RETIREMENT TIMES

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Year End Message From Our President

As we approach the end of the year, I want to take a moment to thank you for your continued partnership, reflect on 2021, and look ahead to 2022. Whether you are a new client of ours or one that has been with us since the beginning, I would like to personally thank you for your business. We not only value our relationship with you, we also take the responsibility of being your advisor very seriously. It has been an honor to work with you and we deeply appreciate the continued opportunity to serve you and your employees.

2021 has been a year of development, expansion, and growth for IMA Wealth. Our mission continues, to inspire and empower our clients to achieve their dreams. We made substantial improvements in many facets of our services. We expanded our presence with our newest office in Kansas City, increased our brand profile, and launched WellCents™ an integrated financial wellness solution that helps employees develop financial confidence and remove barriers prohibiting them from reaching their financial goals.

Of course, these wonderful results are only possible due to the work of every associate and the core values in which we share in our work together. Our team, and the values we foster, underpins all the good we do. It's through our collective efforts that we make the greatest difference.

Looking forward into the new year, we see great potential for our future partnership and the ways we hope to meet and exceed your expectations. We continue to expand our technology, capabilities, and training to offer you the innovative solutions you deserve. I'm very excited about 2022. We have many exciting projects on deck such as launching IMA Wealth One Source a streamlined retirement plan solution, expanding our Executive Benefits and Wealth Management capabilities, and much more.

The success we had in 2021 is a credit to you, our clients. Thank you for allowing us to participate in your business. It is our privilege to be part of your work.

From all of us at IMA Wealth, we wish you a very happy and healthy holiday and a bright and hopeful new year.

Happy holidays!

Richard Holt
President, IMA Wealth

Cybersecurity Best Practices for Plan Sponsors

Participant data and financial accounts comprise some of the most sensitive and potentially vulnerable information under a company's care. These highly valuable assets can be an attractive target for cybercriminals and therefore present considerable security risk. Breaches to this information can be devastating to plan participants and to the reputation of the organization.

For plan sponsors, ensuring protections around participant data and investment assets is a key fiduciary responsibility. In fact, as law firm Hodgson Russ noted recently, "The causation standard under Section 409(a) of ERISA is an issue that could lead to more litigation as cyberattacks on employee benefit plans increase."[1] The provision states that plan fiduciaries who breach their fiduciary responsibilities are personally liable for any losses resulting from the breach. The law firm continues: "Outside of the ERISA context, however, courts have looked at similar questions … [and] found that proximate cause was sufficiently alleged when a complaint contended that the defendant's failure to establish industry-standard information security safeguards was the proximate cause of the stolen personal information."[1]

Sponsors should consider their potential exposure under Section 409(a), in the event of a failure to adhere to a prudent process for mitigating risk (upholding the higher prudent man standard). Earlier this year, the U.S. Department of Labor (DOL) issued guidance aimed at plan sponsors, plan fiduciaries, recordkeepers and plan participants, offering best practices for maintaining cybersecurity. The guidance is structured along three main areas of focus: service provider selection, establishment of a cybersecurity program and participant protection.[2]

Hiring a Provider

Per the DOL, plan sponsors should perform a series of due diligence checks prior to engaging a provider. The department's advice includes inquiring about the provider's information security standards, practices and policies, and audit results, as well as comparing them to the industry standards adopted by other financial institutions. The DOL also recommends examining the provider's track record in the industry — including a public records search of information security incidents and litigation related to its services — and asking about the level of security it has met and implemented, how it has responded to past security breaches and whether it carries insurance that would cover losses due to a cybersecurity incident.

Implementing a Cybersecurity Program

For establishing and maintaining an effective program, the DOL points to best practices prepared by the Employee Benefits Security Administration (EBSA). The agency's advice includes having strong access control procedures as well as an effective business resiliency program addressing business continuity, disaster recovery and incident response. It also recommends conducting periodic cybersecurity awareness training and an annual third-party assessment of security controls.

Participant Cyber-safety

Because participants and beneficiaries can fall directly within cybercriminals' attack vector, DOL's guidance also offers tips aimed at helping retirement account holders reduce the risk of fraud and loss. For example, the DOL advises that participants routinely monitor their online account, create strong passwords, and use multi-factor authentication. Other recommended precautions include signing up for account activity notifications and exercising caution when using free, publicly available Wi-Fi networks.

Defending Against Cyberthreats

Cybersecurity breaches have become increasingly prevalent in the modern world and have added another layer of complexity for plan sponsors. Given the current regulatory and legal climate, it's more important than ever to stay abreast of changes in a dynamic risk landscape — and partner with an advisor and service providers who can help mitigate the risks and keep plan participants' data and assets safe from cyberthreats.

To view the full DOL guidance, visit the department's website here.

Sources
1 Causation under ERISA in a Cybersecurity World
2 Department of Labor/Employee Benefits Security Administration/Cybersecurity

When It Comes to Planning for Retirement, Participants Want to Hit the Easy Button

According to J.P. Morgan's 2021 Defined Contribution Plan Participant Survey[1] findings, more than half of the 1,281 respondents indicate that they:

+ Are presented with more plan information than they can absorb.
+ Don't read investment information provided to them.
+ Are willing to spend time planning for retirement but just don't know where to start.

