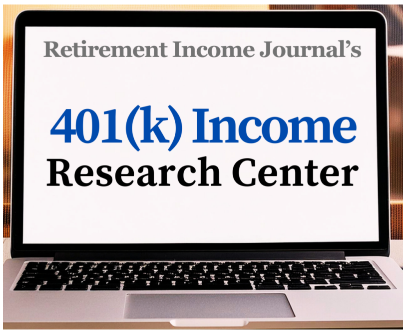
RIJ Launches the 401(k) Income Research Center

By Kerry Pechter *Wed, Jul 31, 2024*

RIJ intends to give plan sponsors, plan advisors, retirement plan service providers and others an up-to-date, easy-to-access source of curated information and competitive intelligence on products and processes that can help 401(k) participants turn their savings into income.



Many sponsors of 401(k) plans now recognize that they should do more to help older participants prepare to turn their tax-deferred savings into retirement income. But sponsors face a potentially overwhelming number of possible ways to fulfill that responsibility.

To help educate employers and their advisors about retirement income solutions, *Retirement Income Journal* has created a "**401(k) Income Research Center**." We envision a living library where plan sponsors, advisors, attorneys and others can learn about "decumulation" products and processes.

The library will eventually include links to (but not limited to):

- White papers from fund companies and life/annuity companies
- Relevant articles from *Retirement Income Journal*
- Guidance and opinions from regulatory agencies
- Court filings
- Academic research
- "Safe harbor" provisions in SECURE Acts
- Income product fact sheets from life/annuity companies
- Links to relevant training programs or professional certification
- Respected books on retirement income planning
- Tools for comparing-and-contrasting annuities
- Links to vetted service providers

Annuities, which are not widely understood, will be a prominent topic here. Like retail annuities, institutional annuities vary significantly in character. There are "in-plan" that participants can contribute to while they are working. There are "out-of-plan" income annuities that participants can purchase after "rolling" their savings into IRAs. That's just the beginning of their distinctions.

The differences in annuities are not superficial. My book for consumers, ***Annuities for Dummies*** (Wiley, 2023), maintains that retail annuities are best understood as different financial instruments with certain features in common, rather than as a single type of financial instrument with variations. This principle applies to institutional annuities as well.

Some savings-to-income tools don't involve annuities. Instead, they help retirees make regular transfers ("systematic withdrawals") of money from their plan accounts to their personal bank accounts. Too few plan recordkeepers currently provide this service. Even fewer provide it without the friction of fees.

It would be easier for plan sponsors and their advisers to re-tool 401(k) plans for retirement income payments if not for three subtle issues:

- First, the 401(k) system is voluntary; employers are under no mandate or pressure to offer retirement plans (though some states now require most employers to offer Roth "auto-IRAs"), let alone outfit them with income-generation tools.
- Second, 401(k) plan sponsors have "fiduciary" responsibilities that can (the SECURE Acts notwithstanding) make them accountable not only for the prudence and reasonableness, but even for the unforeseeable effects, of their decisions. That leaves them vulnerable to class-action lawsuits from the plaintiffs' bar.
- Third, fund companies and annuity issuers naturally offer income solutions that reflect their own needs and priorities. Regulators have not established, vetted, or blessed any particular solution as a "standard" that might guide the decisions that plan sponsors and their advisors will need to make. (In fact, they've been urged not to do so.)

We expect readers to come not only from the 401(k) plan advisor community but also from service providers that compete for plan advisors' attention in this niche. If your company has a document to add to the library, we welcome it. Opportunities will be available on the site for service providers to display their logos and include links to their websites. Click **here** to enter the site.