

# the dana report

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## ABOUT THE FIRMS



Dana Consulting Group, Ltd. and Jennings Law Firm, Ltd. were established to provide employers with a single source of comprehensive legal and consulting services relating to retirement plan and employee benefit matters.

If you know someone who would like to receive *the dana report*, click the link below.



## MICRO-PLAN BENCHMARKING

*PlanAdvisor* magazine, a publication tracking the retirement plan industry, recently issued their annual benchmarking report for defined contribution plans (401(k), profit sharing and 403(b) plans) with under \$5 million in assets. This is often referred to as the micro plan market. We have reprinted their report to our website ([www.danaconsulting.com](http://www.danaconsulting.com)) under the Advisor Services tab. We invite financial advisors who service retirement plans or are looking to offer their services to these plans to review the report. The Labor Dept's fiduciary rule has pushed many advisors out of this market and for those who are willing to develop the experience and expertise needed, this presents a great opportunity to expand your book of business. Our firms' practice is limited to qualified retirement plans and we offer a variety of services to our partners such as financial advisors, CPAs and attorneys to assist them better service the retirement plan industry. Survey after survey show that Americans view saving for retirement through an employer provided plan is the most effective way but that does not mean they don't need a lot of assistance with planning.



## MEDICARE AND HEALTH SAVINGS ACCOUNTS

We have posted to our website ([www.danaconsulting.com](http://www.danaconsulting.com)) under the *Education* tab an interesting article about the interaction of the Medicare rules and the rules governing health savings accounts. Health savings accounts (HSAs) are offered in tandem with high-deductible health plans (HDHPs). More and more Americans are choosing to work beyond the age when they become eligible for Medicare, and in many cases want to continue participating in an HDHP and making contributions to their HSAs. Simply becoming eligible for Medicare does not disqualify employees from staying on their high-deductible plans or making HSA contributions. However, an employee who enrolls in Medicare and stays in his/her HDHP are no longer eligible to make HSA contributions. Also, workers receiving Social Security benefits are automatically enrolled in Medicare. We strongly encourage our advisor and CPA partners to review this article to make sure they have the information they need to adequately advise their clients.



## WORKPLACE WELLNESS PROGRAMS

*The Dana Report* focuses on retirement plan issues but we do like to stray on occasion to other topics we think our readers would find informative or at least amusing. For example, we have periodically reported on benefit programs like outdoor behavioral therapy - often dubbed wilderness therapy. We recently read an article about a study by the University of Illinois at Urbana-Champaign that looked at the effectiveness of workplace wellness programs. This was only a one-year study, so the results are not necessarily compelling. However, the study concluded that these programs fail at their two main goals of improving employees' health and lower employer health costs.

The study reached a number of conclusions and the study can be obtained from the university's website but the overriding findings were that people who enroll are already healthy and not spending much on healthcare to start with. And, employees with the highest healthcare costs are the least likely to participate.



## 401(K) PLAN INVESTMENT OPTIONS GOING DOWN

Most 401(k) plans that permit participants to direct the investment of their accounts limit the investment options to publicly traded investments. According to Ernst & Whinney (a Big 4 accounting firm), the number of publicly traded US companies shrank from more than 8,000 in 1996 to about 4,300 in 2016. According to a E&Y spokesman, much of this is attributable largely to companies being owned by private equity markets rather than public equity markets.



## MUTUAL FUND SHARE CLASS CALLED "CLEAN SHARES"

We came across an article about a new class of mutual funds being created by some fund companies called "clean shares." This term refers to share classes that eliminate all indirect expenses (such as revenue sharing) that have been incorporated into mutual fund expense ratios. The perceived advantage is that by eliminating marketing fees, revenue sharing, distribution fees, etc., investment costs are lowered and conflict of interest concerns lessened. For individual plan participants, clean share funds provide the plan's financial advisor a way to more closely adhere to the Labor Dept's new fiduciary regulations. Lower investment costs, however, do not automatically translate into lower costs for the plan participants. If you would like a copy of this article, please contact Lee T. Jennings in our office at (630) 802-7644.

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