Verify that employees who became eligible for the plan between April 1 and June 30 received and returned an enrollment form. Follow up on forms that were not returned.
- Ensure that the plan's Form 5500 is submitted by July 31, unless an extension of time to file applies (calendar-year plans).

AUGUST

- Begin preparing for the distribution of the plan's Summary Annual Report to participants and beneficiaries by September 30, unless a Form 5500 extension of time to file applies (calendar-year plans).
- Provide a quarterly benefit/disclosure statement and statement of fees and expenses that were charged to individual accounts to participants (due 45 days after the end of the quarter).
- Submit employee census and payroll data to the plan's recordkeeper for midyear compliance testing (calendar-year plans).
- Confirm that participants who terminated employment between January 1 and June 30 elected a distribution option for their plan account balance and returned their election form. Contact those whose forms were not received.

SEPTEMBER

- Begin preparing the applicable safe harbor notices to employees and plan for distributing the notices between October 2 and December 2 (calendar-year plans).
- Distribute the plan's Summary Annual Report by September 30 to participants and beneficiaries, unless an extension of time to file Form 5500 applies (calendar-year plans).
- Send a reminder memo or email to all employees to encourage them to review and update, if necessary, their beneficiary designations for all benefit plans.

Consult your plan's financial, legal or tax advisor regarding these and other items that may apply to your plan.

SECURE 2.0 ACT TOP PROVISIONS

PROPOSED GUIDANCE ON CATCH-UP CONTRIBUTIONS

SECURE 2.0 included two key provisions relating to catch-up contributions:

1. Beginning in 2025, participants reaching age 60, 61, 62, or 63 in a plan year may make an extra catch-up contribution, which many have termed a “super catch-up”; and
 2. Beginning in 2026, the catch-up contributions made by certain higher-paid participants (those who earned at least \$145,000 – indexed in future years – in the prior year) must be made on a Roth basis.
- *SECURE 2.0 originally required that this be effective in 2024, but the IRS issued non-enforcement guidance delaying the effective date to 2026.*

Proposed Regulations: On January 10, 2025, the IRS issued proposed regulations addressing each of those catch-up provisions. Although the Trump administration may take a different approach on one or both regulations, it appears quite possible that the final rules will be significantly similar to the proposals.

Super Catch-up: The proposed regulation would largely affirm the statutory language around the calculation of the limit, which is generally 150 percent of the applicable catch-up limit from the prior year. It would confirm that a 403(b) plan would not violate the “universal availability” requirement if it were to allow the super catch-up. It would not address whether a plan permitting catch-up contributions must also permit the super catch-up contribution; although most have interpreted the answer to be “no,” this would remain an open question under the proposed rule.

Roth Catch-up: The proposed regulation would be consistent with earlier IRS guidance confirming that the \$145,000 earnings threshold is based solely on FICA wages. As a result, a participant with no FICA wages above \$145,000 (as indexed) in the prior year would not be subject to the Roth catch-up requirement.

It would also confirm that although the new SECURE 2.0 rule does not require that all plans permit Roth contributions, it does require that a Plan permit Roth contributions if it desires for these higher-paid participants to be able to make catch-up contributions.

Additionally, it would count all Roth contributions toward any required Roth catch-up contributions. From a practical perspective, this means that a participant who had already made Roth contributions – before entering “catch-up territory” – would not necessarily be required to make all additional contributions on a Roth basis.



WORLD VIEW

The proposed regulations are just that – “proposed.” However, given the practical implications of these changes, particularly for payroll practices, we will stay on top of the IRS’s views on these matters as we move through the year. In future quarters, we will take a deeper dive on the Roth catch-up proposed rules, which are much more extensive than the proposed super catch-up rules.

SECURE 2.0 ACT TOP PROVISIONS

SO MANY NEW PLAN DISTRIBUTION TRIGGERS (AND/OR PENALTY-FREE CIRCUMSTANCES)

SECURE 2.0 allows for additional distribution flexibility in specific circumstances:

- Emergency personal expenses up to \$1,000
- Domestic abuse victim
- Federally declared natural disasters
- Terminally ill individual
- Qualified birth or adoption

What It Does: SECURE 2.0 added on to SECURE 1.0 efforts to make defined contribution plan assets more available to participants who experience a variety of hardships. It does so through a package of new distribution triggers and/or relief from the early penalty tax that would apply under Internal Revenue Code § 72(t).

Effective Date: As we've entered 2025, plan sponsors have the option to include some or all of those distribution triggers.



WORLD VIEW

Recordkeepers communicated with plan sponsors throughout the back half of 2024 in an effort to secure plan sponsor elections for January 1, 2025 effective dates. For employers that did not initially choose to add one or more of the new distribution triggers, 2025 offers an opportunity to discuss the following:

1. There is no requirement to add any of the options;
2. However, the ability to do so remains – that is, any 2024 deadlines were not final “take it or leave it” deadlines; and
3. With that in mind, we welcome a conversation about whether any of the new flexibility would be of value to your employees.

SECURE 2.0 ACT TOP PROVISIONS

MANDATORY AUTOMATIC ENROLLMENT IS IN EFFECT

Internal Revenue Code § 414A (added by SECURE 2.0 § 101)

The first section of SECURE 2.0 reflects Congress's support for automatic enrollment. That section requires that most* new 401(k) plans established on or after December 29, 2022, must include automatic enrollment beginning with their 2025 plan year.

Effective Date: 2025 Plan Year.



WORLD VIEW

This is important to our retirement plan clients for at least two reasons:

1. If your plan is new and no exception (e.g., church plan, governmental plan, new business, small business) applies, the SECURE 2.0 requirement kicks in when your 2025 plan year begins.
2. **Even if your plan is not subject to the SECURE 2.0 requirement**, the existence of the requirement means that the widespread trends toward automatic enrollment and automatic escalation will continue. A majority of plans already included those automatic features; others are likely to add them as they become increasingly common across the country.

*There are exceptions to the mandatory automatic enrollment rules for governmental and church plans, new businesses in their first three years of existence, and employers that normally employ 10 or fewer employees.

SECURE 2.0 Act of 2022 ("SECURE 2.0") Dec. 19, 2022.

SECURE 2.0 ACT TOP PROVISIONS

| PROVISION | DESCRIPTION | |
|--|---|---|
| Student Loan Matching Program <div style="background-color: #003366; color: white; padding: 5px; text-align: center; margin-top: 10px;">OPTIONAL</div> | <p>Permits employers to make matching contributions under a 401(k), 403(b), or SIMPLE IRA with respect to “qualified student loan payments” (effective for plans beginning Jan. 1, 2024)</p> <ul style="list-style-type: none"> • Student loan payments treated as elective deferrals for testing purposes • For practice reasons most employers are making these matching payments annually • Must have a way for participants to either prove or self certify loan repayments for qualification | |
| Long-term Part-time <div style="background-color: #76b82a; color: white; padding: 5px; text-align: center; margin-top: 10px;">REQUIRED</div> | <p>Definition: Employee working 500 Hours or more for two consecutive years.</p> <p>401(k) Plans: Pre-2021 Service is disregarded for vesting and eligibility</p> <p>403(b) Plans: Now applicable. Pre-2023 service is disregarded for vesting and eligibility.</p> <p>If you have employees who worked 500 hours for two years or more, regardless of your eligibility definition, these individuals must be allowed to defer.</p> | |
| Emergency Savings <div style="background-color: #003366; color: white; padding: 5px; text-align: center; margin-top: 10px;">OPTIONAL</div> | <p>Pension-linked Emergency Savings (effective for plan years beginning Jan. 1, 2024)</p> <ul style="list-style-type: none"> • Maximum 3% contribution up to \$2,500 • After-tax contributions but must get matching contributions • First 4 withdrawals each plan year are not subject to charges • At termination, employee may take PLESA as cash or rollover to Roth IRA or QRP • Only available to non-highly compensated employees | <p>Emergency Distributions From 401(k)/403(b) Plans (effective for distributions beginning Jan. 1, 2024)</p> <ul style="list-style-type: none"> • Up to \$1,000/year without penalty • Participant can self-certify the emergency and financial need • Must be repaid within three years or before another distribution |
| Roth Expansion <div style="background-color: #003366; color: white; padding: 5px; text-align: center; margin-top: 10px;">¹OPTIONAL</div> <div style="background-color: #76b82a; color: white; padding: 5px; text-align: center; margin-top: 10px;">²REQUIRED</div> | <p>Employee Designates Match As Roth¹: An employee may designate matching contributions as Roth</p> <p>Catchup Roth Required For 401(k)/403(b) Plans² (Effective Jan. 1, 2026): If an employee earns \$145,000 in wages (adjusted for inflation) all catchup contributions must be made as Roth. If Roth is not currently available, plan must establish the Roth option by end of 2025.</p> | |

SECURE 2.0 ACT TOP PROVISIONS

| PROVISION | DESCRIPTION | | |
|--|---|---|--|
| <p>Distributions</p> <p>1 REQUIRED</p> <p>2 OPTIONAL</p> <p>3 OPTIONAL</p> | <p>RMDs¹</p> <p>Increase in Age for RMDs (<i>effective Jan. 1, 2023</i>)</p> <p>Age 73 beginning in 2023 (born in 1951-1958)</p> <ul style="list-style-type: none"> 72 still applies for DOB 7/1/1949-12/31/1950 70 ½ still applies for DOB before 7/1/1949 <p>Age 75 beginning in 2033 (born in 1959 or later)</p> <p>Missed RMD Penalty Decrease (<i>effective beginning in 2023</i>)</p> <ul style="list-style-type: none"> From 50% to 25% If taken by 2nd year it is due, drops to 10% <p>Roth contributions no longer require RMD!</p> | <p>Small Amount Force Outs²</p> <p>Definition: Balances for terminated employees that do not cross the dollar threshold can be forced out of the plan.</p> <p>Increase from \$5,000 to \$7,000 (<i>effective Jan. 1, 2024</i>)</p> <p>Rollover Clearinghouse (AKA: Auto Portability Regulation) (<i>effective Dec. 29, 2023</i>)</p> <p>Plans can now utilize a rollover clearinghouse to initiate rollovers</p> | <p>Hardship Distributions³</p> <p>QNECS, QMACS, plus Earnings Can Be Distributed (<i>effective Jan. 1, 2024</i>)</p> <p>Self Certification: Employers may allow employees to self-certify if the hardship withdrawal meets conditions (<i>effective Dec. 19, 2023</i>)</p> <p>Natural Disaster Amendment: Any federally declared natural disasters have permanent hardship withdrawal option vs legislative approvals for each named disaster</p> <p>Domestic Abuse Withdrawal: Employers can now allow employees to self-certify the hardship (<i>effective Jan. 1, 2024</i>)</p> |
| <p>Expansion of Self - Correction</p> | <p>Expansion of Employee Correction Resolution System (EPCRS)</p> <p>Ability to self-correct for inadvertent plan failures (<i>effective no later than two years after enactment of act</i>)</p> <p>Extended time frame for correcting automatic enrollment failures (<i>effective for errors beginning Jan. 1, 2024</i>): Mistakes must be corrected prior to 9.5 months after end of plan year.</p> | | |
| <p>Plan Amendment</p> | <p>Must Amend Plan Document</p> <ul style="list-style-type: none"> On or before the last day of the first plan year beginning on or after January 1, 2026 (2029 for governmental plans) New amendment deadline also applies to SECURE Act of 2019, CARES Act, Taxpayer Certainty, and Disaster Relief Act of 2020 Most providers have an 'Intent to Amend' or 'Secure 2.0 Directive' to elect optional provisions. <p>Deadline is Dec. 31, 2026 (for calendar year plans).</p> | | |

