

HUB

Risk & Insurance | Employee Benefits | Retirement & Private Wealth

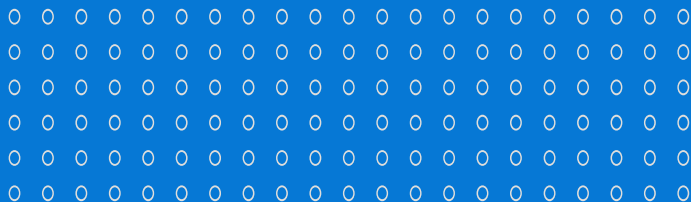
The Changing Retirement Landscape

The 3 areas of focus for you and your organization

Bed Bath Beyond is Today's Studebaker



1



Market Update . . .

Where have we been and where are we going?



Q4 Market / Economy Drivers



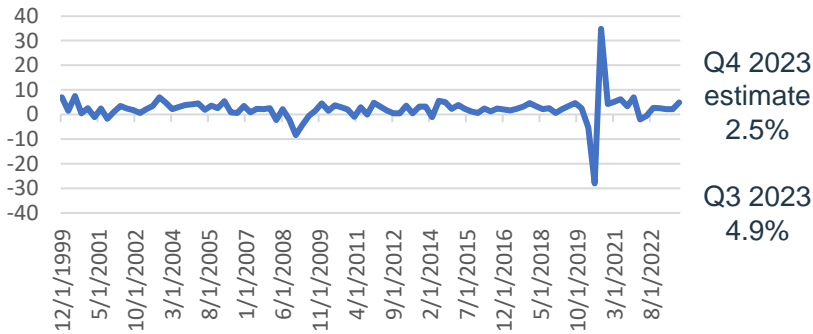
Asset Class Return Snapshot

Returns in %	US Large Cap	US Small Cap	Developed Markets	Emerging Markets	Fixed Income	REITs
Q4	11.69	14.03	10.42	7.86	6.82	18.02
2023	26.29	16.93	18.24	9.83	5.53	10.19

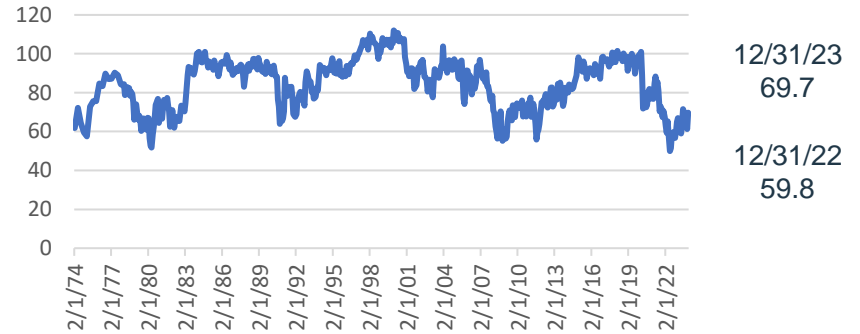
Asset classes are represented by the following indices: S&P 500 Total Return (Large Cap), Russell 2000 Total Return (Small Cap), MSCI Emerging Markets Net Total Return (EM Equity), MSCI EAFE Net Total Return (DM Equity), Bloomberg US Aggregate (Fixed Income), MSCI ACWI Equity REITs Net Total Return (REITs). Source: Morningstar. Data as of 12/31/2023.

