Legislative and Regulatory News Updates

EBSA Recovered Nearly $1.4B for Employee Benefit Plans, Participants in 2024

The U.S. Department of Labor's Employee Benefits Security Administration recovered $1.384 billion in direct payment to plans, participants, and beneficiaries in FY 2024, the agency announced in a Fact Sheet earlier this year—which is $51 million less than the $1.435 billion that was recovered in FY 2023. The majority of EBSA's monetary recoveries were the result of enforcement actions ($741.9 million) and informal complaint resolution ($544.1 million). Making up the rest of the total was $53.5 million from the Abandoned Plan Program and $44.3 million from the Voluntary Fiduciary Correction Program.

The agency points out that it also obtained important non-monetary results, including the elimination of illegal plan provisions, improved fiduciary governance, and increased access to mental health benefits.

DOL Expands Voluntary Fiduciary Compliance Program

Earlier this year, the Department of Labor released new rules for its Voluntary Fiduciary Compliance Program (VFCP). The rules include a new, long-awaited self-correction feature for plan sponsors.

Until very recently, there were no self-correction options under VFCP. This meant that all corrections pursuant to VFCP required filing a correction application with the DOL and waiting on DOL approval. Beginning in May of this year, plan sponsors may now self-correct failures related to: 1) late-deposited participant contributions and 2) plan loans. The issue of late-deposited participant contributions is one plan sponsors frequently encounter, and generally required correction via a lengthy filing with the DOL. Plan sponsors may now generally self-correct these errors so long as the total lost earnings amount due to the plan is $1,000 or less. and the correction is made within 180 days of the initial withholding.

For more detailed information on the new rules, visit: https://tinyurl.com/42rw6eb3.

Creating a Proper Cybersecurity Policy for a Retirement Plan

As participant data and plan assets increasingly are the target of cybersecurity and ransomware attacks, it is important that plan fiduciaries have pre-established procedures in place to protect themselves in the instance that a breach occurs. Plan fiduciaries should consider third-party audits, multi-factor authentication, cyber insurance and more when developing a written cybersecurity policy.

According to a recent insight brief, developing a written cybersecurity policy with specific required procedures is necessary for plan sponsors to uphold their fiduciary duty and comply with Department of Labor standards. More detailed coverage of this issue is available at: https://tinyurl.com/3tv5uzed.