LITIGATION UPDATE

PUBLIC SUPPORT FOR PRIVATE INVESTMENTS

The Case: Anderson v. Intel Corp. Inv. Policy Committee¹

The Key Facts: The Intel plans have long included customized funds, including both target-date and global diversified funds. Following the 2008 market crash and ensuing recession, Intel redesigned the funds to include hedge funds and private equity funds. In doing so, Intel intended to use assets that were less correlated with public markets, with the goals of decreasing volatility and reducing the risk of large losses during a market downturn. Intel disclosed those goals to participants and also emphasized the price of that risk mitigation: the funds' broad diversification would likely provide for lagging performance relative to equity-heavy funds during bull markets.

The Allegations: The plaintiffs alleged that the Intel fiduciaries had breached their duty of prudence by including the private investments in the plans' custom portfolios. Importantly, the plaintiffs' allegations did not directly attack Intel's investment-selection methods or process. Instead, the allegations hinged upon the assertion that the use of private investments was inherently imprudent because it led to underperformance and excessive expenses.

Lessons from Litigation: The court dismissed the claims, finding in favor of the defendants. It offered the following important insights:

- (1) The fiduciaries had clearly, thoughtfully, and adequately disclosed the custom funds' aims and Intel's risk-mitigation objective;
- (2) The plaintiffs' attempted comparison of the custom funds with equity-heavy retail funds that pursued different objectives did not reflect the application of a "meaningful benchmark;"
- (3) General arguments about the riskiness and costliness of private investments will fail without factual allegations supporting the claim that the chosen investments were imprudently selected.



WORLD VIEW

This case is helpful for two reasons. First, it serves as a reminder of general fiduciary responsibilities to fulfill the duties of prudence and loyalty. Second, it reflects that modern portfolio theory's preference for diversification may support the use of private investments within a portfolio. The court emphasized that the plaintiffs' arguments overlooked that the prudence of each investment within asset allocation funds is not determined in isolation, but instead assessed by considering how the investment relates to the fund on the whole.

Defined benefit plans have used private investments for several years. As the demand for—and availability of—private investments increase for defined contribution plans, the Intel case provides a framework for considering and mitigating related risks.

¹No. 22-16268 (9th Cir. May 22, 2025).

LITIGATION UPDATE

A SUPREME COURT SHIFT ON PROHIBITED TRANSACTION CLAIMS

The Case: *Cunningham v. Cornell Univ.*¹

The Allegations: Plaintiffs alleged that the Cornell fiduciaries had engaged in prohibited transactions (PTs) by engaging the recordkeepers of the Cornell plans.

Lessons from Litigation: The US Supreme Court didn't consider whether those allegations were accurate. Instead, it focused on a pleading issue and a split among the federal circuit courts when asked to rule on the pleading issue. Here's what it considered:

- PTs are incredibly broad. From the outset, nearly all plan activities—including, for example, paying recordkeeper fees—are considered PTs. However, fiduciaries seek to avoid responsibility and liability for PTs by relying on an exemption.
- In order to permit a plan to pay recordkeeper fees, plan fiduciaries rely on the "408(b)(2) exemption," which requires that the arrangement be necessary and involve only reasonable compensation.
- In the Cornell case, the plaintiffs argued that the Cornell fiduciaries had engaged in PTs simply by permitting the payment of fees to the Cornell plans' recordkeepers.
- The fiduciaries felt their engagement of the recordkeepers would be permissible under the 408(b)(2) exemption. However, rather than attempting to win that argument only on the merits (that is, rather than merely demonstrating that the fees were reasonable), the fiduciaries moved to dismiss the claims on the grounds that the plaintiffs hadn't also pleaded that a PT exemption did not apply.

The Court's Conclusion: The Court agreed to consider the case because the Second Circuit Court of Appeals had agreed with the fiduciaries, while the Eighth Circuit had previously ruled otherwise. The Court resolved this "circuit split" by disagreeing with the fiduciaries and reversing the Second Court's decision.



WORLD VIEW

In essence, the US Supreme Court ruled that plaintiffs alleging a PT may survive a motion to dismiss without also pleading that none of the PT exemptions—which function as affirmative defenses—apply. Although there is some level of dispute about the degree to which this will further accelerate the number of retirement plan lawsuits filed, our takeaways are:

- (1) More lawsuits will include PT allegations (in addition to fiduciary breach allegations);
- (2) In anticipation of those allegations, it'll be even more important to be mindful of where plan fiduciaries are relying upon PT exemptions; and
- (3) Particularly with respect to recordkeeper and TPA engagements, it'll be critical to have performed appropriate assessments of those arrangements' reasonableness and to have documented those efforts. If it has been a while since last closely assessing the reasonableness of your plan's recordkeeping/TPA expenses, now is a great time to do so.

¹No. 23-1007 (U.S. April 17, 2025).

LITIGATION UPDATE

PLAN FORFEITURES: LITIGATION CONTINUES

The Latest Big Thing: As we noted last quarter, plaintiffs have filed at least 20 lawsuits alleging that fiduciaries have breached their responsibilities in their use of forfeitures. Two recent developments provide a mixed bag of good and bad news, depending on one's perspective.

Development #1: Positive for Employers: The court dismissed the plaintiffs' complaint in *Barragan v. Honeywell Int'l Inc.*¹

- The court began its opinion by siding with the plaintiffs on one key issue: it agreed that Honeywell acted as a fiduciary when it made the decision to allocate forfeitures to reduce employer contributions rather than to reduce administrative expenses otherwise charged to participant accounts.
- However, the court also acknowledged that the parties agreed that Honeywell's chosen approach – to reduce employer contributions – was indeed a permissible option under the plan's terms.
- It then dismissed the case under the theory that the plaintiffs' argument would have too broadly rendered that plan language unavailable; that is, the plaintiffs' argument would have suggested that despite the plan language, forfeitures must always be used for administrative costs.

Development #2: Not Positive for Employers: At the same time, the lawsuits have continued. For example, in *Curtis v. Amazon.com, Inc.*², the plaintiffs asserted detailed claims reflecting the use of more than \$200 million of forfeitures to offset employer contributions over the period of several years.

Lessons From Litigation: The Honeywell dismissal is good for employers on the surface. **However, by dismissing the claims "without prejudice", the court left open the plaintiffs' ability to refile the suit with more specific allegations.** In addition, the Amazon filing shows that the plaintiffs bar is improving its access to the number of dollars at issue for specific plans and that the numbers are high enough to merit the plaintiff attorneys' attention.

¹ No. 24-cv-4529 (EP)(JRA) (D.C.N.J. Dec. 19, 2024).

² Case 2:24-cv-02164 (W.D.Wa., Dec. 30, 2024).



WORLD VIEW

While this litigation trend remains active and unsettled, we remain eager to help every plan sponsor work through the following questions:

1. Does the plan have any forfeitures?
2. If so, how are they being used? And is this how the organization would like to use them?
3. What does the plan document say?
4. Are they being used in a way supported by the plan document? If not, what needs to change?
5. Would it be appropriate to modify the plan's terms to ensure the plan document lays out the plan sponsor's intended practice for using forfeitures?

LITIGATION UPDATE

FIDUCIARY ROADMAP: THERE IS A PATH TO PRUDENCE

The Case: In re Quest Diagnostics Incorporated ERISA Litigation

The Allegations: The participants filed a class action lawsuit claiming that the fiduciaries had breached their duties of prudence and loyalty by selecting and retaining two specific core options and a particular target date fund suite within the plan's investment lineup.

The Court's Decision: The court granted the fiduciaries' motion for summary judgment. After careful evaluation of the fiduciary committees' processes, it found the fiduciaries to have been "diligent."

Lessons from Litigation: The court listed specific action steps that constituted "sufficient evidence" that the committee had engaged in prudent and diligent processes:

- (1) Engaging a fiduciary investment advisor;
- (2) Meeting on a quarterly basis to review the plan's funds;
- (3) Receiving written quarterly materials addressing the market, economy, investment performance, watch list status, and regulatory and legislative updates;
- (4) Receiving annual fiduciary trainings; and
- (5) Retaining meeting minutes.

No. 20-07936 (JXN)(JRA) (D.C.N.J. Sept. 25, 2024).

No. 20-4195, 2023 WL 5339620 (E.D. Pa. Aug. 18, 2023).

No. 20-02202, 2024 WL 3379067 (D.N.J. June 28, 2024).

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WORLD VIEW

The court cited two recent opinions in which the courts had similarly concluded that the fiduciaries had implemented and followed a prudent process. In one of those (**Nunez v. B. Braun**), the court's opinion included bullet-point lists of the dates when the committee met, discussed investment performance, and discussed recordkeeper fees. In the other (**Silva v. Evonik**), the court described the fiduciaries' process as "diligent," "deliberative and rigorous," and "prudent."

These cases remind us that all of the steps we take together in the management of your plan are steps along the path to demonstrating prudence and fulfilling ERISA's requirements.

LITIGATION UPDATE

COMPARING APPLES AND ORANGES: VALUE MATTERS

The Case: Hanigan v. Bechtel Global Corp.¹

The Key Facts: The plan fiduciaries designated a managed account service as the plan's qualified default investment alternative (QDIA). Approximately 65% of the plan's participants were defaulted into the managed account service, despite providing no personalized information to influence the asset allocation.