Economic Indicators

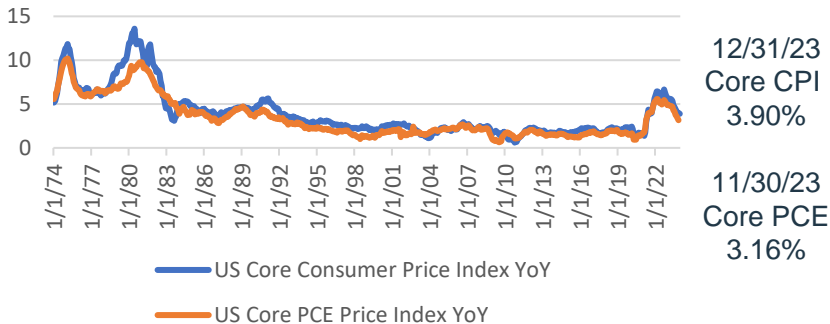
US Real GDP QoQ



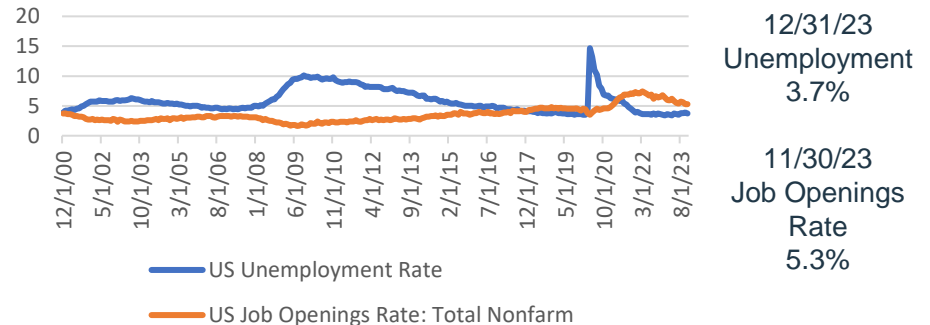
US Index of Consumer Sentiment



YoY Inflation



US Unemployment & Job Openings



Sources: University of Michigan, Bureau of Economic Analysis, Bureau of Labor Statistics, YCharts, Federal Reserve Bank of Atlanta. Q4 2023 GDP growth estimate reflects the Atlanta Fed GDPNow estimate. Data as of 1/3/2024.

S&P 500 Top Ten Performance

Name	2022 return (%)	2023 return (%)
Apple Inc	(26.40)	48.99
Microsoft Corp	(28.02)	58.19
Amazon.com Inc	(49.62)	80.88
NVIDIA Corp	(50.26)	239.01
Alphabet Inc Class A	(39.09)	58.32
Meta Platforms Inc Class A	(64.22)	194.13
Alphabet Inc Class C	(38.67)	58.83
Tesla, Inc	(65.03)	101.72
Berkshire Hathaway Inc Class B	3.31	15.46
JP Morgan Chase & Co	(12.60)	30.47
S&P 500 Index	(18.11)	26.29
S&P 500 Equal Weighted Index	(11.45)	13.87

At the end of 2023, the top ten names in the S&P 500 accounted for 32.1% of the weight in the index and 86% of the 2023 return

