Governmental Defined Contribution Plans:

An Employer's Role as a Plan Fiduciary, Roth 457(b) and Regulatory Updates

Gulf Coast Chapter FGFOA
Fall Conference
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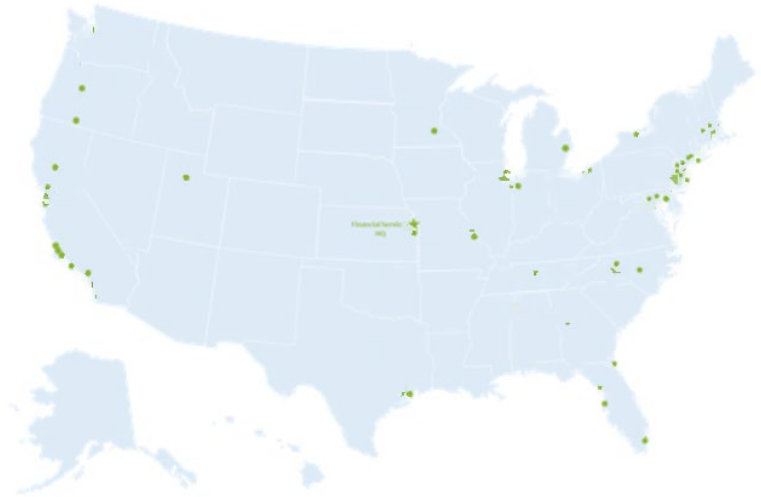
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OneDigital Retirement Plan Consulting

NAPA TOP DC ADVISOR TEAMS 2026

planadviser 2026 TOP RETIREMENT PLAN ADVISERS



FORTUNE 100 BEST COMPANIES TO WORK FOR® 2025

National Client Base

Approximately

$152 Billion

Retirement Plan Assets Under Advisement

5,400+

Plans Served

Florida Public Sector

Approximately

$2.4+ Billion

Retirement Plan Assets Under Advisement

50+

Plans Served

**as of 6/30/26*

*Ronald Letaw of OneDigital Investment Advisors LLC ("OneDigital") was named to **PLANADVISER's 2026 Top Retirement Plan Advisers** list, announced March 18, 2026, based on data as of December 31, 2025. PLANADVISER is not affiliated with OneDigital. Advisers were eligible with at least 50 retirement plan clients or $400 million in retirement plan assets under advisement, as self-reported in an application; 316 advisers were listed. No compensation was paid in connection with the list or its use in this material. The list reflects plan client count and assets, not quality of services, and is not an endorsement or indication of future results. OneDigital Investment Advisors LLC's Tampa team was named to **NAPA's 2026 Top DC Advisor Teams** list, published March 17, 2026, based on self-reported data as of December 31, 2025. NAPA is not affiliated with OneDigital. A team is defined as advisors in a single physical location with at least $100 million in defined contribution assets under advisement, as reported by applicants. No compensation was paid in connection with the list or its use in this material. The list reflects team size and assets, not quality of services, and is not an endorsement or indication of future results.OneDigital was named to the **2025 Fortune 100 Best Companies to Work For®** list, published April 2, 2025, based on Great Place to Work® employee survey data from March 2025. Fortune and Great Place to Work® are not affiliated with OneDigital. The list reflects employee survey responses about workplace culture. It does not reflect client experience, the quality of advisory services, or future performance. OneDigital paid a fee to Great Place to Work® to administer the employee survey.*

Historic Focus has been on DB Plans

Defined Benefit (DB)

- Consultant support
- Educated Trustees
- Defined responsibilities
- More transparent pricing
- RFP driven provider selection

