RETIREMENT
INSIGHT

3RD QUARTER 2026

Beyond the Title: What Makes You a Fiduciary

"Fiduciary" is one of the most important — and often misunderstood — terms in the retirement plan sponsor world. At its core, it means acting in a position of trust and putting participants' interests first. Under the Employee Retirement Income Security Act of 1974, a fiduciary is anyone who exercises discretion or control over a plan's management, administration or assets. It's not just about titles — it's about actions. If you're making decisions about the plan, you are likely acting as a fiduciary.

The Core Responsibilities

Fiduciary duties are grounded in a few key principles: acting solely in participants' best interests, carrying out responsibilities prudently, following plan documents and ensuring fees are reasonable and investments are appropriately diversified. In practical terms, fiduciaries must manage the plan with care, diligence and consistency. It's less about getting every decision "right" and more about following a sound, well-documented process.

Common Misperceptions

Even experienced plan sponsors can get tripped up by what fiduciary status really means.

"Fiduciary status is tied to a title." Fiduciary responsibility is based on what you do, not what you're called. Someone can become a fiduciary simply by exercising discretion over plan decisions.

"I'm only a fiduciary when making big decisions." Fiduciary responsibility applies to both major and routine actions, including monitoring investments, reviewing fees and overseeing service providers.



"Hiring an advisor eliminates fiduciary responsibility." Outside expertise can help, but it doesn't remove liability. Plan sponsors still must prudently select and monitor those providers.

"All plan-related decisions are fiduciary decisions." Decisions about whether to offer a plan or what features to include are business decisions. But once implemented, fiduciary responsibility governs how the plan is managed.

"Fiduciary duty requires perfect outcomes." The standard is prudence, not perfection. What matters most is having a thoughtful process and acting in participants' best interests.

Why It Matters

Fiduciary responsibility isn't about complexity — it's about accountability. A disciplined process, clear documentation and regular oversight can help plan sponsors meet their obligations and reduce risk. Getting comfortable with fiduciary status means understanding that fiduciary duty is primarily about consistently doing what's right for your employees.

Informational Resources: PLANSPONSOR: "What Does it Mean to be a Fiduciary?" (March 2, 2026); Employee Benefits Security Administration, U.S. Department of Labor: "Meeting Your Fiduciary Responsibilities" (2021; accessed April 6, 2026); ADP: "Fiduciary Responsibilities Guide For Small Business Plan Sponsors" (January 26, 2026).

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Back to Basics

Why Communication — Not Cost — Is the Real Barrier to 401(k) Participation

When employees fail to participate in their workplace retirement plan, the default assumption is often affordability. However, recent research from Ascensus challenges that belief — and points to a much simpler explanation: employees don't fully understand their plan or how to get started. According to the firm's 2026 Eligible Not Contributing Employee (ELND) Survey, lack of awareness and understanding accounts for roughly 60% of nonparticipation, whereas only 23% of employees cite affordability as the primary barrier.

The Knowledge Gap Is the Real Barrier

In fact, nearly one-third of employees (30%) report they do not know how their retirement plan works or how to begin contributing. For many, plan features like employer matching contributions, tax advantages and investment growth remain unclear. Without a basic understanding of these concepts, even well-designed plans can go unused. This lack of understanding highlights a fundamental disconnect: employers may believe they are providing sufficient information, but employees often find that information too complex, too infrequent or difficult to act on.

Why Early Engagement Matters

The survey also underscores the importance of timing. Employees who delay enrolling are significantly less likely to ever participate. If an employee remains unenrolled for just 24 months after becoming eligible, the likelihood they will never enroll doubles. This makes the initial onboarding window critical. Without clear, timely guidance early on, employees can quickly fall into a pattern of inaction that becomes harder to reverse over time.

Simple Communication Drives Action

Importantly, the findings suggest that improving participation does not require costly plan redesigns. Instead, it calls for a return to fundamentals: clear, simple and timely communication. Employees respond to straightforward explanations of how the plan works, step-by-step enrollment guidance and reminders at key decision points. When information is easy to understand and accessible, employees are far more likely to take action.

Informational Sources: Ascensus: "New Ascensus Research Reveals Why Millions of Eligible Workers Do Not Contribute to Their Retirement Plans," (March 10, 2026).

Back to Basics = Better Outcomes

For plan sponsors, increasing participation may be less about adding new features and more about making existing benefits easier to understand. By focusing on basic education, plain-language communication and consistent engagement, employers can help more employees move from eligibility to active participation.



Pension Plan Limitations for 2026

401(k) Maximum Elective Deferral ($32,500 for those age 50 or older, $35,750 for those age 60-63 — if plan permits)*	$24,500
Defined Contribution Maximum Annual Addition	$72,000
Highly Compensated Employee Threshold	$160,000
Annual Compensation Limit	$360,000

* For 2026, the catch-up contribution is $8,000 for those age 50 or older. Under a change made in SECURE ACT 2.0, a higher catch-up contribution limit applies for employees aged 60–63. For 2026, this higher catch-up contribution limit is $11,250.

Plan Sponsors Ask...

Q: We are working with our advisor to develop an educational program for our workers who are nearing retirement. Do you have any recent information regarding older workers who may be contemplating a delayed retirement?

A: According to new research from Boston College, older workers are delaying retirement and playing it safe amid fears about inflation, Social Security, federal debt, taxes and Medicare. The study team found that that group's concerns about their financial future has risen sharply, with many respondents citing Social Security cuts and inflation as their greatest fears. About 20% of pre-retirees now expect to retire later than previously planned, whereas many others are shifting investments into safer assets or building larger cash reserves. You may want to consider reviewing the study and addressing those fears as part of your program's curriculum.

Q: Our business is considering adding a cash balance plan to our benefits package. Do you have current data on the popularity of these plans?

A: Although traditional Defined Benefit plans have fallen out of favor due to several factors, employers still recognize the benefits of providing a plan that offers their employees greater security through lifetime income — but without the administrative complexity and funding risk. As a result, Cash Balance plans have become an attractive option. According to a new report from October Three, over the last decade, cash balance plans in the United States increased by nearly 70%, whereas traditional Defined Benefit plans fell by more than 50%. The health care sector accounts for nearly one-third of cash balance plans, followed by professional services and legal services firms, which together account for another 20% of cash balance plans.

Q: Are there any current studies that evaluate the employer cost of a delayed retirement?

A: Delayed retirement is a popular topic this quarter! New research from Principal finds that delayed retirement costs employers an average of $75,000–$126,000 per employee per year, varying by industry. At the same time, projections show a 28% increase in employees age 65+ by 2033 — amplifying workforce cost pressures. The survey notes that because delayed retirement costs vary widely by industry, proactive plan design is essential. Leveraging automated features can help manage expenses and help employees stay on track to retire on time.



Web Resources for Plan Sponsors

Internal Revenue Service, Retirement Plans
www.irs.gov/ep

U.S. Department of Labor,
Employee Benefits Security Administration
www.dol.gov/ebsa

PLANSPONSOR Magazine
www.plansponsor.com

BenefitsLink
www.benefitslink.com

Plan Sponsor Council of America
www.psca.org

Employee Benefit Research Institute
www.ebri.org

Informational Sources: Center for Retirement Research at Boston College, "How Policy Risks Affect Retirement Planning for Older Americans," (March 17, 2026); Kleiser et al., "2026 Cash Balance Plan Report," (n.d.); Principal, "Navigating the Cost of Delayed Retirement," (2025)

Plan Sponsor's Quarterly Calendar

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.

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