U.S. Treasury Yield Curve

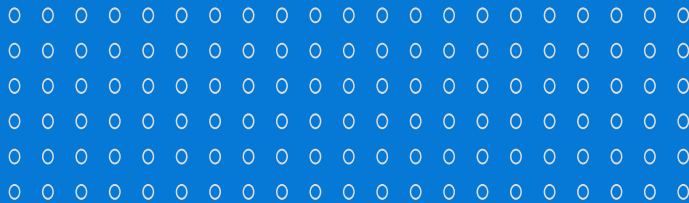


Asset Class Returns

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Annualized (2009 - 2023)
EM Equity 78.51%	Small Cap 26.85%	Fixed Income 7.84%	REITs 21.80%	Small Cap 38.82%	REITs 21.54%	REITs 1.41%	Small Cap 21.31%	EM Equity 37.28%	Cash 1.82%	Large Cap 31.49%	Small Cap 19.96%	REITs 35.86%	Commodity 16.09%	Large Cap 26.29%	Large Cap 13.97%
High Yield 58.21%	REITs 19.85%	High Yield 4.98%	EM Equity 18.22%	Large Cap 32.39%	Large Cap 13.69%	Large Cap 1.38%	High Yield 17.13%	DM Equity 25.03%	Fixed Income 0.01%	REITs 25.76%	Large Cap 18.40%	Large Cap 28.71%	Cash 1.52%	DM Equity 18.24%	Small Cap 11.30%
DM Equity 31.78%	EM Equity 18.88%	REITs 3.08%	DM Equity 17.32%	DM Equity 22.78%	Fixed Income 5.97%	Fixed Income 0.55%	Large Cap 11.96%	Large Cap 21.83%	High Yield -2.08%	Small Cap 25.52%	EM Equity 18.31%	Commodity 27.11%	High Yield -11.19%	Small Cap 16.93%	High Yield 9.17%
Small Cap 27.17%	Commodity 16.83%	Large Cap 2.11%	Small Cap 16.35%	Asset Allocation 14.63%	Asset Allocation 4.91%	Cash 0.03%	Commodity 11.77%	Small Cap 14.65%	Large Cap -4.38%	DM Equity 22.01%	Asset Allocation 10.50%	Small Cap 14.82%	Fixed Income -13.01%	Asset Allocation 13.92%	REITs 8.28%
Large Cap 26.46%	High Yield 15.12%	Cash 0.07%	Large Cap 16.00%	High Yield 7.44%	Small Cap 4.89%	DM Equity -0.81%	EM Equity 11.19%	Asset Allocation 14.45%	Asset Allocation -5.86%	Asset Allocation 19.33%	DM Equity 7.82%	Asset Allocation 13.25%	Asset Allocation -13.96%	High Yield 13.45%	Asset Allocation 7.90%
REITs 25.65%	Large Cap 15.06%	Asset Allocation -0.93%	High Yield 15.81%	Cash 0.05%	High Yield 2.45%	Asset Allocation -2.21%	Asset Allocation 8.14%	REITs 10.50%	REITs -5.88%	EM Equity 18.42%	Fixed Income 7.51%	DM Equity 11.26%	DM Equity -14.45%	REITs 10.19%	DM Equity 6.93%
Asset Allocation 24.65%	Asset Allocation 12.79%	Small Cap -4.18%	Asset Allocation 12.03%	REITs -0.63%	Cash 0.02%	Small Cap -4.41%	REITs 3.89%	High Yield 7.50%	Small Cap -11.01%	High Yield 14.32%	High Yield 7.11%	High Yield 5.28%	Large Cap -18.11%	EM Equity 9.83%	EM Equity 6.56%
Commodity 18.91%	DM Equity 7.75%	DM Equity -12.14%	Fixed Income 4.21%	Fixed Income -2.02%	EM Equity -2.19%	High Yield -4.47%	Fixed Income 2.65%	Fixed Income 3.54%	Commodity -11.25%	Fixed Income 8.72%	Cash 0.54%	Cash 0.04%	EM Equity -20.09%	Fixed Income 5.53%	Fixed Income 2.68%
Fixed Income 5.93%	Fixed Income 6.54%	Commodity -13.32%	Cash 0.08%	EM Equity -2.60%	DM Equity -4.90%	EM Equity -14.92%	DM Equity 1.00%	Commodity 1.71%	DM Equity -13.79%	Commodity 7.69%	Commodity -3.12%	Fixed Income -1.54%	Small Cap -20.44%	Cash 5.14%	Cash 0.85%
Cash 0.15%	Cash 0.13%	EM Equity -18.42%	Commodity -1.06%	Commodity -9.52%	Commodity -17.01%	Commodity -24.66%	Cash 0.26%	Cash 0.82%	EM Equity -14.57%	Cash 2.21%	REITs -5.73%	EM Equity -2.54%	REITs -25.76%	Commodity -7.91%	Commodity -0.24%

