

## **Pooled Employer Plans**

### **What is a Pooled Employer Plan (“PEP”)?**

A PEP is a retirement solution for businesses that permits multiple employers to “pool” their resources together into one retirement plan to achieve benefits that were previously only available to larger companies. This solution reduces the time sponsors and advisors spend managing a 401(k) plan.

### **What are the primary benefits of a PEP?**

#### **1. Reduced fiduciary risk and responsibility**

A properly designed PEP will greatly reduce the adopting employer’s fiduciary risk and responsibility. The PEP removes as much of the fiduciary liability of operating a plan as is permitted by law away from the adopting employer.

#### **2. Reduced administrative responsibility**

The adopting employers are relieved of the day-to-day burden of administering the plan. That job becomes the responsibility of the sponsoring organization. For instance, the “multi-TPA” PEP offers 3(16) services for distribution and loan approvals, sign-off for “Form 5500”, and participant mailings.

#### **3. Large plan features available to smaller plans**

By pooling resources into a common PEP, multiple smaller employers are permitted to experience the administrative and design features that are sometimes only available to larger plans.

#### **4. Annual audit expense eliminated**

If the plan is large enough to need an audit, the PEP removes the annual independent audit requirement and cost for the plan sponsor. The Pooled Plan Provider handles much of the administrative work involved with the audit.

#### **5. Possible cost savings**

Economies of scale resulting from more employers joining the PEP can commonly lead to administrative cost savings.

At RetireWell Administrators, Inc., we can provide our services and expertise in connection with PEPs.

If you have any questions or comments with respect to PEPs or any other retirement plan matters, please call 856-396-0499 or e-mail [clientservices@retirewelltpa.com](mailto:clientservices@retirewelltpa.com).