
RETIREMENT TIMES



NEWS AND UPDATES FOR RETIREMENT PLAN SPONSORS AND FIDUCIARIES

Visualize Retirement

What Are Your Participants Saving For?

All too often, retirement planning success is measured purely by financial metrics: savings amounts (15% per year), income replacement ratios (75% of preretirement income), or withdrawal strategies (4% per year). And the most critical part of planning for retirement is forgotten: the plan itself.

Put another way: how can an employee know how much money they're going to need in retirement if they don't know what they're saving for?

74% of 50-59-year-olds have made a serious effort to plan for financial aspects of retirement.¹ Only 35% of 50-59-year-olds have made a serious effort to prepare for the emotional aspects of retirement.¹

Visualize Retirement addresses the one planning need that many pre-retirees don't even know they have: preparing for the nonfinancial side of retirement.

Studies, and actual retiree responses, indicate are key drivers of happiness in retirement are:

LIFESTYLE: How participants will spend their time in retirement (family, leisure, travel, work, etc.) Workers' Visions for Retirement:¹

- 70% want to travel
- 57% want to spend time with family and friends
- 50% want to pursue hobbies
- 30% say they want to work

HEALTH CARE: How participants want to give and receive needed care.

Concern About Personal Events:

HIGH ONGOING HEALTHCARE COST¹

- 12% Extremely concerned
- 13% Very concerned
- 35% Somewhat concerned

HAVING A MAJOR ILLNESS OR HEALTH EVENT

- 11% Extremely concerned
- 20% Very concerned
- 37% Somewhat concerned

THE NEED FOR LONG-TERM CARE

- 11% Extremely concerned
- 25% Very concerned
- 43% Somewhat concerned

NEEDING TO CARE FOR YOUR SPOUSE/PARTNER

- 15% Extremely concerned
- 26% Very concerned
- 40% Somewhat concerned

THE DEATH OF A SPOUSE/PARTNER

- 25% Extremely concerned
- 29% Very concerned
- 21% Somewhat concerned

MEANING: How participants will create a sense of purpose and fulfillment. Following almost 1,000 people, a study found that people with “high purpose” were:¹

- 2.4x less likely to be afflicted with Alzheimer’s
- Less likely to develop mild cognitive impairment
- Less likely to develop disabilities or die young



BENEFITS FOR EMPLOYERS

Workforce Management Flexibility:

- Large amounts of time, money and resources go to offer and maintain benefits programs that help prepare employees for the next phase of their lives (retirement plans, company matching money, physical/financial wellness programs, healthy incentive programs).
- What happens when the employee - due to a lack of emotional and psychological preparedness-doesn't end up retiring?
- That backlog can create recruitment and retention issues - as younger talent may seek opportunities elsewhere if A) there is no "foot in the door" position open, or B) they see minimal opportunities to advance internally.

FOOD FOR THOUGHT: Even if widespread workforce management issues are not prevalent, consider the type of employee

that may have a difficult time moving on: the "career-minded executive" whose identity is wrapped up in their achievements and stature within the organization.

Long-term Cost Mitigation:

- As a workforce's age and tenure increase, so do the costs related to keeping that employee.
- An aging demographic - many of whom may not be emotionally prepared to retire - could impact organizational costs such as increased health care, payroll, or worker's compensation.

To learn more about the Visualize Retirement program and plan sponsor resources and participant resources associated with it, please contact your HHM Wealth Advisors.

Department of Labor Issues Relief Guidance for Victims of California Wildfires

The U.S. Department of Labor (DOL) recently issued benefit plan guidance and relief for plans and participants affected by the 2018 California Wildfires. The DOL recognizes that plan sponsors and participants may be affected in their ability to achieve compliance with various regulatory requirements. The guidance generally applies to all parties involved in employee benefit plans located in areas identified by FEMA as disaster areas, listed here: www.fema.gov/disasters.

The guidance provides relief from procedures related to plan loans and loan repayment,

distributions, contributions and blackout notices. In general, the DOL will not take enforcement actions if plans follow the guiding principle to act reasonably, prudently and in the best interests of workers and families who rely on the plans for their economic well-being.

Specific guidance is offered in certain areas:

LOANS AND DISTRIBUTIONS: Plan sponsors must make a good faith effort to follow procedural requirements under the plan, but the DOL will not assist with requirements and if unable, make a reasonable attempt to

assemble any missing documentation as soon as practicable.

PARTICIPANT CONTRIBUTIONS AND LOAN REPAYMENTS: The DOL recognizes that some employers in these disaster areas may not be able to forward amounts withheld from employee wages within prescribed time frames. Employers are required to act reasonably, prudently and in the interest of employees and comply with the regulations as soon as practicable. The DOL will not take enforcement action if timelines were not met solely due to the 2018 California Wildfires, in the FEMA-identified areas.

BLACKOUT NOTICES: Generally, 30 days' advance notice is required when a participant's

rights under a plan will be temporarily suspended, limited or restricted due to a blackout period. The DOL regulations provide an exception to this requirement when the inability to provide notice within the required timeframe is due to events beyond the plan sponsor's or fiduciary's control.

The full DOL fact sheet can be found here: <https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/fact-sheets/2018-california-wildfires.pdf>.

HHM Wealth Advisors is available to answer any questions you may have or help you determine practical approaches to meeting fiduciary duties and requirements.

Conducting an RFP for an ERISA Attorney

While it is a somewhat unusual step to formally RFP for an ERISA counsel search, it can be a good exercise to ensure your client finds the best fit for their organization. Note, ERISA counsel typically does act in a fiduciary capacity in providing legal advice, so selection of ERISA counsel would likely not engender the same fiduciary scope as selection of an advisor, recordkeeper or TPA. Fees, if paid out of plan assets, have to be reasonable, but that can be difficult to determine as legal fees can have an incredible variance.

All that said, here are a few excellent questions to assist the client in identifying ERISA counsel who will be a good fit:

- Do you require a retainer? If so, what is the required amount? Does it need to be replenished on a regular basis, or is it just an initial engagement requirement?

- What is your hourly fee?
- Do you provide project-based fees? If so . . .
- What falls into the scope of a project?
- How are scopes determined?
- How are scopes tracked to ensure the original quote is met?
- What services do you anticipate will be included on an ongoing basis on an annual basis? What do you project the cost to be?
- What services do you anticipate will be necessary on a longer-term basis? What do you project the cost to be?
- What ad hoc services do you believe may become necessary in the future? What do you project the cost to be?
- What issues do you commonly see arise with plans of similar size and design that require legal assistance? Please provide an estimate of cost for legal work for each.

- Who in your firm will provide the work on our engagement? Please list all attorneys, paralegals and anyone else whose time might be billed to us with their bio and their potential/anticipated role on our engagement.

- Please provide three referrals for three clients who sponsor plans of a similar size and complexity.





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