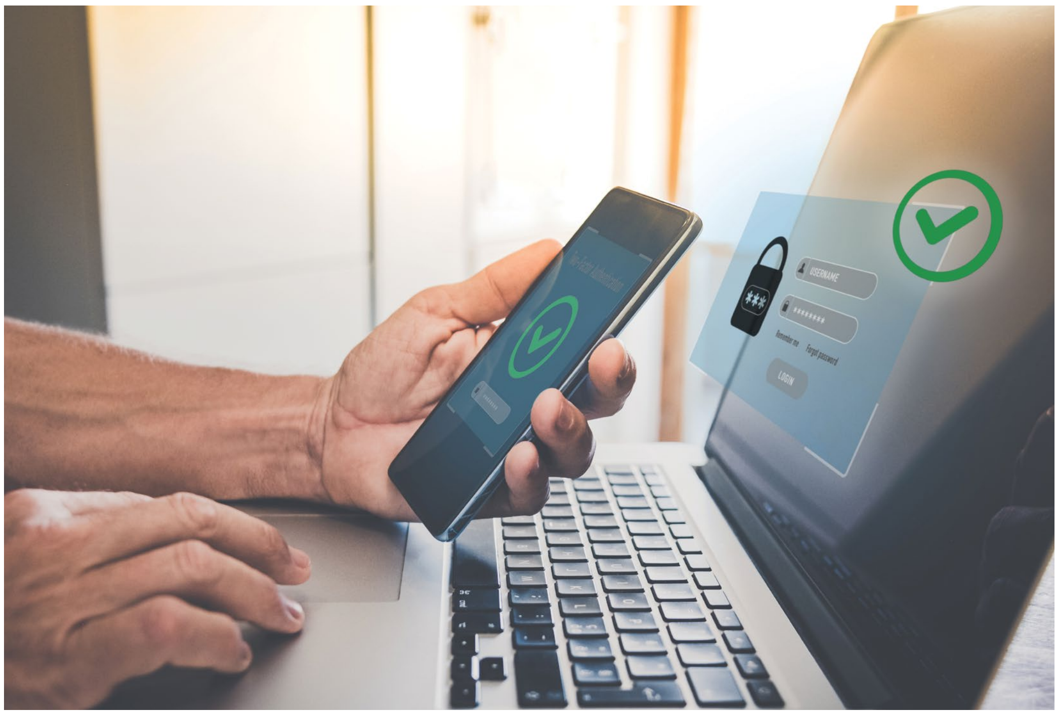
BeneSys™ Navigator

TECH NEWS

Multifactor authentication means more than just strong passwords



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"Adding this extra layer of security has been a huge undertaking by our IT department. But that extra layer is critical to keeping our systems, and by extension our clients' information, secure."

— Jeff Spires, CIO

As cybersecurity threats evolve and become more sophisticated, so does BeneSys' approach to keeping our systems and our clients' information secure. One way we're doing so is by building multifactor authentication (MFA) into all critical areas, from internal systems to customer-facing applications such as our BenefitDriven platform.

"Our MFA solutions aim to make life easier and bring peace of mind to all users," says Jeff Spires, chief information officer.

What is MFA?

Multifactor authentication is a process that requires you to confirm your identity by providing two or more verification factors before you're allowed access to a website, an app or other resource. Rather than asking for only your username and password, MFA requires at least two of the following for authentication:

- Something you know — e.g., a password.
- Something you have — e.g., a smartphone.
- Something you are — e.g., some form of biometrics such as a fingerprint.

Securing BeneSys, BenefitDriven and the funds we serve

BeneSys has had MFA on our external access and email access for years now. Over the past 12 months, we've added MFA to all privileged accounts, as well as to all internal access to our network, which also covers sensitive data.

"Adding this extra layer of security has been a huge undertaking by our IT department,"

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says Jeff. "But that extra layer is critical to keeping our systems, and by extension our clients' information, secure."

MFA is also being built into BenefitDriven, our benefit administration software solution. Accessing the BenefitDriven application will soon require users to enter a password and an accompanying one-time passcode sent via the MFA app of their choice or SMS text.

Multifactor brings multiple benefits

Using MFA is becoming increasingly important because of the advantages it offers, including:

- **Increased cybersecurity.** MFA helps reduce the risk of online identity theft, fraud and data breaches. According to Microsoft, 99.9% of account-compromising attacks can be blocked by implementing MFA. Most ransomware victims were not using MFA before their compromise.
- **Protection against weak passwords.** A security breach due to a weak user password may have enormous consequences. In the event hackers do steal a user's password, MFA can prevent them from gaining access and retrieving critical, confidential data.
- **Compliance with regulatory requirements.** Many laws require organizations to have strong authentication processes in place in the event they're storing and handling sensitive data. MFA helps ensure that BeneSys is compliant with such regulations.

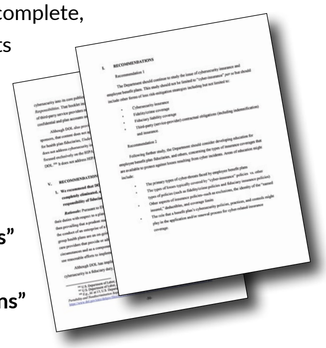
"MFA is undeniably a critical step in protecting users against cyber attacks at the front line," says Jeff. "We have strong MFA solutions in place to secure BeneSys applications and the people using them today, but we're also preparing for what comes next. For instance, BenefitDriven's first-class security framework is capable of supporting even more advanced authentication technologies as they are created in the future."