The Allegations: The plaintiffs alleged that:

- (1) the plan fiduciaries breached their duties of prudence in designating the managed account service as a QDIA instead of a target date fund, which allegedly resulted in excessive fees; and
- (2) the managed account service performance was inferior to target date performance, which reflected a failure of the fiduciaries' duty to monitor investments.

Lessons from Litigation: The court dismissed the claims, finding in favor of the defendants. It offered the following important insights:

- (1) Department of Labor regulations permit three types of QDIAs: (i) managed accounts; (ii) target date funds; or (iii) balanced funds.
- (2) The target date funds were not a meaningful benchmark for evaluating the managed account service; there are significant differences between the two offerings.
- (3) The managed account service "engages in a level of asset allocation and management not present in a TDF."



WORLD VIEW

This case is an important one for plans that include managed account services, and even more important for those that have designated a managed account service as the QDIA. The court not only identified the additional level of customization present in a managed account service, **but also quoted prior court precedent reflecting that comparing active and passive funds is like "comparing apples and oranges."**

This case also further supports the conclusion that **fiduciaries need not select the cheapest option for participants**, which applies much more broadly than the QDIA context.

ERISA's duties of loyalty and prudence permit plan fiduciaries to select service providers and investments that provide **the greatest reasonable value to participants; they do not require fiduciaries to be cheap.**

¹No. 1:24-cv-00875 (AJT/LRV) (E.D. Va. Jan. 10, 2025).

RETIREMENT LITIGATION UPDATE

Given the recent trends in litigation, these back-to-the-basics best practices apply to plans of all sizes. For plan sponsors, consider the following:

1. ESTABLISH A COMMITTEE...

that is qualified and engaged, supported by experts, and creates an investment policy statement (the lack of one has been a noted factor in several of the lawsuits – and the presence of one noted in several litigation decisions in favor of plan fiduciaries).

2. EDUCATE YOUR COMMITTEE...

as this has been a factor in favor of fiduciary defendants and a requirement that some plaintiffs' firms have imposed in settlement agreements. Make sure new committee members have an opportunity to participate when they join the committee.

3. DOCUMENTATION...

is crucial in a prudent process. Decisions should be summarized—the discussion in its entirety need not be. Be thoughtful about what is included in the and what is made publicly available including agendas, minutes, and reports.

4. REVIEW FORFEITURES...

if used to offset employer contributions, make sure that specific language is in the plan document. Consider changing language that provides discretion in applying forfeitures to language that simply directs how they will be used.

5. REVIEW TDFs...

and revisit the DOL's tips from 2013. Ensure selection and monitoring is in-line with the DOL recommendations and a prudent process is being followed. (plus: be sure that is documented)

Adams, Nevin E. "New Fiduciary Suits, TDF Demographics and a Prudent Process Primer." National Association of Plan Advisors. April 23, 2024.

INDUSTRY TRENDS

PICKING UP STEAM: RETIREMENT INCOME IN DEFINED CONTRIBUTION PLANS

The Law: SECURE Act 204: Fiduciary Safe Harbor for the Selection of Lifetime Income Provider ¹

The Context: Over the last couple of decades, American workers have shifted from a primary dependence on defined benefit (pension) plans to defined contribution plans, like 401(k) and 403(b) plans. In making that shift, their retirement security prospects have become much more dependent on participant decisions, including whether to participate, how much to save, and how to invest.

In addition, participants now face the challenge of figuring out how to make their retirement savings last. For several years, the DOL provided guidance intending to nudge employers to make retirement income solutions – including but not limited to annuities – available in 401(k) and 403(b) plans. Then, in 2019, Congress provided the clearest guidance yet, with a safe harbor that protects fiduciaries who take that step.

Where Are We Now: We're not all the way there yet. You might hear a lot about retirement income; if you attend a retirement plan conference, you'll see that topic all over the agenda. Yet if this were a baseball game, one might say that we're still in the first three innings.

¹ ERISA section 204.



WORLD VIEW

The early stages of the retirement income market provide plan sponsors a ripe opportunity to start to gather information about what might be available. In particular, this is a good time to:

1. Discuss at an upcoming committee meeting whether the plan offers any retirement income solutions for participants;
2. If not, discuss whether the plan sponsor believes retirement income protection to be an important topic worthy of additional exploration;
3. Request a list of available in-plan retirement income solutions available on the current recordkeeper's platform; and
4. Begin the process of learning about the different structures, pros, and cons of those solution.

More solutions are becoming available on more recordkeeping platforms each month. Now is a perfect time to start the conversation and to gain a better understanding of what's available

REGULATORY UPDATE

DOL RESCINDS GUIDANCE ON USE OF CRYPTOCURRENCY IN RETIREMENT PLANS

The Guidance: DOL Compliance Assistance Release [2025-01](#)

The Background: In 2022, the DOL released the controversial Compliance Assistance Release No. 2022-01, which was titled “401(k) Plan Investments in ‘Cryptocurrencies’”. The DOL issued the guidance at a time when cryptocurrency popularity and intrigue were increasing at a rapid rate, and as firms had begun to promote cryptocurrencies as 401(k) plan investment options. The DOL was greatly concerned about the associated risks and challenges to participants’ accounts.

The most controversial aspects were:

- (1) The articulation of a higher-than-usual fiduciary standard of “extreme care”; and
- (2) The DOL’s warning that it intended to target plans that offer cryptocurrencies, whether in the core lineup or through a brokerage window.

Rescinded Guidance: The DOL used the short, three-paragraph 2025 Release to memorialize its decision to rescind the 2022 guidance. In doing so, the DOL emphasized that ERISA does not impose a fiduciary standard of “extreme care.” It also reverted to the DOL’s pre-2022 neutral approach to particular investment types and strategies, with the confirmation that the DOL neither endorses nor disapproves of plan fiduciaries who make cryptocurrency available to 401(k) plan participants



WORLD VIEW

Following the 2025 Release’s rescission of the 2022 guidance, we remain mindful of the following fiduciary principles when considering the appropriateness of cryptocurrency and other digital assets within retirement plans:

1. Any consideration of the asset class should indeed take into account many of the risk, challenges, and unique features identified in the 2022 guidance;
2. It may also reflect the increased availability of digital asset options, particularly in the form of ETFs, that address some of those risk and challenges; and
3. Ultimately, any investment decisions should reflect fiduciary duties of loyalty and prudence, with consideration given to strategies for educating and communicating with participants in a manner intended to help them to make informed investment decisions.

DOL GUIDANCE ON CYBERSECURITY

In **April 2021**, the Department of Labor (DOL) issued [cybersecurity guidance](#) for plan sponsors, recordkeepers, and participants to help protect Americans' retirement plan assets from cybercrime. This guidance fills a regulatory gap following several high-profile cases of theft from participant retirement plan accounts.

PLAN SPONSORS

The DOL issued Tips for Hiring a Service Provider with Strong Cybersecurity Practices. It includes an overview of what plan sponsors should include in their contracts with service providers and questions to consider incorporating in a request for proposal from a service provider. This serves as a roadmap for ongoing monitoring of any service provider that maintains retirement plan and/or participant data.

PARTICIPANTS

The DOL issued a short overview of Online Security Tips including reminders for participants such as the importance of registering their online account, password protection protocols, and general safety tips related to free Wi-Fi and phishing attacks.

RECORDKEEPERS

The DOL issued a 12-part checklist for service providers to include in their cybersecurity program. Items include conducting annual risk assessments, third-party audits, data encryption, and ongoing monitoring & training.



WORLD VIEW

It is important to keep the following best practices in mind:

- ✓ Update RFP templates to include questions about cybersecurity
- ✓ Educate committee on guidance as it pertains to their responsibilities
- ✓ Identify service providers to whom this guidance applies
- ✓ Monitor service provider adherence initially and ongoing
- ✓ Educate participants on cybersecurity best practices

For more information and details about our policies around cybersecurity, please reference the [World Investment Advisors Cybersecurity Toolkit](#).

DOL GUIDANCE ON CYBERSECURITY

FIDUCIARY INTELLIGENCE AROUND ARTIFICIAL INTELLIGENCE

The Guidance: DOL Compliance Assistance Release 2024-01

The Background: In 2021, the DOL released a three-part cybersecurity guidance package and confirmed its position that cybersecurity falls within plan fiduciaries' responsibilities. The guidance applied to fiduciaries ("Tips for Hiring a Service Provider"), service providers ("Cybersecurity Program Best Practices"), and participants ("Online Security Tips"). The guidance and DOL commentary appeared to limit its applicability to retirement plans.

The Growth of AI: We are seeing the influence of AI all around us, including within the administration of retirement plans. Many plan sponsors and other fiduciaries feel a bit unsettled about how AI might be used in connection with their plans, but they're not sure what to do about it.



WORLD VIEW

The explosion of AI serves as a good reminder: the DOL views the security of participant data as a fiduciary issue. As such, fiduciaries should consider the following action plan:

1. Ask the plan's recordkeeper to confirm where and how AI might be used.
2. To the extent the recordkeeper's website or mobile app allows participants to submit information into an AI engine (or to the extent the AI engine accesses that information from the recordkeeper's records), ask about the level of security in place.
3. To the extent the recordkeeper is using AI for plan administration, ask for a written summary of how it is used.
4. Once receiving that information, develop a participant communication campaign that reminds participants of data security risks and the protective methods available.