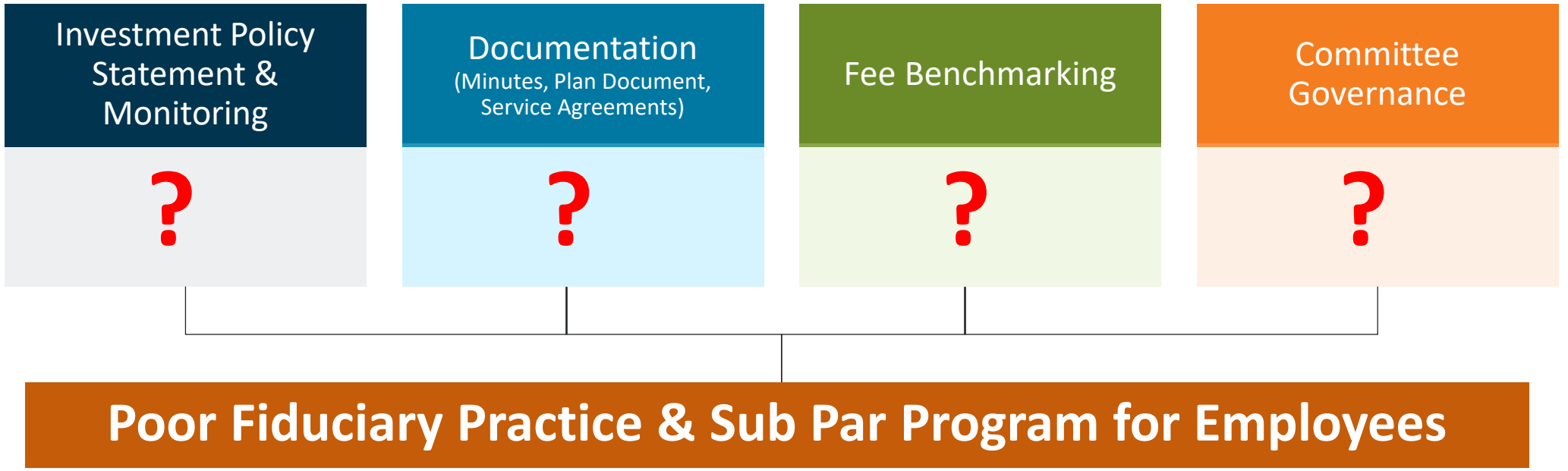
Defined Contribution/Deferred Comp (DC) - 457(b) & 401(a)

- Limited oversight
- Limited education
- Limited acknowledged responsibility
- High, non-transparent fees
- Providers added without competitive bid process

DC Plans Shift Risk and *some* Responsibility to Employees

Shifted Responsibilities	DB Plan	DC Plan
Funding (Plan Contributions)	**Employer**	Employee
Retirement Income	**Employer**	Employee
Individual Account Investment Allocation	**Employer**	Employee
Pay Plan Expenses	**Employer**	Employee
Retained Responsibilities	**DB Plan**	**DC Plan**
Plan Level Investment Menu Selection	**Employer**	**EMPLOYER**
Negotiate Plan Expenses	**Employer**	**EMPLOYER**
Employee Communication	**Employer**	**EMPLOYER**

Lack of Oversight on DC Plans



“Non-ERISA” ≠ “Non-Fiduciary”

- ERISA (Employee Retirement Income Security Act of 1974) does not apply to governmental plans. [1]
- Fiduciary Standards Precede ERISA
- State Laws Govern Non-ERISA Plans
- Florida Statutes use ERISA language and refer to ERISA standards. [2]

1. ERISA 4(b)(1)
2. FS 112.656, FS 112.661

Who is a Fiduciary to the Plan

FIDUCIARY

- Employer Plan Sponsor
  - Plan Trustee(s)
  - Plan Administrator
- Plan Investment Committee
- Investment Advisor

GENERALLY NOT A FIDUCIARY

- Non-discretionary directed Trustee
- Recordkeeping Provider
- Third Party Administrator
- External Attorney

Fiduciary Defined

- Many of the actions involved in operating a plan make the person or entity performing them a fiduciary.
- Using discretion in administering and managing a plan or controlling the plan's assets makes that person a fiduciary to the extent of that discretion or control.
- Providing investment advice for a fee also makes someone a fiduciary.
- The fiduciary status is based on the ***functions performed for the plan***.

