



# CrossPlans

## Retirement Plan Strategies

A Current Issues Resource for Plan Sponsors and Administrators

## Bridging Generations

### Survey Offers Insights for 2026 Employee Education Strategies

A new report, “[An Uncertain Future: Retirement Prospects of Four Generations](#),” explores how Gen Z, Millennials, Gen X, and Boomers are preparing for retirement amid economic volatility, caregiving pressures and job insecurity. The report highlights several shared fears, which can help inform your 2026 employee education strategy: outliving savings, declining health requiring long-term care and uncertainty around Social Security’s future. In addition, here are some key generational differences to keep in mind:

- **Gen Z: burned out and budgeting early.** Representing workers ages 28 and younger, Gen Z faces unique challenges: 59% report regular burnout, 32% hold multiple jobs, 59% juggle side hustles and 41% bear caregiving responsibilities. Despite this stress, 76% are saving for retirement — typically starting at age 20 with a median 15% contribution of their salary. Their median retirement savings is \$31,000, but emergency reserves stand at just \$2,000 — and 26% have already tapped into retirement funds early.
- **Millennials: debt, dual pressures and deferred planning.** Millennials (ages 29–44) shoulder competing pressures with childcare, elder care and pandemic-related debt. Though 85% save for retirement, median savings reach only \$65,000 alongside just \$5,000 in emergency funds. Nearly one-quarter have made early withdrawals from retirement accounts.
- **Gen X: nearing retirement underprepared.** Gen Xers (ages 45–60) are the least confident in their retirement strategy. Only 18% feel “very confident” in retiring comfortably, and half expect to rely primarily on self-funded savings, whereas 77% worry Social Security may fall short. Their median retirement savings is around \$107,000, with \$6,500 in emergency funds. Only 25% have a written retirement strategy, and 50% have no backup plan if forced into early retirement.



***A striking 80% of workers across generations believe their financial journey will be harder than that of their parents.***

- **Boomers: stretching into later life.** Boomers (ages 61–79) are extending work well into their sixties. Fifty-seven percent expect to retire at or after age 70, driven by worries over healthcare, savings longevity and uncertain Social Security. They maintain a median of \$270,000 in retirement savings and \$20,000 in emergency funds but only 27% have a written plan, and fewer than 40% have a contingency plan.

### CrossPlans

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# Staying on Top of Your Game

## Five Common Risk Management Pitfalls and How to Effectively Mitigate Them

Retirement plan sponsors operate in a high-stakes regulatory landscape under the Employee Retirement Income Security Act of 1974 (ERISA). Over the past decade, ERISA litigation has surged — often catching even well-intentioned fiduciaries off guard. To mitigate risk and protect both the plan and its participants, it's critical to understand where litigation most often originates:

- **Excessive fees.** A primary driver of ERISA lawsuits involves claims that investment and administrative fees are unreasonably high. Plaintiffs argue that plan fiduciaries failed to leverage their bargaining power or benchmark fees against comparable options. Regular fee reviews and robust vendor management can go a long way toward reducing this risk.



- **Poor investment selection or monitoring.** Courts have scrutinized fiduciaries who retain underperforming funds or fail to provide a diverse menu of options. Sponsors should have clear investment policies in place and document decision-making processes to show prudent oversight.
- **Self-dealing and conflicts of interest.** When fiduciaries act in their own interest — or appear to — it can trigger major legal exposure. Ensuring transparency, eliminating conflicts and following a documented process for all plan-related decisions help reinforce fiduciary integrity.

- **Cybersecurity and data breaches.** Though relatively newer, claims related to participant data theft or unauthorized distributions are gaining attention. Plan sponsors are expected to select and monitor service providers for their cybersecurity protocols and to educate participants on safe online practices.
- **Misuse or mishandling of forfeitures.** Litigation is increasingly targeting how forfeitures — unvested amounts from terminated participants — are managed. Failing to use forfeitures in line with plan documents or allowing them to accumulate indefinitely can raise fiduciary concerns. Sponsors must review plan provisions and apply forfeitures in a timely, compliant manner.

### Plan Sponsor Best Practices

Here are key best practices to help you mitigate litigation risks:

- Maintain a well-documented fiduciary process that emphasizes prudent, reasoned decisions
- Regularly benchmark fees and services
- Provide ongoing fiduciary training for committee members
- Conduct annual plan governance reviews to identify gaps
- Monitor cybersecurity policies of service providers and keep participant education current
- Review and track forfeiture usage to ensure alignment with plan terms and compliance expectations.

| Pension Plan Limitations for 2025                                                                                         |           |
|---------------------------------------------------------------------------------------------------------------------------|-----------|
| 401(k) Maximum Elective Deferral<br>(\$31,000 for those age 50 or older, \$34,750 for those age 60-63 — if plan permits)* | \$23,500  |
| Defined Contribution Maximum Annual Addition                                                                              | \$70,000  |
| Highly Compensated Employee Threshold                                                                                     | \$160,000 |
| Annual Compensation Limit                                                                                                 | \$350,000 |

\* Under a change made in SECURE ACT 2.0, a higher catch-up contribution limit applies for employees aged 60-63. For 2025, this higher catch-up contribution limit is \$11,250 instead of \$7,500, for a potential total contribution of \$34,750.