PLAN GOVERNANCE

Sample Client, Inc. 401(k) Plan



PLAN SPONSOR RESPONSIBILITIES

| INVESTMENTS  | ADMINISTRATION & REPORTING  | SERVICE PROVIDERS  |
|---|--|--|
| <p>Evaluation</p> <ul style="list-style-type: none">• How much help do participants need in planning and investing for retirement?• What behaviors do participants exhibit regarding risk tolerance, withdrawal patterns, etc.?• What is the appropriate number/type of investment options to make available to participants?• What criteria should govern the process for selecting, monitoring, and replacing DIAs and QDIAs, model portfolios and investment managers, if applicable? <p>Output</p> <p>Documentation of information reviewed and basis for decision to select, monitor and replace investments.</p> | <p>Evaluation</p> <ul style="list-style-type: none">• What are the policies concerning, and who is responsible for approving, loans and distributions, and who will ensure contributions are deposited?• What notices, forms and/or disclosures are required to be provided to participants and at what frequencies?• What records will be used to reconcile information required to determine eligibility and vesting?• Who is responsible for preparing, approving and distributing notices, disclosures and filings? <p>Output</p> <p>Copies of all required notices, disclosures and filings and any supporting information and/or notes.</p> | <p>Evaluation</p> <ul style="list-style-type: none">• What are the needs of the plan/participants?• Are participants satisfied and are services utilized?• What is the experience and background of the service provider?• How is the service provider compensated?• Are there any potential/actual conflicts of interests that may affect the judgement of the service provider?• Is the compensation received reasonable in light of the value of the services provided? <p>Output</p> <p>Documentation of information reviewed and basis for decision to select/retain service provider.</p> |

 **FIDUCIARY FILE**

FIDUCIARY RESOURCES



SERVICE PROVIDERS

- Consultant assists with identifying services and products for Fiduciaries to consider
- Committee evaluates needs of plan, performs initial review of vendors, proposals, etc.
- Proposed arrangements sent to Fiduciaries to approve as necessary and reasonable



ADMINISTRATION AND REPORTING

- Consultant assists with information gathering and helps the committee monitor fulfillment
- Committee calendars deadlines and confirms filing/disclosure requirements
- Committee verifies fulfillment and sends disclosures & filings to Fiduciaries to approve



INVESTMENTS

- Role of consultant depends on scope of services (investment education, advice or management)
- Committee members review IPS and investment monitoring reports
- If replacement is necessary, Committee sends proposed investment(s) to Fiduciaries to approve



PLAN CONSULTANT

Info/analysis presented to Fiduciaries



FIDUCIARY (VOTING MEMBER) DUTIES

- Follow plan document(s)
- Select & monitor service providers when necessary
- Select, monitor and diversify investments
- Avoid unnecessary expenses
- Make informed decisions



FIDUCIARY FUNCTION

Basis for Decisions are documented and filed.



FIDUCIARY FILE

Documents & information considered and support for decisions

G-MAP (Governance Model Administrative Procedures) is designed to be used as a guide for committees and fiduciaries providing a prudent and systematic process to streamline decision-making and documentation.

G-MAP CHECKLIST

| FIDUCIARY ACTION | DATE COMPLETED | NOTES |
|---|-------------------|---|
| Committee Education | 6/4/2025 | Committee should be educated on requirements and their roles/responsibilities at least annually and as needed. Fiduciaries must make well-informed decisions with respect to investments, service providers and administration. |
| Document Review | 1/1/2023 | The Plan Document will identify the Fiduciaries and specify how the plan is to be administered. Committee should review at least annually and confirm the plan is administered and operated in accordance with the plan document and identify any voting and non-voting members. |
| Benchmark Plan Needs – Services | 12/13/2023 | If plan assets are used to compensate service providers, Fiduciaries must ensure the services are necessary for the operation of the plan. Committee should periodically evaluate the needs of the plan/participants. |
| Confirm Service Providers | 3/31/2025 | Fiduciaries must receive and review written disclosures from certain “Covered Service Providers” (CSPs); otherwise, the arrangement is a prohibited transaction. Committee should confirm CSP status, as necessary, receipt of required disclosures and fees for services are properly paid from plan assets. |
| Select-Benchmark CSP | 3/27/2025 | Fiduciaries are required to review and approve arrangements with CSPs to ensure: 1) the services are necessary and 2) the terms and compensation are reasonable. Committee should periodically investigate experience of CSP, nature/scope of services, participant satisfaction, etc. and benchmark value received. |
| Coordinate Plan Disclosures | 10/31/2024 | Fiduciaries must deliver certain disclosures to plan participants and file reports with DOL/IRS. Committee should confirm requirements, deadlines and determine the role of CSPs assisting in preparation and distribution of required disclosures and reports. |
| Maintain Compliance Documents | 12/31/2023 | Fiduciaries must maintain documentation to support decisions made and compliance with requirements. Committee should confirm that disclosures and reports were timely filed and that documents are maintained. |
| Monitor Investment Policy | 6/17/2021 | Fiduciaries should establish and periodically review Investment Policy Statement (IPS) to confirm preferences re: selection, monitoring and replacement of: Designated Investment Alternatives, Qualified Default Investment Alternatives, if necessary and designated Investment Managers |
| Coordinate Investment Communications | 4/4/2023 | Fiduciaries need to take steps to regularly make participants aware of their rights and responsibilities under the plan related to directing their investments. In most cases, they must receive this information before they can first direct their investments and annually thereafter. Committee should coordinate and monitor the delivery of investment-related information to all eligible employees. |
| Monitor Investments | 6/4/2025 | Fiduciaries have an ongoing duty to monitor, among other things that Investments are selected, monitored and replaced in accordance with the plan’s IPS. |

PLAN SUMMARY

Sample Client, Inc. 401(k) Plan



SUMMARY OF ADVISORY SERVICES

| SERVICES | ENAGAGED? |
|--|-----------|
| <u>ERISA §3(21) Investment Advisory Fiduciary Services</u> | ✗ |
| <u>ERISA §3(38) Investment Advisory Fiduciary Services</u> | ✓ |
| Development of Investment Policy Statement | ✓ |
| Recommendations for Selecting & Monitoring the Plan's Investments | ✓ |
| Investment Performance Measurement & Analysis | ✓ |
| Recommendations for Selecting & Monitoring Qualified Default Investment Alternatives | ✓ |
| Assistance with Fiduciary Oversight & Committee Education | ✓ |
| Assistance with Plan Fiduciaries' Selection & Management of Service Providers | ✓ |
| Executive/Deferred Compensation Program | ✗ |
| SMARTMap Financial Literacy | ✓ |
| SMARTMap Foundational Planning | ✗ |
| Advisor Managed Accounts | ✗ |

PLAN SUMMARY

PLAN HIGHLIGHTS & PROVISIONS

| | |
|--------------------------------------|----------------------------|
| Plan Record-keeper | Empower Retirement |
| Contract Number | 511188-01 |
| Plan Type | 401(k)/Profit Sharing Plan |
| Date Became Advisory Client | 10/28/2020 |
| Fiduciary Liability Insurance | Yes |
| ERISA Bond Coverage Amount | \$500,000 |
| Automatic Enrollment | No |
| Automatic Step-Up | No |
| Safe-Harbor Plan | No |
| Employer Contributions | Discretionary |
| Contribution Vesting | 100% vested |

PLAN SUMMARY

PLAN HIGHLIGHTS & PROVISIONS

| | |
|---------------------------------------|--------------------------------------|
| Qualified Default Investment | TIAA-CREF / Nuveen-Target Date |
| Eligibility | 21 years old and 3 months of service |
| Entry Dates | Monthly |
| Change Dates | Per Pay Period |
| Maximum Employee Contributions | 100% |
| Contribution Type(s) | Percentage or Fixed Dollar |
| Roth | Yes |
| Loans | Yes |
| Hardship Withdrawals | Yes |
| In-Service Distributions | Yes, Allowed 59 1/2 |

PLAN COST ANALYSIS

Sample Client, Inc. 401(k) Plan



PLAN COST SUMMARY (as of 12/31/2024)

The sum of all estimated plan costs including the administration, record-keeping, advisory, fiduciary, consulting, financial wellness and investment expenses. This fee does not include transactional expenses such as loans or distributions.

0.43%

TOTAL PLAN COST

COST BREAKDOWN

0.14% Administration & Recordkeeping Services:

Plan Administrative and Record-keeping functions.

0.14% Investment Management:

Investment management services, net of revenue used to offset plan expenses.

0.15% Advisory Services:

Advisory services which includes Plan and Fiduciary Support, Investment Services, and Employee Financial Wellness Program.

HOW COSTS ARE PAID

0.14% Weighted Investment Cost:

Plan/Participant paid estimated weighted investment expenses based on participant allocations inclusive of any revenue sharing.

0.29% Plan Service Fees (Employee Paid)

Plan/Participant paid estimated costs that are deducted from plan assets.

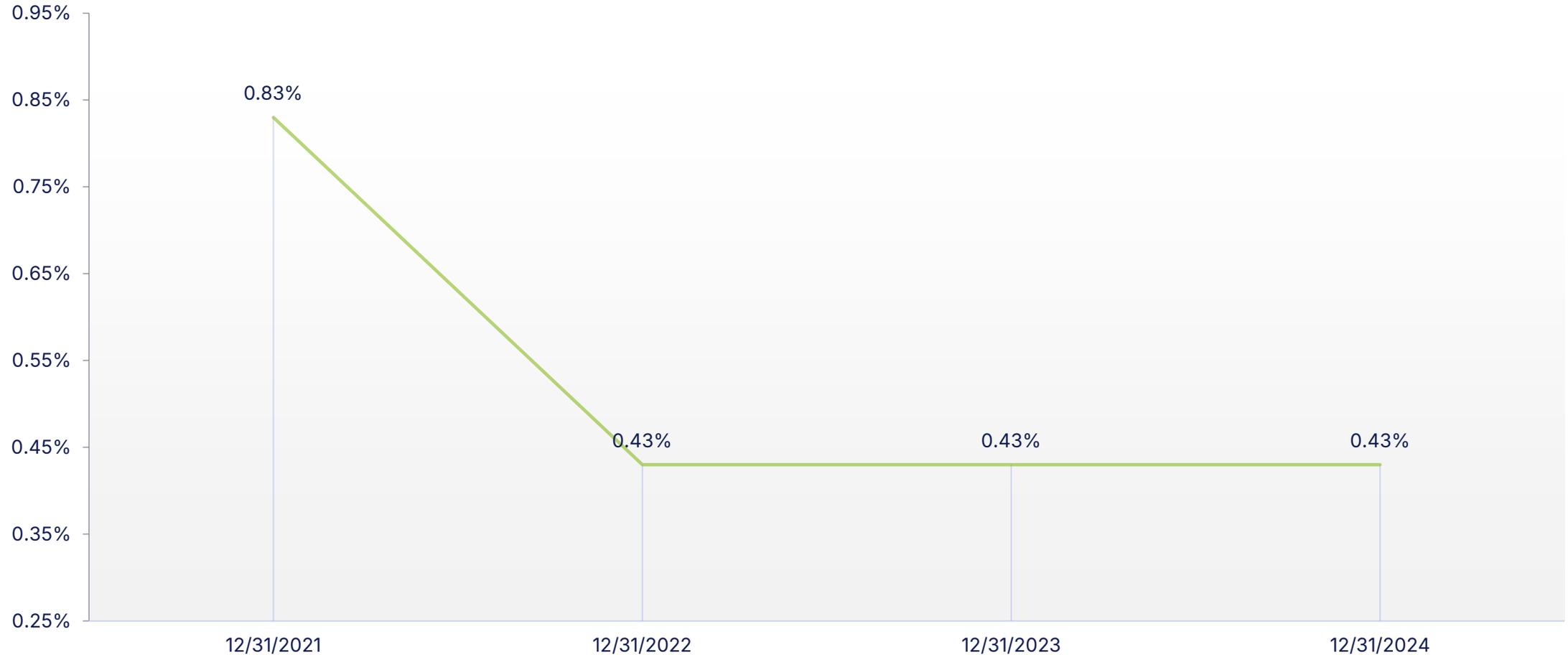
0.00% Plan Service Fees (Employer Paid)

The total of all employer paid costs.