Department of Labor – "Meeting Your Fiduciary Responsibilities"

Fiduciary Duties

Duty of Loyalty	Duty to Act Prudently	Duty to Diversify Plan Assets	Duty to Act in Accordance with Plan Document
• Act solely in the interest of the plan participant and their beneficiaries. • Exclusive purpose of providing benefits to them • Pay only fair and reasonable expenses.	• When acting on behalf of the plan, exercise the care, skill prudence and diligence that a prudent person familiar with such matters would exercise. • This requires expertise. Lacking that, a fiduciary will want to hire someone with that professional knowledge to carry out the investment functions. • The Department of Labor (DOL) and courts measure prudence by analyzing the process used to select an investment or course of action.	• Minimize the risk of large investment losses to the plan. • Fiduciaries should consider each plan investment as part of the plan's entire portfolio. • Fiduciaries will want to document their evaluation and investment decisions.	• Follow the terms of the plan document. • Employers want to be familiar with their plan document, especially when it is drawn up by a third-party service provider. • Periodically review the document to make sure it remains current.

Department of Labor – "Meeting Your Fiduciary Responsibilities"

DC Plan Oversight Best Practices

- Establish a Committee & educate members on their fiduciary duties
- Meet regularly & draft meeting minutes to document decisions
- Establish an Investment Policy Statement (IPS)
- Monitor plan investment options regularly & take action on those that fail the IPS requirements
- Engage professionals who assume a fiduciary role
- Identify all plan fees
- Regularly benchmark plan fees, including periodic RFP/RFQ/RFI, to ensure they are reasonable
- Consider consolidation of service providers to reduce fees & potential conflicts
- Establish an employee education strategy to engage & improve financial wellness

Common Themes

Issues Identified

- 457(b) / 401(a) DC Plans with multiple recordkeeper providers
- No formal Committee
- Investment options not regularly monitored including some fairly imprudent funds
- High, non-transparent fees
- No independent plan advisor engaged assuming investment fiduciary role to assist in reviewing investments, fees and services

Possible Solutions

- ✓ Establish & train formal Committee via Charter
- ✓ Establish an Investment Policy Statement
- ✓ Conduct Recordkeeping Provider RFP/RFQ/RFI
  - ✓ May be able to identify cost savings
  - ✓ Possible improvements to plan & participant services
  - ✓ Assess for institutional, high scoring low-cost investment fund menu
- ✓ Schedule regular Committee Meetings
- ✓ Maintain ongoing investment monitoring & action
- ✓ Maintain prudent documentation & fiduciary process

Roth 457(b) Contributions

1

NO INCOME CEILINGS
Income restrictions placed on Roth IRAs do not apply to Roth 457(b) contributions.

2

HIGHER CONTRIBUTION LIMIT
A Roth 457(b) allows employees to save more on a Roth basis each year than a Roth IRA. In 2026, employees under age 50 may contribute up to $24,500. Employees age 50 or older may qualify for an $8,000 catch-up contribution, while those ages 60–63 may qualify for the higher $11,250 catch-up. These limits apply to the combined total of pre-tax and Roth 457(b) contributions—not separately to each.

3

TAX-FREE RETIREMENT WITHDRAWALS
Employees pay taxes on the money going in, not on *qualified withdrawals. This means contributions and any earnings made in the market are tax-free. Diversifying with Roth and traditional accounts may give you flexibility in retirement.
**To be a qualified withdrawal, the account must have been funded for at least 5 tax years (counted from January 1 of the year of your first Roth contribution to the plan) and you must be age 59½ or older, disabled, or the distribution must be made to a beneficiary after death. Consult a tax advisor.*

4

A RETIREMENT TAX STRATEGY WORTH CONSIDERING
A Roth 457(b) may be a good option for employees who expect to be in a higher tax bracket in retirement than they are today, or who want tax diversification. Contributions are taxed now, and qualified withdrawals in retirement are tax-free. Employer contributions, if any, are generally pre-tax.

