

Proposed DOL Rule Includes Safe Harbor for Those Weighing Plan Investment Options, Including Private Market Exposure

In March 2026, the U.S. Department of Labor (DOL) proposed a rule related to fiduciary prudence under the Employee Retirement Income Security Act of 1974 (ERISA). The proposed Fiduciary Duties in Selecting Designated Investment Alternatives rule clarifies fiduciary obligations when selecting investment options in defined contribution plans, including funds that contain private market investments, and provides safe harbor guidance.

The proposed rule implements an executive order from the Trump administration, directing the DOL to reexamine past and present guidance on what may be a prudent fiduciary process for considering and selecting investments with private market exposure and other alternative investments. The proposed rule aims to reduce litigation risk that the DOL perceives as constraining fiduciaries from offering investments that could improve participant outcomes.

chose to invest in it. The top reasons offered for their TDF investment decision include: professional management, ease of use, built-in diversification, and ongoing rebalancing.

No Change to the ERISA Fiduciary Standard

As private market exposure in defined contribution plan investments gains attention, one thing hasn't changed: the fiduciary standard under ERISA remains the anchor for fiduciary investment decisions. ERISA requires fiduciaries to act:

- Solely in the interest of participants and beneficiaries
- For the exclusive purpose of providing benefits and paying reasonable plan expenses

Investment decisions cannot be driven by trends, external pressure, or non-financial objectives. Every decision must tie back to risk-adjusted financial outcomes for participants.





Safe Harbor Designed to Provide Legal Protections

The key feature of the proposed rule is a safe harbor for responsible plan fiduciaries selecting investment options for a plan lineup. It identifies six factors, outlined below, fiduciaries should consider during the process. If a fiduciary follows the described process with respect to these factors, the DOL intends for the fiduciary's judgment to be presumed prudent under ERISA if challenged in court.

Performance.

Investments must be reasonably determined to maximize risk-adjusted financial returns, net of fees, and considered in the context of investment time horizons.

Fees.

A fiduciary must consider fees and expenses in the selection of an investment option in the plan lineup and is not required to select the lowest cost investment.

Liquidity.

A fiduciary must appropriately determine that the investment option provides sufficient liquidity to meet plan and participant needs.

Valuation.

Investments must have adequate measures to ensure timely and accurate value, as determined through a conflict-free process.

Performance Benchmarks.

Each investment must have a meaningful benchmark with similar mandates, strategies, objectives, and risks.

Complexity.

Fiduciaries must have the skills and knowledge to understand an investment or seek assistance from qualified professionals. The proposed rule makes clear that complexity alone does not disqualify an investment.

Where This Matters Most Right Now

Consistent with ERISA-related Supreme Court rulings, the proposed rule is clear that the same ERISA fiduciary investment standard applies to all investment options, regardless of asset class or private or public market exposure. The law also is clear that any ERISA investment decision must be supported by a prudent process that considers all relevant facts and circumstances.

The proposal is open for public comment through June 1, 2026. It may be reasonable to expect changes to the proposed rule, including safe harbors in response to such comments.

Sources:

<https://www.federalregister.gov/documents/2026/03/31/2026-06178/fiduciary-duties-in-selecting-designated-investment-alternatives>
<https://www.whitehouse.gov/presidential-actions/2025/08/democratizing-access-to-alternative-assets-for-401k-investors/>

Retirement Expectations vs. Reality: What Workers May be Getting Wrong

The 2026 Employee Benefit Research Institute (EBRI) and Greenwald Research Retirement Confidence Survey (RCS) finds a widening gap between what workers expect retirement to look like and what retirees actually experience, particularly around retirement timing and working for pay. For plan sponsors and advisors, the findings offer a timely reminder of why proactive and realistic education matters.

The Retirement Timing Gap

One of the survey's most consequential findings is the disconnect between when workers plan to retire and when retirees actually did.

- Surveyed workers report a median expected retirement age of 65. Retirees, by contrast, report they actually retired at a median age of 62.
- Nearly 4 in 10 workers (39%) expect to retire at age 70 or older, or never to retire at all. Among retirees, only 10% report that was their actual experience.
- 29% of retirees say they retired before age 60. Only 12% of workers expect to do the same.
- 46% of retirees say they left the workforce earlier than planned, often due to a health issue, disability, or unexpected employer changes.

This pattern has been consistent across decades of RCS data: workers routinely overestimate how long they will work and underestimate how early life circumstances may force the issue. For participants, this gap represents a real financial risk. Fewer working years means fewer years of contributions, less time for compounding, and a longer drawdown period.

Working in Retirement

Workers are also far more optimistic about working for pay after they retire than retirees' actual experiences suggest they should be. Three in four workers (74%) say they plan to work for pay during retirement. In practice, only 31% of retirees report having done so.

This has been a recurring finding throughout the RCS's history. Workers continue to factor part-time income into their retirement income strategy without factoring for the potential impacts of health issues, caregiving demands, labor market conditions, or other factors.

How Sponsors and Advisors Can Make a Difference

The 2026 RCS reinforces some realities plan sponsors and advisors can help address, for example:

- “Save as if you’ll retire earlier than you think.” A savings strategy built around an assumed retirement age of 65 or 67 leaves little margin for an earlier exit.
- “Don’t count on working in retirement.” Part-time retirement income can be a meaningful supplement, but it’s not a reliable backstop. Participants who plan for it as a financial necessity may be taking on more risk than they realize.