Data provided by record-keeper. The data herein is for informational purposes only and cannot be guaranteed.

Sample Client, Inc. 401(k) Plan

HISTORICAL PLAN COST



Data provided by record-keeper. The data herein is for informational purposes only and cannot be guaranteed.

Sample Client, Inc. 401(k) Plan

PLAN UTILIZATION

Sample Client, Inc. 401(k) Plan

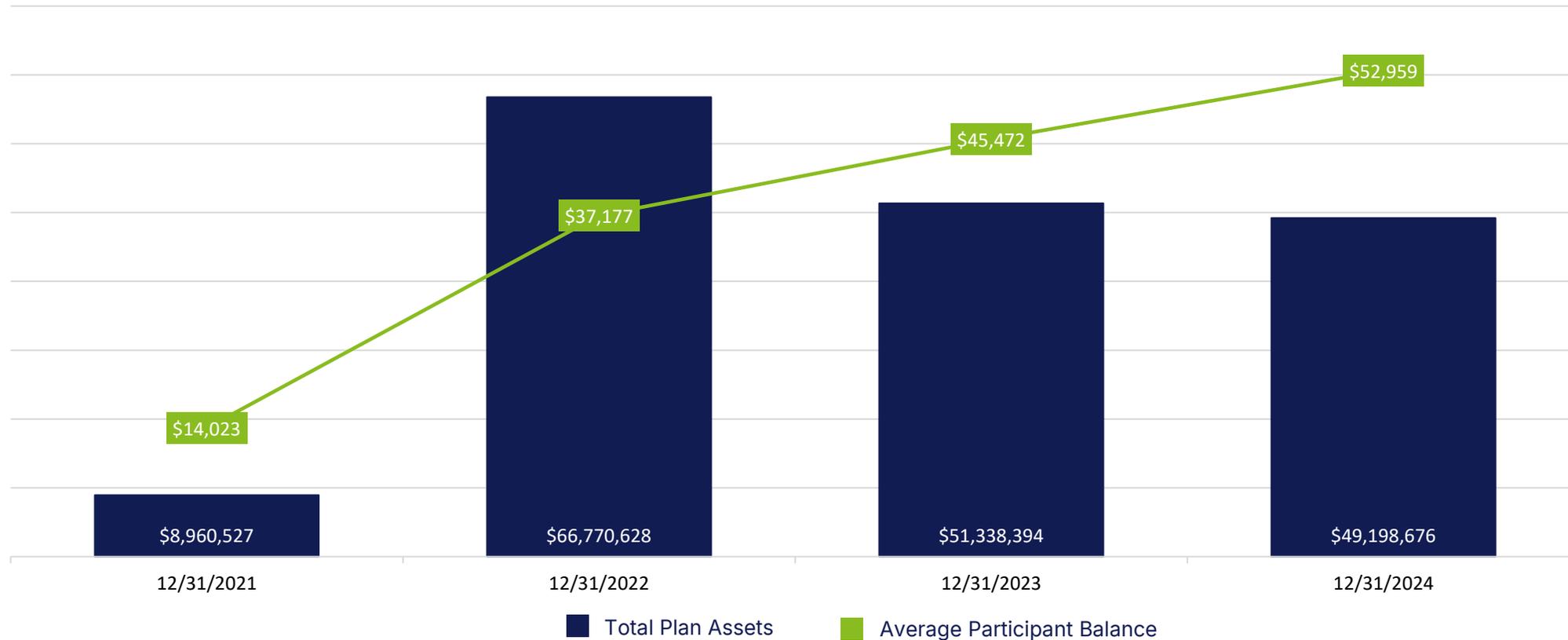


PLAN ASSETS/PARTICIPANT HISTORY

929
Participant Balances

\$49,198,676
Plan Assets

\$52,959
Average Balance



Data provided by record-keeper. The data herein is for informational purposes only and cannot be guaranteed.

Sample Client, Inc. 401(k) Plan

PLAN TESTING HISTORY

5.5%

Average deferral percentage of all eligible employees.

4.20%

Average deferral percentage of all eligible non-highly compensated employees. (NHCE)

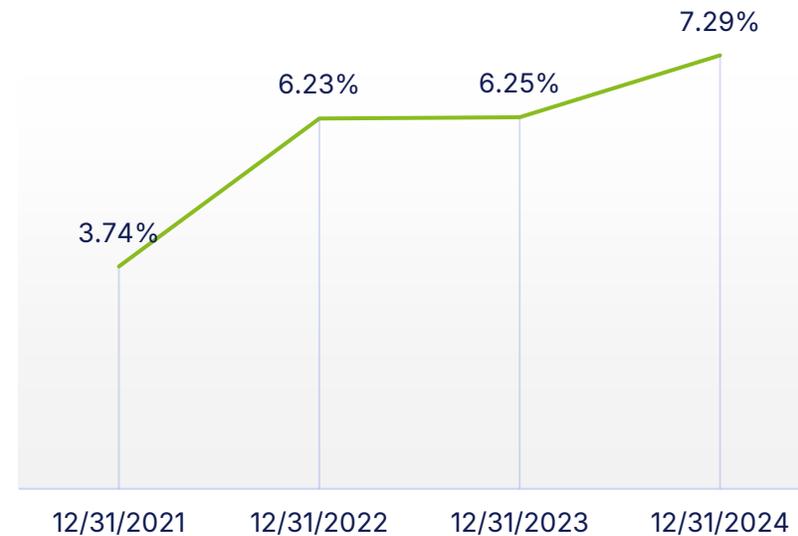
7.29%

Average deferral percentage of all eligible highly compensated employees. (HCE)

Historical NHCE Deferral Percentage



Historical HCE Deferral Percentage



Data provided by record-keeper. The data herein is for informational purposes only and cannot be guaranteed.

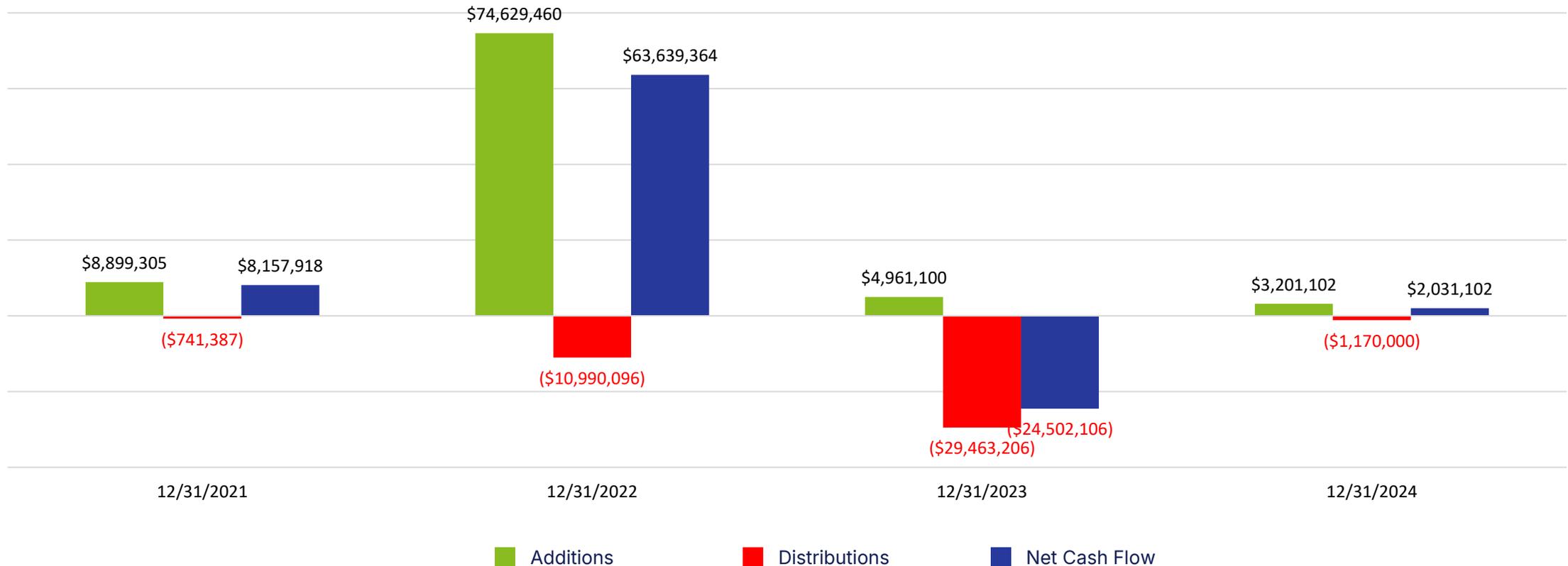
Sample Client, Inc. 401(k) Plan

CASH FLOW SUMMARY - 12-MONTH

The sum of all additions (**\$3,201,102**) less distributions (**-\$1,170,000**) and additional monies in or out of the plan.

