Greetings & a warm welcome to this week's edition of 401k Real Talk. This is Fred Barstein contributing editor at WealthManagement.com's RPA omnichannel and CEO at TRAU, TPSU & 401kTV - I review all of last week's stories and select the most important and interesting ones providing open honest and candid discussion you will not get anyway else. So let's get real!

The newest target in the rash of lawsuits alleging misuse of forfeiture accounts is Bank of America's 401k plan.

As with other cases against plans like Intuit, Qualcomm & HP, the plaintiffs allege that BofA used the proceeds of their forfeiture account for their own advantage to offset employer match contributions rather than benefiting the participants failing to engage in a reasoned, impartial and prudent process not taking into account on the participants' best interests. The suit further claims a lack of oversight of the plan's administrators and committee members.

Will these suits prevail resulting in radical changes to how plans can use forfeiture accounts? Current practices and rules do allow plan sponsors to offset contributions but, as Fred Reish noted in a recent Faegre webinar, plans may want to make sure their documents reflect that practice.

Investors cannot seem to get enough of the DC industry with Capitalize Money receiving a $19m Series B investment from RRE Ventures along with Series A investors which had contributed $12.5m in 2021.

The firm hopes to streamline the cumbersome rollover process claiming to have increased their volume 6x over the past 18 months boasting enterprise clients like Schwab, Betterment, Sofi and Robinhood.

Capitalize is paid by partners who receive the rollovers while account holders pay if they choose an outside firm. The industry, through the Portability Service Network along with the DOL through recent rulemaking, is trying to make plan transfer easier though the focus is currently on smaller accounts.

And, of course, no one can be sure how the DOL fiduciary rule could affect Capitalize's business assuming it ever goes into effect.

Looking to leverage their 12,000 advisors and the conversion of wealth & retirement at the workplace, Cetera is attempting to enable their wealth advisors to find more clients through DC plans at scale.

Let by industry vet Jon Anderson along with Cetera's CEO Mike Durbin who came from Fidelity's RIA division and recent hire Jerry Patterson, the firm is creating tools and services called "wealth bridge". They noted that most successful wealth managers also manage DC plans.

Arguably, wealth advisors and broker dealers are better equipped than RPAs and aggregators to serve individual investors finding new opportunities in DC plans but only if they devote appropriate resources a topic discussed in length at the 2023 RPA BD Roundtable and sure to be front and center at the September 4-5 Roundtable in NYC right before the Wealthies. Game on!

In this week's LinkedIn poll, I asked:

Will the demand for TPAs in the next 3 years grow? The case for: small plan growth, more wealth advisors. The case against: growth of PEPs, fintechs & payrolls.

56% of you said the demand will grow while 31% indicated there will be less need with a healthy 13% not sure.

As RK margins continue to recede with service suffering as a result, TPAs are a reasonable means to outsource some of the work with almost every major provider working them now that Fidelity has finally jumped in.

Great debate – thanks to those that participated. Look for the next poll on Friday.

Interesting but not shocking results from Fidelity Investments' 15th annual plan sponsor survey.

One of the more shocking stats from previous years had projected 40-50% advisor turnover which is interestingly missing from the 2024 study maybe because many industry professionals doubted the veracity of the number.

Read my recent WealthManagement.com column about how the report underscores how advisors who work with 90% of plans, are being asked to go beyond fees, funds and fiduciary bringing new ideas and services

So those were the most important stories from the past week. I listed a few others I thought were worth reading covering:

1. A fiduciary insurer details what plan sponsors should not do
2. Does the 89-year-old Social Security system need a major overhaul?
3. How the results of opt in and opt out features differ greatly
4. JP Morgan adds guaranteed income to their TDFs
5. A deep dive into pooled plans

Please let me know if I missed anything or if you would like to comment. Otherwise I look forward to speaking to you next week on 401k Real Talk.