Asset classes are represented by the following indices: S&P 500 Total Return (Large Cap), Russell 2000 Total Return (Small Cap), MSCI Emerging Markets Net Total Return (EM Equity), MSCI EAFE Net Total Return (DM Equity), Bloomberg Commodity Index Total Return (Commodity), Bloomberg US Corporate High Yield (High Yield), Bloomberg US Aggregate (Fixed Income), MSCI ACWI Equity REITs Net Total Return (REITs), Bloomberg US Treasury Bills 1-3 Month (Cash). The Asset Allocation portfolio has the following composition: 25% S&P 500 Total Return, 10% Russell 2000 Total Return, 15% MSCI EAFE Net Total Return, 5% MSCI Emerging Markets Net Total Return, 25% Bloomberg US Aggregate, 5% Bloomberg US Treasury Bills 1-3 Month, 5% Bloomberg US Corporate High Yield, 5% Bloomberg Commodity Index Total Return, 5% MSCI ACWI Equity REITs Net Total Return. Sources: Standard & Poor's, FTSE Russell, MSCI, Bloomberg. Data as of 12/31/2023.

2



The SECURE 2.0 Act

Key provisions effective in 2024



SECURE Act 2.0

The SECURE 2.0 Act – new legislation designed to encourage more employers to offer retirement plan benefits and more employees to participate in saving for their future. The law does so by updating and adding new retirement account provisions.

Some provisions within the act will be introduced over the course of the next one to three years, making this the ideal time for plan sponsors to begin making preparations and adjustments to account for the amended regulations.

Oops, My Mistake

- More than 250 industry stakeholders requested relief from the Jan. 1, 2024 deadline for implementing the SECURE 2.0 Roth catch-up mandate for participants who earned \$145,000 or more in previous year
- Legislators sent May 23 letter to notify Treasury/IRS of upcoming technical corrections legislation to fix SECURE 2.0 drafting errors
- IRS Notice 2023-62 provides 2-year administrative transition period until Jan. 1, 2026
- Catch-up contributions will not be eliminated in 2024
- Although technically many provisions are NOT on hold, we are still waiting to see how the industry reacts



[Congress of the United States Letter to Secretary of Treasury and Commissioner of IRS, May 23, 2023](#)

SECURE Act 2.0...let's dig in !

- All of the following provisions are optional:

- *Match student loan payments*
- *Emergency saving accounts*
- *Penalty-free withdrawals*
- *Force out amount increase*

- **SECURE ACT 2.0
PROVISIONS EFFECTIVE
JANUARY 1, 2024**

Emergency Saving Accounts

Contributions are made on an after-tax basis and, for purposes of matching contributions, are treated as employee elective deferrals. Withdrawals can be made from emergency savings accounts tax and penalty-free.

Plan administrators will be allowed to rely on a participant's self-certification for distributions out of this account; the IRS still needs to issue guidance for situations in which the plan sponsor knows of employee misrepresentations.

Annual limit: \$2,500

Force Out Amount Increase

- The automatic rollover amount will increase from \$5,000 to \$7,000 for terminated vested employees.

Penalty-free withdrawals

Penalty-free withdrawal of up to \$1,000 if funds are used for unforeseeable, emergency expenses.

Taxpayers can take three years to repay the early withdrawal but won't be able to make any additional emergency withdrawals during this time until the repayment is complete.

Domestic abuse survivors would also be able to take early distributions of up to \$10,000 or the equivalent of 50% of the account balance, whichever amount is less.

Match student loan payments



About 43.4 million Americans have federal student loans, collectively amounting to \$1.63 trillion of debt, according to the National Student Loan Data System.



Matching contributions on student loan payments must follow the same schedule as other matching contributions under the plan, plan sponsors are allowed to treat qualified student loan repayments as employee elective deferrals for the purposes of matching contributions in a retirement plan.

Correcting Auto-Contribution Errors

- Employer-sponsored plans with auto-enrollment (or auto-escalation) features enjoy special rules relating to fixing errors (e.g., failing to enroll an employee or failing to withhold the right amount of elective deferrals).
- These generous rules were slated to expire at the end of 2023, but this SECURE 2.0 provision makes them permanent.
- “Reasonable administrative errors” can be corrected by the earlier of
 - 9½ months after the end of the plan year in which the error occurred, or
 - If the employee notifies the employer of the error, by the last day of the month following the month in which the notification was made.