\$2,031,102

Net Cash Flow

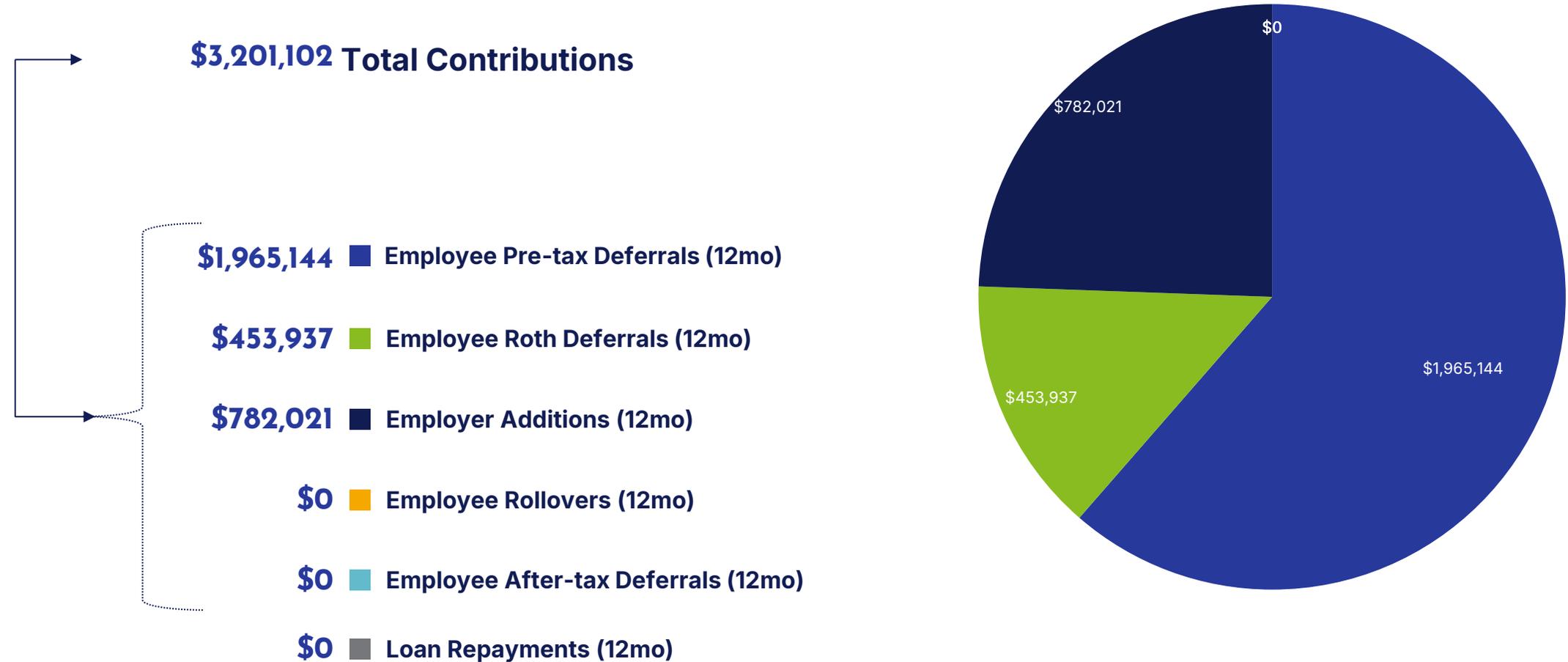


Data provided by record-keeper. The data herein is for informational purposes only and cannot be guaranteed.

Sample Client, Inc. 401(k) Plan

CONTRIBUTION SUMMARY - 12-MONTH

Data as of 12/31/2024



Data provided by record-keeper. The data herein is for informational purposes only and cannot be guaranteed.

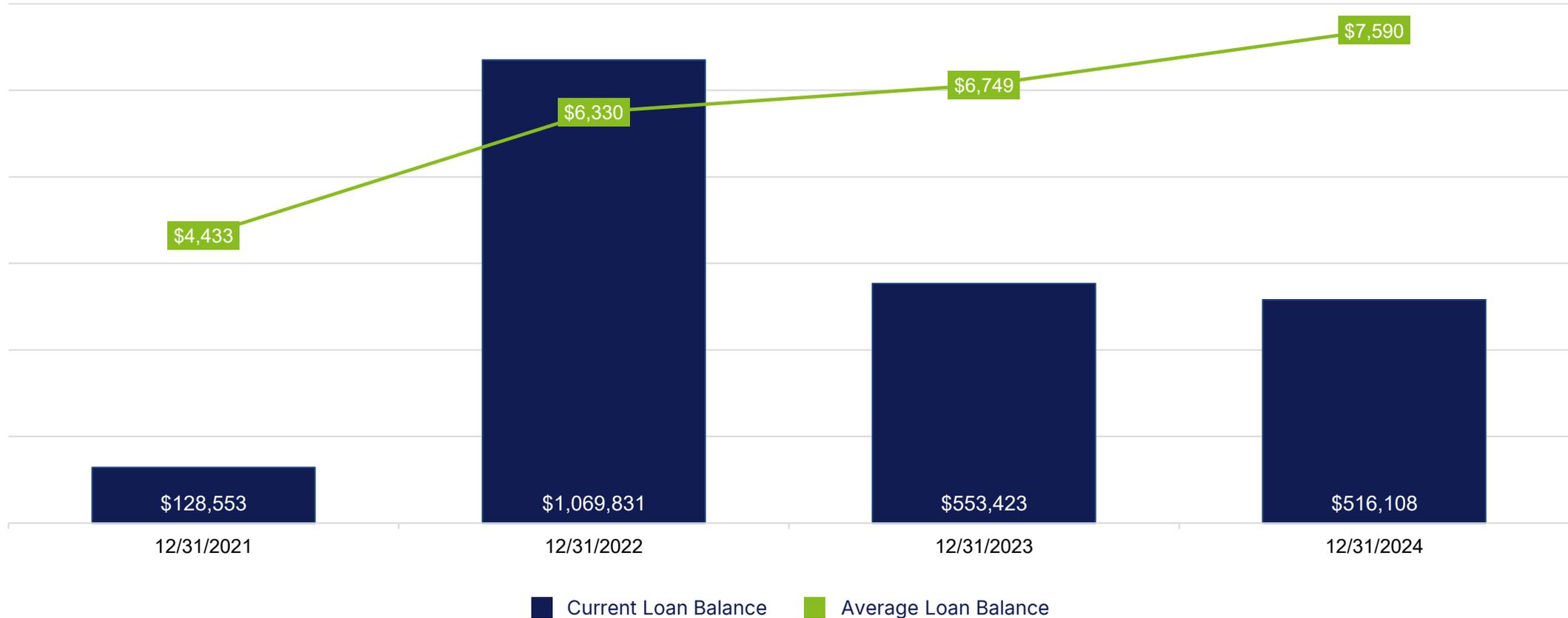
Sample Client, Inc. 401(k) Plan

LOANS SUMMARY

68
Outstanding Loans

\$516,108
Current Loan Balance

\$7,590
Average Loan Balance



Data provided by record-keeper. The data herein is for informational purposes only and cannot be guaranteed.

Sample Client, Inc. 401(k) Plan

PLAN HEALTH ANALYSIS

Sample Client, Inc. 401(k) Plan



PLAN HEALTH SCORE

Total Plan Health Score is derived by determining to what degree the Plan is meeting participation, deferral, and diversification goals. A score of 100 indicates a Plan is meeting or exceeding goals in all three categories.

Goals:

90.0%

Plan Participation Rate:

The percentage of eligible employees participating in the Plan.

10.0%

Participant Deferral Rate:

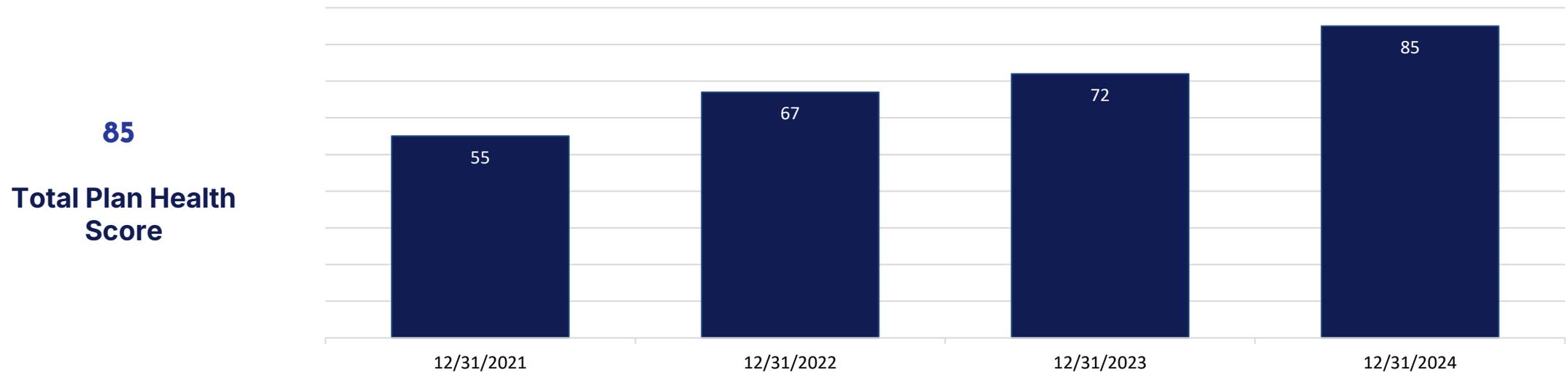
The average deferral rate of participating employees. Does not include any employer contributions.

90.0%

Participant Diversification:

The percentage of employees in a diversified investment portfolio (typically 3+ investment choices or an asset allocation fund).

Historical Health Score



Data provided by record-keeper. The data herein is for informational purposes only and cannot be guaranteed.

