

PENTEGRA Your AdvantEDGE

Second Quarter 2019

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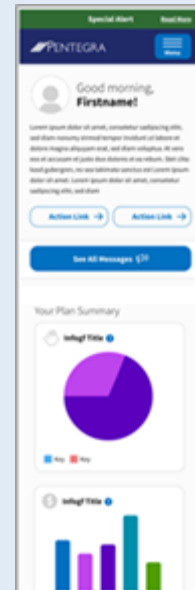
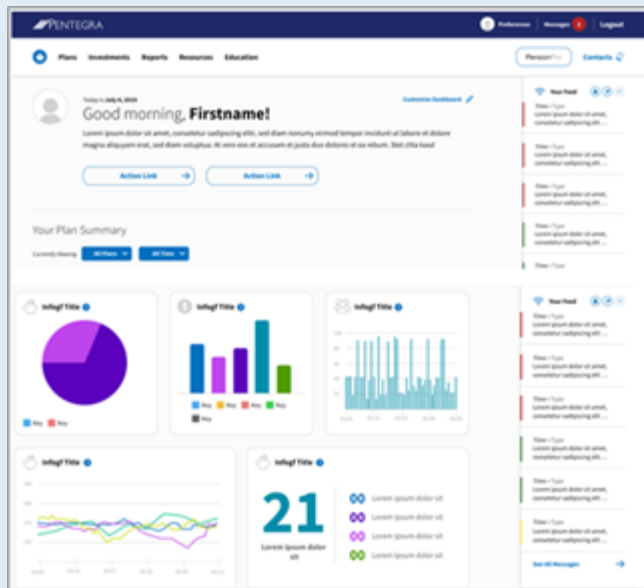
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An Update on the New Pentegra OnLine

Great news! We are pleased to let you know that the redesign and transformation of Pentegra OnLine for sponsors and advisors is on track to deliver an enhanced user experience. We are excited to share our progress.

What You Can Expect

Over the last few months we have been focused on building the framework of the new site and are pleased to be able to share some preliminary screen shots of the site as well as screen shots of the mobile version with you. With a new responsive design, the new site will deliver dashboard reporting tools to provide you with a snapshot of your plan and other key information that is relevant and timely, expanded resources and tools, customizable views and on-demand reporting capabilities, enhanced navigation with quick links to frequently accessed tasks and expanded content and thought leadership.



New Browser Requirements

The new website will have minimum browser requirements and will only support the newest web browsers, including MS Edge, Chrome, Safari, Opera, Firefox (version 63 and newer). These requirements are necessary to optimize the user experience and to ensure that the site operates in the most secure environment possible.

We are aware that some users still access the existing site using Internet Explorer, however Microsoft is phasing out Internet Explorer. Microsoft will no longer support Internet Explorer on Windows 7 beginning in January 2020, and the availability of Internet Explorer on Windows 10 will only continue for a limited number of years. **We encourage you to add one of the newer browsers listed above so that your transition to the new site is as seamless as possible.**

When You Can Expect the New Site

We anticipate that the first phase of the new site will launch in December 2019 with full new capabilities expected to launch during the first quarter, 2020. We will be making continuous additional enhancements to the site throughout 2020. We plan to provide you with additional updates throughout the year as we move closer to the launch of the new site.

We are focused on delivering an improved Pentegra OnLine experience for our clients and partners. **Feel free to contact your Relationship Management team with any questions you may have at 800-872-3473.**



Traditional Accounts Continue Sharing the Stage with Roth Accounts

Tax diversity among the benefits

As employers continue looking for ways to help employees retire securely, the Roth account has become a regular plan feature. In the five years starting in 2014, in fact, inclusion of a Roth account feature had increased 18.1%, so that by 2018, 72.7% of 401(k) and 403(b) plans included one. In the largest plans, those with more than \$200 million in assets, nearly 8 in 10 plans now include a Roth feature.³

A key reason for the Roth's popularity is diversity — but not the kind typically discussed in retirement plan circles. Instead of investment diversity, the primary reason to include a Roth is tax diversity.

Lower taxes today...or tomorrow? Find a balance

Taxes are one of the key reasons to encourage employees to contribute to their 401(k) plan. After all, current-year income may be reduced by the amount an employee contributes to the plan. However, as the discussion around income strategies at retirement heats up, awareness is increasing about the role of income taxes during the decumulation, or withdrawal, phase. Retirees whose savings are entirely tax sheltered may be hit with tax bills that are larger than they expect — at a time when every penny counts.

Investing part of one's retirement savings in a Roth account is one way to provide balance. True, Roth contributions are made with after-tax money. Any investment earnings in the Roth account accumulate tax-free just as they do in a traditional 401(k) or 403(b) account. Unlike the traditional accounts, though, withdrawals from the Roth account are tax-free at retirement.

Tracking the details

There are several questions employers that want to add a Roth feature to their existing 401(k) plan should ask themselves or their providers: Does our plan document allow for a Roth option, or will it need to be updated to include this feature?

Is our payroll provider capable of processing both pre- and post-tax contributions?
Can our record keeper track both types of contributions?

If your plan includes auto-enrollment, new participants are typically enrolled in the traditional account. If you want to enroll them in the Roth account, you should require them to affirmatively sign up to do so. Employees who contribute to both the pre-tax and post-tax accounts in the plan need to know that the maximum deferral amount considers both.

As is the case with any qualified plan, there are a lot of details to address when making a change of this kind. It's always wise to speak with your plan's counsel. In the meantime, you can read more about Roth accounts in 401(k) plans at the IRS website, <https://tinyurl.com/IRS-Roth>.

3 PLANSPONSOR 2018 DC Survey: Plan Benchmarking, <https://tinyurl.com/PlanSponsor-2018-DC-benchmark>



Web Resources for Plan Sponsors

- Internal Revenue Service, Employee Plans
 - www.irs.gov/ep
- Department of Labor, Employee Benefits Security Administration
 - www.dol.gov/ebsa
- 401(k) Help Center
 - www.401khelpcenter.com
- PLANSPONSOR Magazine
 - www.plansponsor.com
- BenefitsLink
 - www.benefitslink.com
- Plan Sponsor Council of America
 - www.pasca.org
- Employee Benefit Research Institute
 - www.ebri.org



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