What to Keep an Eye On

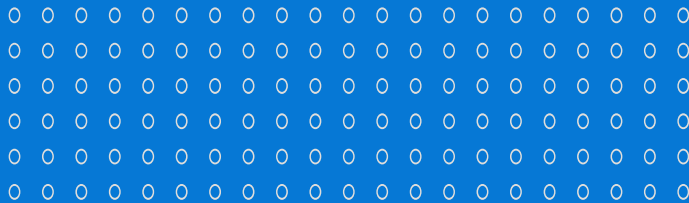
- **Auto Reenroll Act of 2023**
 - Automatic enrollment plans to reenroll employees who opt out of participating once every three years
- **Women's Retirement Protection Act of 2023**
 - Would require spousal consent for nearly all distributions
- **The "Gig" economy**
 - Proposed legislation to help provide gig workers with access to retirement plans, health insurance, life insurance, & other employment-related benefits
- **Social Security:** Several bills proposed to solve Social Security retirement benefit funding crisis:
 - Government guarantee of benefits owed to individuals
 - Invest Social Security (& Medicare) trust funds in investments other than U.S. bonds
 - Increase benefits & assess SS payroll tax on wages up to \$250,000 & on business & investment income
 - Redirect IRS budget increase to fund Social Security & Medicare trust funds



Cost of Living Adjustments for 2024

Annual Plan Limits	2024	2023	2022
Elective Deferral Limit	\$23,000	\$22,500	\$20,500
Catch-Up Contributions	\$7,500	\$7,500	\$6,500
Annual Contribution Limit	\$69,000	\$66,000	\$61,000
Including Catch-Up Contributions	\$76,500	\$73,500	\$67,500
IRA Catch-Up Contribution	\$1,000	\$1,000	\$1,000

3



The “F” word..

Understanding your fiduciary responsibilities .



Educate Your Plan Fiduciaries

- Protect yourself or your plan committee by ensuring all plan fiduciaries understand their responsibilities as an ERISA fiduciary & their individual roles
- Provide annual training for all fiduciaries
- Educate new plan fiduciaries joining a plan committee
 - ERISA fiduciary standards, types of fiduciaries & responsibilities
 - The plan document terms
 - Plan service contracts & fees
 - Plan objectives & policies (e.g., Investment Policy Statement)
 - Procedures for selecting & monitoring service providers & investments
 - Ongoing education on legislative, regulatory, & industry developments
- Document fiduciary education provided (when, who & how received)



Fiduciary Rulemaking History . . . In a Nutshell

- After years of rulemaking activity, the DOL released a final rule in 2016.
 - It scrapped the old “five-part test,” creating a broader test that protected those who were contemplating rolling over plan assets into an IRA (among others).
 - The DOL also released guidance that required investment advice fiduciaries to
 - Provide advice in the retirement investor’s best interest,
 - Charge no more than reasonable compensation, and
 - Make no misleading statements about investment transactions and other matters.
- In 2018, a federal appeals court invalidated the DOL rule as too broad.
 - Since then, the DOL has tried to shore up its position and provide reliable guidance.
 - Other federal entities (e.g., the SEC) and state regulators have weighed in.
 - This has created some confusion, with financial professionals and consumers alike not always sure about what rules apply.



What does it all mean? Where do I start?? Is it ME that must do this?

- Most organizations have hired a fiduciary...NOT a broker
 - An advocate that is legally responsible for your plan
 - A schedule to know what your choices are and when you need to make decisions
- You MUST have a mechanism for monitoring your investments
 - IPS
 - Understand your options: **Mutual Funds vs. Annuities**
- It is best practices to have an education platform for your employees
- Benchmarking: understand your fee AND your plan design
 - Most companies have a match and that match is at least a safe harbor
 - It is easy to know if your plan design is relevant and competitive



Shameless self promotion....



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Thank you.

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