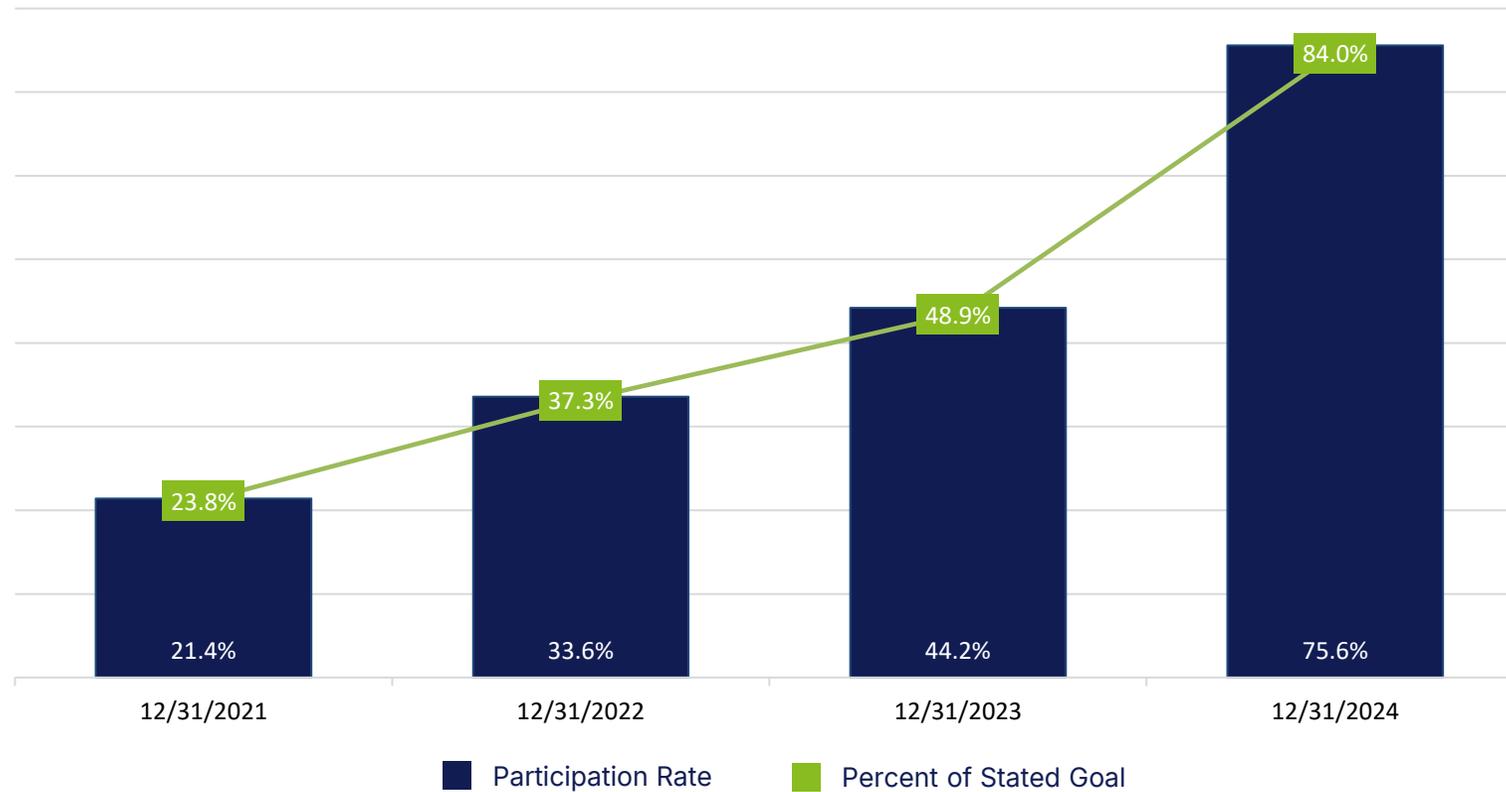
Sample Client, Inc. 401(k) Plan

PARTICIPATION RATE HEALTH SCORE

90%
Goal

17.1%
Current

84.0%
% of Goal



Data provided by record-keeper. The data herein is for informational purposes only and cannot be guaranteed.

Sample Client, Inc. 401(k) Plan

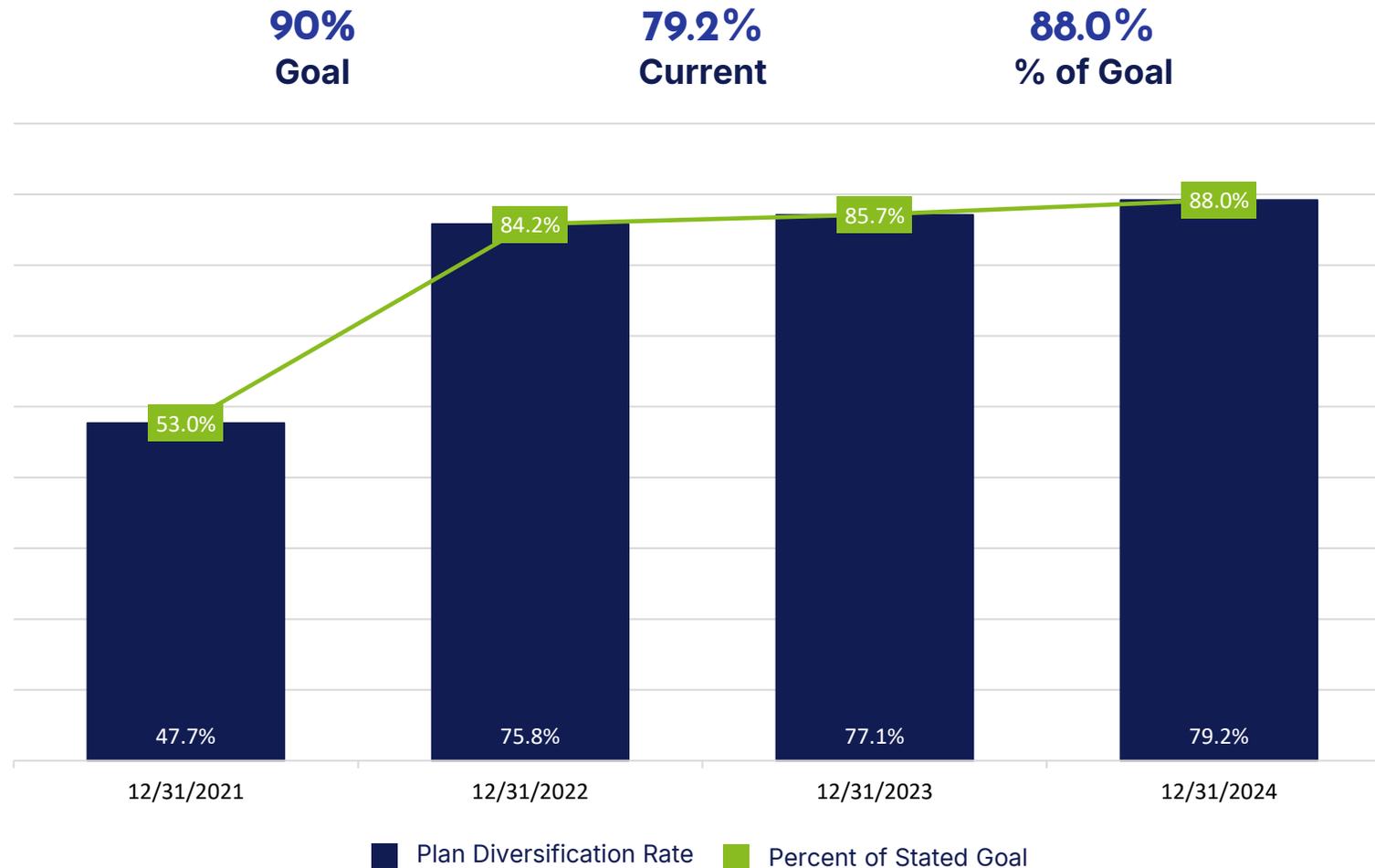
DEFERRAL HEALTH SCORE



Data provided by record-keeper. The data herein is for informational purposes only and cannot be guaranteed.

Sample Client, Inc. 401(k) Plan

DIVERSIFICATION HEALTH SCORE



Data provided by record-keeper. The data herein is for informational purposes only and cannot be guaranteed.

Sample Client, Inc. 401(k) Plan

SMARTMAP® FINANCIAL WELLNESS

Sample Client, Inc. 401(k) Plan





SMARTMap[®] FINANCIAL WELLNESS



We help lay the groundwork by building healthy habits with your employees' financial goals in mind - so they can stay **focused, happy, and productive**, instead of stressed with their finances.

You dictate the level of support your employees receive—from financial literacy to on-going advice. We can work with you to determine what is best for your unique demographic.

FINANCIAL ADVOCATE SERVICE INSTANCES

A key element of the success of SMARTMap® is that your employees have access to our Financial Advocates across all levels of support.



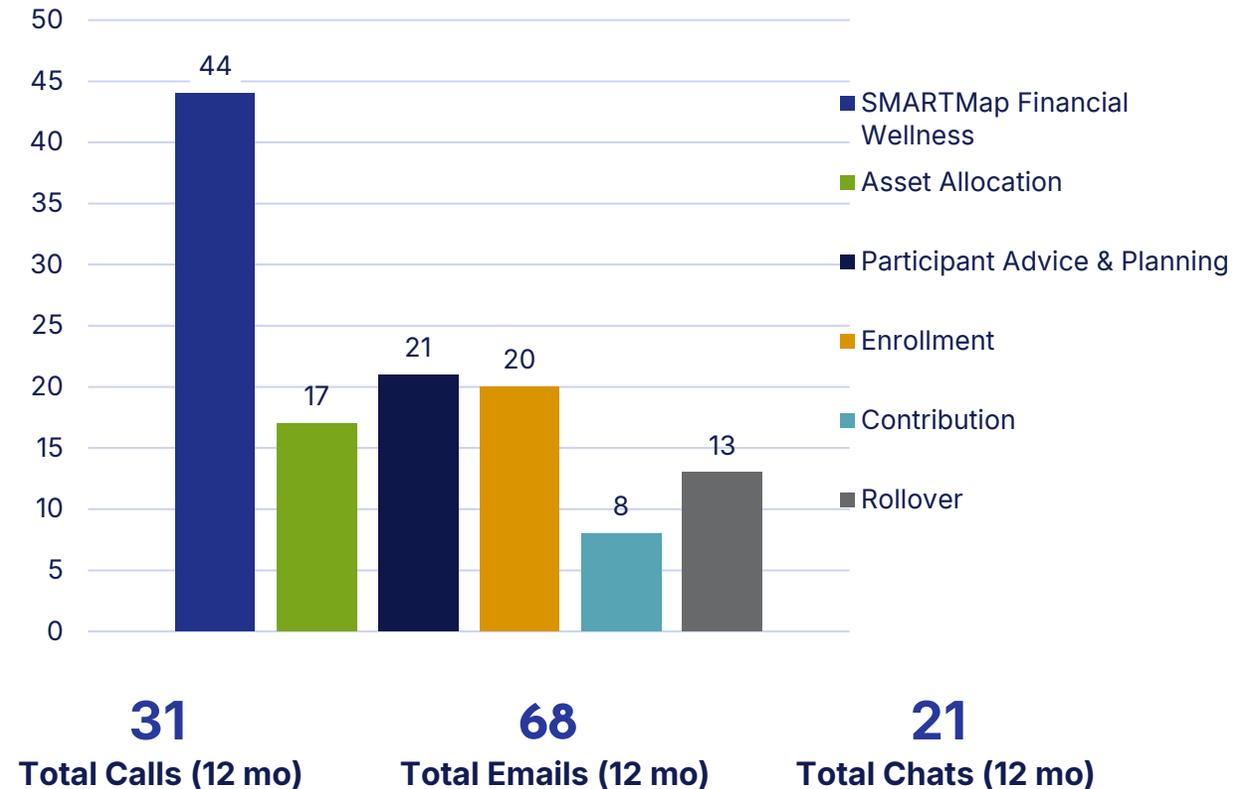
Available 8:30 AM to 8:00 PM ET by live chat, email, and phone



Registered (Series 6, 7, 65, 66)
Bi-lingual (English & Spanish)



Provide 100% unbiased guidance, advice, and resources on financial topics



FINANCIAL WELLNESS CAMPAIGNS

WEBINARS

SMARTChats Webinar Series

- Conversations with industry experts on financial topics from budgeting to Social Security.
- Frequency: Quarterly

Market Insights Webinar Series

- Lookbacks on financial market trends to understand how changes in the economy affect your finances.
- Frequency: Quarterly

NEWSLETTERS

Financial Wellness News

- Our roundup of retirement & financial wellness resources for staying on top of your finances.
- Frequency: Monthly



40

Employees
enrolled

EMAIL DELIVERABILITY

We want to keep our email systems clean and up to date so that we can help ensure the highest deliverability possible so your employees can continue to receive our educational emails!