Nearly three-fourths of participants under 30 think employers should provide access to financial professionals and coaching to help them. Even more telling, 62% wish they could push an "easy button" and completely turn over retirement planning to someone else. This figure is up from 55% in 2016.

What's fueling these worrisome trends? Perhaps the added complexity of living during a global pandemic has left workers with less time and energy to focus on managing retirement planning. Moreover, 24/7 financial reporting on every market twist and turn may make navigating financial landscapes even more daunting. With seemingly endless media coverage of bitcoin surges and day trader-generated run-ups on stocks like GameStop — more may have come to believe that investment decisions are simply best left to professionals.

Financial wellness is arguably a "must-have" benefit for plan sponsors and participants alike. And WellCents™ (a financial wellness solution designed to educate and assist individuals with a myriad of financial issues and goals including; however, not limited to retirement savings, debt solutions, emergency funds, and more.) provides multiple access points for investing information and guidance. However, employers can give employees an additional tool for the assistance they're looking for — target date funds (TDFs), which can alleviate workers from many burdens of investment-making decisions.

Nonetheless, easing that burden can come at the expense of a certain degree of customizability. After all, just because two employees have the same planned retirement date, it does not guarantee they'll have similar risk tolerance.

A solution to this problem is adding a TDF with a multiple glidepath construction to your retirement plan's investment menu: one that offers aggressive, moderate, and conservative options. This allows participants to enjoy the simplification of retirement plan decision-making while maintaining more control over their level of investment risk — all within a single TDF.

A TDF with multiple glidepaths solves the "once-size-fits-all" limitations of traditional TDFs. Participants simply select the closest year in which they expect to retire and then choose the glidepath that most closely aligns with their personal risk tolerance — as well as the amount of risk needed to accomplish their retirement goals.

WellCents™ program technology is not proprietary to IMA Wealth, Inc. This technology is offered through the RPAG platform. RPAG and IMA Wealth, Inc. are separate, non-affiliated companies. IMA Wealth, Inc. pays RPAG for use of their platform and resources.

Sources
1JPMorgan 2021 Defined Contribution Plan Participant Survey Findings

IMA Financial Group Joins Forces With Parker, Smith & Feek

On November 1st, IMA Financial Group announced a partnership with Washington-based Parker, Smith & Feek (PS&F) expanding its brokerage services in the Pacific Northwest, Alaska, and Hawaii.

IMA's acquisition of PS&F, the 49th largest brokerage company in the U.S., positions IMA as one of the fastest-growing independent brokerage firms in the country, growing its team to 1,700 associates, with 2022 revenues projected between $400M and $500M.

"In a year marked by M&A activity, the partnership between PS&F and IMA is monumental for both firms and the brokerage industry," said Kevin Stipe, president of Reagan Consulting. "The deal is among the largest in the mid market sector, and at a time when a majority of deals are driven by private equity investors acquiring a majority interest in brokers, IMA and PS&F will remain both independent and employee-owned and managed."

PS&F will become an IMA company and retain its name, offices, and clients, who will benefit from the added resources IMA brings to the partnership. The last three firms to join the IMA family — k.p.d Insurance, Bolton & Company and Diversified Insurance Group — have reported significant sales increases since the inception of their partnerships.

"We find reputable, growing partners like PS&F that align with our culture and look for synergies and capabilities that fuel organic growth," said IMA Financial Group Chairman and CEO Rob Cohen. "The strategy is both true to our mission and successful — our organic growth rates are more than double the industry average. PS&F's interest in IMA is further evidence that our long-term strategy to build the best independent, employee-owned broker in our industry continues to resonate with the best brokers who share that vision."

The acquisition represents IMA's largest partnership to date, adding 330 new associates and further expanding its national footprint. IMA has clients in all 50 states and now has employee-owners in 79 locations across the country, with 10 regional offices that collaborate and align client services throughout the enterprise. PS&F will continue to operate in its six offices in Bellevue, Tacoma and Spokane, Washington; Anchorage, Alaska; Honolulu, Hawaii; and Portland, Oregon. Current president and CEO Dave Eckroth will continue to lead the team.

"For more than 80 years, our team has lived our core values of focusing on client objectives and committing to the success of all team members. These values and our culture of creativity and innovation have been key drivers of our continued success," said Eckroth. "We saw the same passion and purpose in our friends at IMA and firmly believe the combination of our firms solidifies our future as an independent, client-focused, high-performing agency."

The partnership will double IMA's health care specialty and significantly grow its construction practice. PS&F's construction and project risk expertise dates back decades and includes prominent brokerage projects such as the original construction and recent $100 million renovation of the Seattle Space Needle and the construction of Seattle's three tallest skyscrapers. With a commitment to innovation, PS&F has expanded its reach by adding top clients and brokers in real estate, health care, food resources and manufacturing.

"Our growth strategy is fueled by a commitment to provide specialized and technical solutions for our clients," said Cohen. "PS&F's highly specialized teams and innovative approach align perfectly, and we are confident our combined future is bright."

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