The gap between expectations and experience is persistent and important. Helping participants understand and close the gap is a tangible way sponsors and advisors can add value.



New Retirement Plan Guidance for Faith-based Employers

Faith-based organizations looking to offer retirement benefits to employees face decisions that secular employers do not, including whether their retirement plans are subject to ERISA. To aid the decision-making process, the Department of Labor (DOL) issued guidance in April titled Choosing a Retirement Plan for Your Small, Faith-Based Organization. Through the guidance and an accompanying blog post, the DOL discusses factors faith-based organizations may wish to consider when setting up a retirement plan.

What’s a Church Plan?

The IRS defines a “church” broadly to include many faith-based organizations, including mosques, synagogues, and other religious organizations with similar purposes. In some cases, “church plans” may also be sponsored by organizations that are not formal houses of worship but are affiliated with a convention or association of churches. However, not every organization connected to a church can sponsor a church plan.

Church plans, unlike their secular counterparts, are generally exempt from ERISA requirements and certain IRC provisions. However, they can voluntarily elect to be subject to ERISA and the IRC.

Sources:

<https://www.ebri.org/content/2026-retirement-confidence-survey-finds-americans-less-confident-about-retirement-as-worries-grow-over-social-security--medicare-and-rising-costs>

https://www.ebri.org/docs/default-source/rcs/2026-rcs/rcs_26-fs-2.pdf

What Should Faith-based Organizations Consider?

In the blog post accompanying its new guidance, the DOL suggests faith-based organizations consider five key questions when setting up a retirement plan:

- 1 What does the organization want for its employees, including who should be eligible, what benefits should they have, and whether the organization will contribute toward those benefits?
- 2 What kind of plan best fits the organization's needs?
- 3 Is the organization eligible to sponsor a church plan?
- 4 What legal or administrative issues could arise?
- 5 Does the organization know where to get help in making these decisions and administering the plan?

Understanding Available Plan Types

The DOL notes that available plan options can include IRA-based plans, defined benefit plans, pooled employer plans (PEPs), or other defined contribution plans, like 401(k) and 403(b) plans.

According to the guidance, IRA-based plans, including SIMPLE plans, generally have lower start-up and annual costs, with less administrative paperwork required. Defined contribution plans, such as 401(k)s, allow for higher employee salary deferrals but typically require more work by the employer.

Pooled employer plans can offer small employers many of the benefits of a 401(k) plan with lower costs and administrative burdens. Defined benefit plans typically provide more stable benefits for employees, but they place investment risk on the employer and are often harder to administer.

The DOL's guidance suggests faith-based sponsors take a strategic and informed approach when selecting a retirement plan. The decision, it notes, could have a significant impact on employees' long-term financial security, on the organization's employee value proposition, and on its ongoing administrative responsibilities.

Sources:

<https://www.dol.gov/agencies/faith/retirement-plan>

<https://blog.dol.gov/2026/04/02/5-questions-when-choosing-a-retirement-plan-for-your-small-faith-based-organization>

<https://www.plansponsor.com/dol-issues-guidance-to-help-faith-based-employers-navigate-retirement-plan-choices/>

<https://www.wagnerlawgroup.com/wp-content/uploads/sites/1101401/2021/07/May20202020LexisNexis20Practice20Advisor20Not-e20B.20Salkin.pdf>



Faces of IMA Retirement
The Stories That Shape Us

Meet Cody Lippert, Retirement Plan Advisor

What is a fun fact about you that most people do not know?

I've been bucked off a horse.

Do you have any interesting hobbies or talents?

I love to fly fish and go country swing dancing on the weekends.

Who inspires you the most and why?

J.R.R. Tolkien. The remarkable range in his writing—from lyrical, poetic passages to action-packed scenes—all while constructing what many consider the greatest fantasy universe ever created is really impressive to me.

What is the best piece of advice you have ever received?

Hard work beats talent when talent doesn't work hard.

What is one thing you cannot live without?

Noise cancelling headphones.

What is your favorite way to relax or unwind?

Spending time in the mountains without cell phone service.

What is one goal you hope to achieve in the next year?

Learn to guitar solo.

If you could live anywhere in the world, where would it be and why?

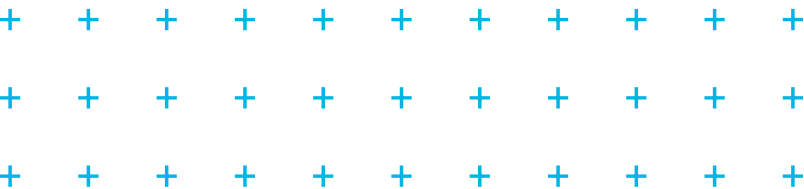
Lauterbrunnen, Switzerland. A small mountain village in the Alps that looks like a place from a Tolkien novel.

What is one thing on your bucket list?

I'd like to step foot on every continent.

What is the most adventurous thing you have ever done?

When I studied abroad in China, I took a day trip by myself to see the Tian Tan (Big) Buddha on Lantau Island.



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