Email servers are becoming stricter in accordance with privacy laws; you can help us by following these **required steps**:

We use the following I.P. addresses to and domains:

- @worldadvisors.com
- 54.174.60.0/23
- 143.244.80.0/20
- 18.208.124.128/25
- 54.174.53.128/30
- 158.247.16.0/20
- 54.174.59.0/24
- 54.174.63.0/24
- 3.93.157.0/24
- 54.174.52.0/24
- 139.180.17.0/24
- 54.174.57.0/24

1. Keep our census info up to date.

Determine a census update frequency with your advisors. Do you expect to have low turnover? Annual census updates may suffice. Does your employee base change frequently? Consider quarterly census updates instead. Census should include First Name, Last Name, and Email Address.

Date of Last Census Upload -

Frequency to Update Census -

2. Provide work email addresses rather than personal emails.

To ensure our compliance with changing email marketing privacy laws and help minimize deliverability issues for our communications, we can only accept work email addresses. Exceptions may be made for unique circumstances. Please work with your advisor.

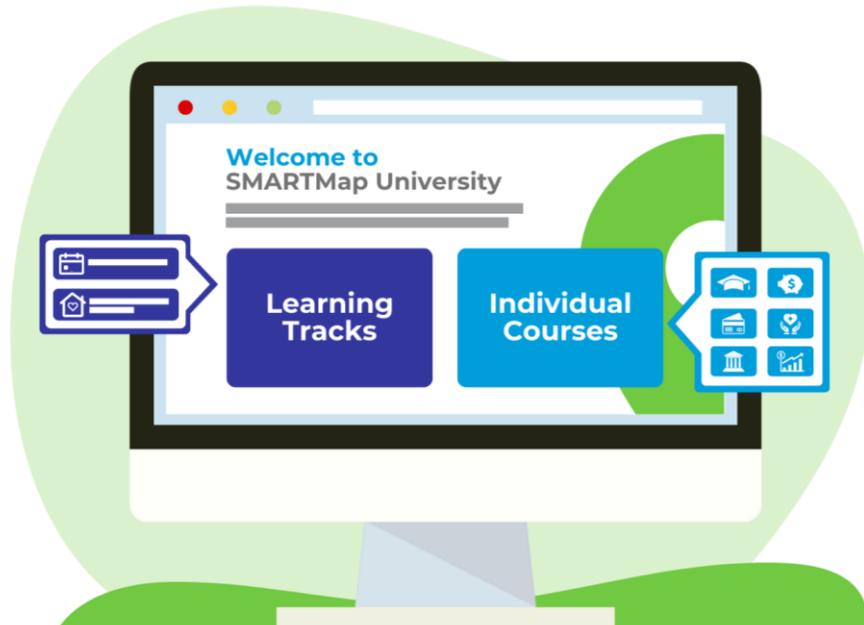
3. Whitelist/Allowlist Pensionmark Email Domains and IP Addresses

Please work with your IT team to update your allowlist and add Pensionmark as a "safe sender." Whitelisting Instructions: [Gmail](#); [Outlook 1](#)/[Outlook 2](#). Additional instructions may be required.

Please note, we will need to filter out unengaged contacts over time. If an individual does not open 11 emails in a row, they will enter a reengagement campaign. If the individual still does not engage, they will be omitted from future sends.

SMARTMAP® UNIVERSITY

SMARTMap® University is a digital financial education platform designed to help employees learn the basics of personal finance and prepare for their financial futures.



50+ interactive courses on:

- ✓ Budgeting
- ✓ Debt
- ✓ Investing
- ✓ Homeownership
- ✓ Retirement
- ✓ Healthcare
- ✓ College Saving
- ✓ And more


View on
Website

FINANCIAL TRACKING TECHNOLOGY

With the **Personal Financial Portal**, employees can add, personalize, and track progress toward their financial goals.



MEETINGS

| MEETING NAME | DATE | # OF ATTENDEES |
|--|------------|----------------|
| One-On-One Consultations | 6/30/2025 | 15 |
| Group Education Meeting | 6/30/2025 | 25 |
| Committee Meeting – Provider Review | 6/4/2025 | 10 |
| Committee Meeting – Investment Review | 2/19/2025 | 8 |
| One-On-One Consultations | 6/30/2025 | 18 |
| Group Education Meeting | 11/19/2025 | 28 |
| Committee Meeting | 11/15/2024 | 8 |
| Committee Meeting – Investment Review | 8/28/2024 | 9 |

APPENDIX

Sample Client, Inc. 401(k) Plan



COMPLIANCE CALENDAR



Compliance Activities



Deadlines



Required New Hire Notices



Annual Notices

GLOSSARY

| MEETING | DEFINITION |
|--|--|
| 3(21) Fiduciary | A person who, with respect to employee pension plans, has discretionary authority or control over the plan or its assets. The person gives financial or investment advice to the plan for a fee or is responsible for administering the plan. The substance of the function performed by an individual is key to deciding a fiduciary. |
| 3(38) Fiduciary | One or more investment managers are selected by the Plan Fiduciary as an expert to advise the Plan Fiduciary and/or plan participants concerning investment decisions. |
| 404(a)(5) | The purpose of the 404(a)(5) disclosures is to provide sufficient information regarding the plan, including fees and expenses, to participants so that they are able to make informed decisions with regard to the management of their individual plan accounts. |
| 408(b)(2) | Responsible Plan Fiduciaries must ensure that arrangements with their service providers are "reasonable" and that only "reasonable" compensation is paid for services. Fundamental to the ability of fiduciaries to discharge these obligations is obtaining information sufficient to enable them to make informed decisions about an employee benefit plan's services and service providers. |
| 415 limit | The annual contribution limit to a participant account. This limit includes all contributions except rollover and loan repayments. |
| Adoption Agreement | The portion of the plan document that contains all of the alternatives and options that may be selected by the employer. |
| ADP/ACP Nondiscrimination Tests | The ADP test prohibits highly compensated employees from making disproportionately greater elective deferral contributions to a 401(k) plan than nonhighly compensated employees. |
| Advisory Fee | An advisor fee paid by investors for professional advisory services. It can be charged as a percentage of total assets or it may be associated with a broker dealer transaction. |
| Basis Point | A unit of measure used to describe the percentage change in the value or rate of a financial instrument. One basis point is one one-hundredth of a percentage point, or 0.01%. |
| Benchmarking | A quality assurance tool allowing organizations to compare themselves to others regarding some aspect of plan design or performance, with a view to finding ways to improve. |
| Custodian | A person or entity that has lawful custody of plan assets for another individual or entity. The custodian's responsibility is to track and hold plan's securities. Financial institutions and insurance companies often serve as custodians. |

GLOSSARY

| MEETING | DEFINITION |
|------------------------------------|--|
| ERISA | Employee Retirement Income Security Act of 1974, a federal law that imposes various requirements on voluntarily established pension, health and other welfare benefit plans in private industry, and establishes standard applicable to certain service providers of such plans in order to provide protection to plan participants. |
| Fidelity Bond | A bond designed to protect a retirement plan's participants in the event a fiduciary or other responsible person steals or mishandles plan assets. |
| Form 5500 | A form that all qualified retirement plans must file annually with the IRS. Fees to prepare the 5500 are usually included in recordkeeping and administration charges. |
| HCE | A highly compensated employee who meets one of the following conditions: Owned more than 5% of the employer business at any time during the year or preceding year; For the preceding year, received compensation more than a specified dollar amount that is adjusted annually to reflect increases in the cost of living, and if elected by the employer, was in the top 20% of employees when ranked by compensation |
| Investment Policy Statement | The document that provides guidelines for the plan's investment management. It typically set forth the plan's investment objectives, investment strategies, policies and investment limits. |
| NHCE | A non-highly compensated employee, which includes employees who do not meet the criteria for an HCE. |
| QDIA | A qualified default investment alternative that provides relief from fiduciary liability with respect to automatic enrollment programs when a QDIA is selected by the plan. |
| QDRO | A qualified domestic relations order is a decree or order that creates or recognizes at alternate payee's right to receive all or a portion of a participant's retirement plan benefits. |
| Safe Harbor | A plan that provides many of the features of a traditional 401(k) without administrative concerns of ADP/ACP nondiscrimination testing. Employers must match 100% of employee elective deferrals up to 3% of employee compensation, plus 50% of employee elective deferrals on the next 2% of employee compensation or make a nonelective contribution on behalf of each eligible employee equal to 3% of such eligible employee compensation. All contribution are 100% vested immediately. |
| Summary Plan Description | A document containing a comprehensive description of a retirement plan, including the terms and conditions of participation. |
| Third Party Administrator | An organization that administers retirement plans for an employer. This organization works with the employer as well as the insurer to communicate information between the two as well as processing claims and determining eligibility. |
| Top-heavy test | A nondiscrimination test that generally requires a tax-qualified retirement plan sponsor to make minimum contributions and to establish an accelerated minimum vesting schedule when account balances of key employees are disproportionately (60%+) than account balances of nonkey employees. |

THANK YOU

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(888) 201-5488
mike.advisor@worldadvisors.com
worldadvisors.com



Advisory services offered by World Investment Advisors, LLC. Securities offered by Pensionmark Securities, LLC, member FINRA/SIPC. World Investment Advisors, LLC is affiliated through common ownership with Pensionmark Securities, LLC.