If you have any questions about how BeneSys is using MFA to protect our systems as well as your fund's confidential data, contact your plan manager. •

UPDATE: ERISA Advisory Council releases 2 cybersecurity reports

With its 2022 study of cybersecurity-related issues complete, the ERISA Advisory Council has released the two reports it presented to the Secretary of Labor in December. Both reports include the council's recommendations to the Department of Labor, background information and witness testimony. They are available as PDF downloads at the following links:

- **"Cybersecurity Issues Affecting Health Benefit Plans"** (55 pages): https://bit.ly/3YEYuFL
- **"Cybersecurity Insurance and Employee Benefit Plans"** (52 pages): https://bit.ly/3lM1Rft



ABOUT BENESYS

BeneSys has been providing Taft-Hartley trust fund administration and IT services since 1979. Our dedicated specialists understand the nuances of Taft-Hartley benefit plans, and our software system, BenefitDriven, is designed to give our clients and their plan Participants the most efficient tools for self-administering trust fund accounts.

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FROM THE CEO

Positive steps forward

by Ed Wolyniec, CEO

My outlook for 2023 is, as it is every new year, optimistic. Together we've managed through the COVID-19 pandemic and its associated economic challenges, including global supply chain issues. Indeed, many of you have reported strong or recovering hours for your members. Here's hoping that this trend continues in the coming year.

One trend we'd like to see reverse is the rise in cyber crime, but since credential harvesting remains an ever-present threat, we're facing it head-on. Our IT team has continued to enhance security by implementing multifactor authentication (MFA) across critical systems (see story on page 1). MFA is becoming a baseline security requirement, and BeneSys

is committed to staying on top of best practices like this to keep our systems and your members' information secure.

In other news, the recently enacted SECURE 2.0 retirement legislation includes more than 90 provisions potentially relevant to your fund. We've established an internal working group to delve into the provisions so that we can best support you as you navigate the changes. In the meantime, this issue of the *BeneSys Navigator* offers an overview of five SECURE 2.0 provisions (see story below).

Until next time, thanks for reading. •

COMPLIANCE

SECURE 2.0 has arrived. Here are 5 provisions funds need to know

by Tom Shaevsky, General Counsel

Tom Shaevsky is general counsel at BeneSys Inc. He has spent nearly 25 years practicing ERISA/employee benefits law.

As you have no doubt heard, major retirement plan changes were included in the massive spending legislation passed by Congress late last year and signed by President Biden on December 29. The new retirement legislation is called the SECURE 2.0 Act of 2022 and is contained within Division T of the Consolidated Appropriations Act, 2023. SECURE 2.0 builds on the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 and contains over 90 retirement-related provisions. Future guidance from the IRS and Department of Labor likely will address many of them.

Some of the myriad provisions are already in effect, while others will take effect over the next few years. BeneSys has established an internal working group to analyze and implement the provisions that are relevant to our clients. Many of the changes are optional, so boards of trustees, in consultation with their legal counsel, will need to analyze and determine whether the changes should be adopted as part of plan design modifications.

On the following page we highlight five relevant provisions that are in effect now. We will spotlight additional provisions in future issues of the *BeneSys Navigator*.

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PROVISION	EFFECTIVE DATE	KEY TAKEAWAYS
RMD age increase*	January 1, 2023	SECURE 2.0 increases the required minimum distribution (RMD) age from 72 to 73 starting on January 1, 2023, and to 75 starting on January 1, 2033. More specifically, the RMD age increases to: • 73 for individuals turning 72 after December 31, 2022, and before January 1, 2033. • 75 for individuals who turn 74 after December 31, 2032.
Participant self-certification for hardship withdrawal*	For plan years beginning after December 29, 2022	This provision allows a plan administrator to rely on Participants' self-certification that they have a safe harbor event that constitutes a deemed hardship for purposes of taking a hardship withdrawal from the plan.
No 10% penalty for early distribution for the terminally ill	December 29, 2022	SECURE 2.0 creates an exception to the 10% early withdrawal penalty for distributions to individuals whose physician certifies that they have an illness or condition that is reasonably expected to result in death in 84 months or less.
Distributions/loans due to disasters*	For federally declared disasters occurring on or after January 26, 2021	This provision provides permanent special rules governing plan distributions and loans in cases of federally declared disasters: Up to $22,000 may be distributed to a Participant per disaster. Such distributions are exempt from the 10% early withdrawal penalty and can be taken into account as gross income over three years. Participants may recontribute the amount within three years following the distribution. In addition, if home purchase distributions were not used by the Participant because the home was located in a disaster area, the Participant can recontribute the funds to the plan. Further, the plan can (1) increase the amount of a loan the affected Participant can obtain from the plan and (2) extend the repayment period.
Permitting Participants to treat employer contributions as Roth contributions*	For contributions made after December 29, 2022	SECURE 2.0 provides that a plan can permit employees to designate as Roth contributions: • Employer matching or nonelective contributions (i.e., profit-sharing contributions). • Student loan matching contributions. Matching and nonelective contributions designated as Roth contributions are not excludable from the employee's income and must be 100% vested when made.

***BeneSys asks that funds notify** their BeneSys plan manager in writing as to whether the fund has adopted (or intends to adopt) this provision.

This article is provided for informational purposes only and does not constitute legal advice. Readers should consult with their own legal counsel before acting on any of the information presented.