5

DIFFERENT AGE GROUPS CAN BENEFIT FROM ROTH 457(b)
Younger employees may benefit from investing in a Roth 457(b) because they will enjoy many years of tax-free growth. Older employees who have no Roth savings may still benefit from tax-free future withdrawals.

Information is provided for educational purposes only. Consult with a tax advisor or financial professional to review your specific circumstances

Legislative/ Regulatory Updates

SECURE 2.0 Act Requirement Highly Paid Individuals 457(b) Catch-up Contributions Made as Roth

Important Dates:

- January 1, 2024: Initial effective date for Mandatory Roth Catch Up for HPIs (Highly Paid Individuals); later extended for administrative transition period.
- December 31, 2025 – The closing of the administrative transition period
- January 1, 2026 – Mandatory Roth Catch-Up contributions effective. For 2026, an HPI is anyone who made in excess of **$150,000 in FICA compensation** (Form W-2, Box 3) in 2025.
- January 1, 2027 – Final regulations effective

Final Regulations Highlights

- HPI compensation is defined on the **Form W-2 Box 3**
- If the plan **does not allow for Roth, HPIs CANNOT make catch-up contributions**
- Roth election is a deemed election if an affected HPI is given the "effective opportunity" to elect otherwise – that is, to have the amount distributed as excess deferrals rather than reclassified as Roth.
- Correction of Excess Deferrals or Excess Contributions defined. Primarily these will be through adjustments to Form W-2 and In-Plan Roth Rollovers.
- De Minimis Failures of $250 of less need not be corrected.

Sources:
https://www.onedigital.com/blog/irs-releases-final-regulations-on-roth-catch-up-contributions/ https://www.irs.gov/newsroom/treasury-irs-issue-final-regulations-on-new-roth-catch-up-rule-other-secure-2point0-act-provisions https://ferenczylaw.com/flashpoint-final-catch-up-regulations-finally/

Legislative/ Regulatory Updates

DOL Proposes DC Plan Investment Selection Framework, Clarifies Path For Alternative Investments

What happened:

- On March 30, 2026, the DOL's Employee Benefits Security Administration (EBSA) issued a proposed regulation clarifying how plan fiduciaries can evaluate investments, including alternatives like private equity and private credit
- The DOL's message: plan sponsors have full discretion to choose what's best for their participants
- The proposal introduces a ***process-based safe harbor built on six factors: performance, fees, liquidity, valuation, benchmarks, and complexity.*** Fiduciaries who follow a documented evaluation framework around these criteria could receive a "presumption of prudence." Meaning plaintiffs would need to prove imprudence rather than fiduciaries having to defend every decision

Why it Matters:

- For plan sponsors: This proposed safe harbor could reduce litigation exposure for fiduciaries acting in good faith. A clear, documented process may help demonstrate procedural prudence and could reduce litigation exposure — but it does not eliminate fiduciary responsibility, guarantee immunity from DOL examination, or provide absolute legal protection.
- For participants: This is about access. Alternatives have historically been reserved for institutions and the wealthy. When appropriate, these tools could improve diversification and strengthen long-term retirement outcomes for American workers

What's Next:

- The 60-day public comment period for the proposed rule closed on June 1, 2026. The DOL is currently reviewing more than 47,000 public comments that were submitted. The DOL will use this feedback to develop its final proposed rule, which will then be reviewed by the White House, the SEC, and the Treasury Department.

Sources:
https://www.onedigital.com/en-US/articles/dol-proposes-401k-investment-selection-framework-clarifies-path-for-alternatives
https://www.dol.gov/newsroom/releases/ebsa/ebsa20260330

THANK YOU!

QUESTIONS?

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