Informational Sources: 401kSpecialist: “Rethinking Risk Management in 401(k)s” (June 19, 2025); Invesco: “ERISA Litigation Playbook Fiduciary Checklist” (April, 2024); Littler: “Cybersecurity Considerations for Employers Sponsoring ERISA Plans” (November 12, 2024).

# Plan Sponsors Ask...

**Q: Despite our promoting the use of a financial planner or advisor in their retirement planning efforts (including our own plan advisor), most of our employees still don't work with anyone. Are we the rule or the exception?**

**A:** The Cerulli Report—U.S. Retirement End-Investor 2025 found that the majority (63%) of active 401(k) participants, many of whom fall into the mass-affluent category, do not work with a financial advisor. Meanwhile, 52% of mass-affluent active 401(k) participants who do not work with an advisor say their recordkeeper is their primary source of retirement planning and financial advice. Cerulli suggests that plan sponsors consider repositioning the 401(k) (or other workplace retirement plans) as a means to access financial planning, financial wellness platforms and other in-plan advice offerings, as well as engaging with participants when they are considering their other benefits.

**Q: Are you aware of any current trends regarding plan fees for small plans versus larger plans?**

**A:** The recently released 25th edition of the 401k Averages Book confirms a continuation of a long-running industry trend: both investment and recordkeeping fees are steadily declining, helping drive lower total plan costs

for employers and participants. Average investment-related fees decreased across all plan sizes, with reductions ranging from 0.02% to 0.12%. Many plan scenarios also saw reductions in recordkeeping fees, in some cases by as much as 0.03%, reflecting ongoing pricing competition and transparency demands. Smaller plans still pay significantly more in fees than larger plans. A \$5 million plan averages 1.08% in total costs, whereas a \$50 million plan averages 0.76%.

**Q: Can you provide clarification on the SECURE Act 2.0 mandatory Roth catch-up provision for high earners?**

**A:** In 2026, mandatory Roth catch-up contributions for high-earning employees age 50 or older will become effective. Specifically, if an individual's FICA wages from the same employer sponsoring the plan exceeded \$145,000 in the prior calendar year (indexed annually), then any "catch up" contributions they elect must be made on an after tax Roth basis for 401(k), 403(b) or governmental 457(b) plans. If a plan does not have an existing Roth provision, they are not required to add it, but they will not be able to allow those employees to use the existing catch-up contribution provision in the plan.



## Web Resources for Plan Sponsors

Internal Revenue Service, Retirement Plans  
[www.irs.gov/ep](http://www.irs.gov/ep)

U.S. Department of Labor,  
Employee Benefits Security Administration  
[www.dol.gov/ebsa](http://www.dol.gov/ebsa)

401(k) Help Center  
[www.401khelpcenter.com](http://www.401khelpcenter.com)

PLANSponsor Magazine  
[www.plansponsor.com](http://www.plansponsor.com)

BenefitsLink  
[www.benefitslink.com](http://www.benefitslink.com)

Plan Sponsor Council of America  
[www.pasca.org](http://www.pasca.org)

Employee Benefit Research Institute  
[www.ebri.org](http://www.ebri.org)

# Plan Sponsor's Quarterly Calendar

## OCTOBER

- Audit third-quarter payroll and plan deposit dates to ensure compliance with the U.S. Department of Labor's rules regarding timely deposit of participant contributions and loan repayments.
- Verify that employees who became eligible for the plan between July 1 and September 30 received and returned an enrollment form. Follow up on forms that were not returned.
- For calendar-year safe harbor plans, issue the required notice to employees during October or November (within 30–90 days of the beginning of the plan year to which the safe harbor is to apply). Also, within the same period, distribute the appropriate notice if the plan features an Eligible Automatic Contribution Agreement, Qualified Automatic Contribution Agreement and/or Qualified Default Investment Alternative.
- Check current editions of enrollment materials, fund prospectuses and other plan information that are available to employees to ensure they are up to date.
- Provide a quarterly benefit/disclosure statement and statement of plan fees and expenses actually charged to individual plan accounts during the prior quarter, within 45 days of the end of the last quarter.
- Prepare and distribute annual plan notices, such as the 401(k) safe harbor for safe harbor plans with a match, Qualified Default Investment Alternative annual notice, and automatic enrollment and default investment notices, at least 30 days before the plan year-end.

## DECEMBER

- Prepare to send year-end payroll and updated census data to the plan's recordkeeper in January for year-end compliance testing (calendar-year plans).
- Verify that participants who terminated during the second half of the year selected a distribution option for their account balance and returned the necessary form.
- Review plan operations to determine if any ERISA or tax-qualification violations occurred during the year and if using an Internal Revenue Service or U.S. Department of Labor self-correction program would be appropriate.

## NOVEMBER

- Prepare to issue an announcement to employees to publicize the plan's advantages and benefits, and any plan changes becoming effective in January.
- Conduct a campaign to encourage participants to review and, if necessary, update their mailing addresses to ensure their receipt of Form 1099-R, to be mailed in January for reportable plan transactions in the current year.

*Consult your plan's financial, legal or tax advisor regarding these and other items that may apply to your plan.*

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