

# Payrollnews

JULY 2016

## DOL Final Fiduciary Rule *What to Expect & When*

**T**he Department of Labor's (DOL) new fiduciary rule has HR pros talking. It's out to protect employees, and **Data Management Payroll Services** makes sure our clients have the facts to stay in-the-know.

Just who is a fiduciary under the Employee Retirement Income Security Act (ERISA)? The DOL final rule wants to help employees receive better investment advice regarding their employer-sponsored investment plans, but from whom?

A "fiduciary" is defined by the DOL as "persons who provide investment advice or recommendations for a fee or other compensation with respect to assets of a plan or IRA as fiduciaries in a wider array of advice relationships."

The DOL's new rule will protect plan participants by making sure brokers and financial advisors are acting in the clients' best interest when offering any investment related advice.

The final rule takes effect in part beginning on April 1, 2017, fully in compliance and effective by January 1, 2018. The rule also simplifies the Best Interest Contract Exemption (BIC or BICE) provisions to include all types of small plans.

Brokers can still charge fees and earn commissions, but now

have to disclose certain information to the client. Under the final rule, those who provide investment advice must disclose, to all plan participants, any potential conflict of interest.

### GOOD NEWS FOR HR

The final rule comes as a relief to employers and benefits administrators, who often include general retirement savings advice with plan documents. It will not make the individual dispensing that type of advice a plan fiduciary.

Payroll administrators and HR pros who produce routine reports and make recommendations are NOT giving fiduciary advice, and therefore are not plan fiduciaries, and receive no compensation for the advice.

In the final rule, the DOL clarifies the types of information and activities that constitute non-fiduciary investment education, stating that general education on saving for retirement does not fall under investment advice.

### ARE YOU PREPARED?

Financial advisors, brokers and insurance and mutual fund reps are considered plan fiduciaries. Employers will need to



designate a plan fiduciary in order to provide employees investment advice under the new rule.

Employers may also want to adjust the fee structures for their plan, in lieu of additional time spent on compliance and burdens associated with the new rule.

**Data Management Payroll Services** is here to help. We've got the facts on final rules and we'll make sure you never miss a new compliance deadline.

Click the links for more information on the final fiduciary rule and be sure to check out our complete list of payroll processing services. Dive into summer and let us handle the details. Call us today! □

Source: DOL EBSA Federal Register  
Vol. 81, No.68

[webapps.dol.gov/FederalRegister/PdfDisplay.aspx?DocId=28806](http://webapps.dol.gov/FederalRegister/PdfDisplay.aspx?DocId=28806)

## Employer-Based Retirement Plans

American workers save most of their money for retirement through their employer-based 401k or pension plans. And, although the statistics show over half of full-time private sector workers, ages 18 to 64, have access to a retirement plan – still over 30 million workers reported say they don't. Check out the facts below, and click the source link for more information.

### U.S. WORKERS & RETIREMENT PLANS

58%	U.S. Workers with Access to a Plan	
49%	U.S. Workers Participating in a Plan	
74%	Access to a Plan Companies 500 plus Employees	
22%	Access to a Plan Companies under 10 Employees	
50%	Workers Not Participating in a Workplace Plan	
86%	Michigan Workers with Access, Participating	□

Source: **The Pew Charitable Trusts Report on Retirement Savings**  
[www.pewtrusts.org/en/research-and-analysis/reports/2016/01/a-look-at-access-to-employer-based-retirement-plans-and-participation-in-the-states](http://www.pewtrusts.org/en/research-and-analysis/reports/2016/01/a-look-at-access-to-employer-based-retirement-plans-and-participation-in-the-states)

## DOL Forms - A Click Away

Check out this hot link with all the most frequently requested Department of Labor (DOL) Forms. Some forms can be completed online, and all the others are available to print and download. Don't miss the link for other governmental agency forms, too!

[webapps.dol.gov/library/forms](http://webapps.dol.gov/library/forms)

## INDEPENDENCE DAY

Monday, July 4<sup>TH</sup>

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