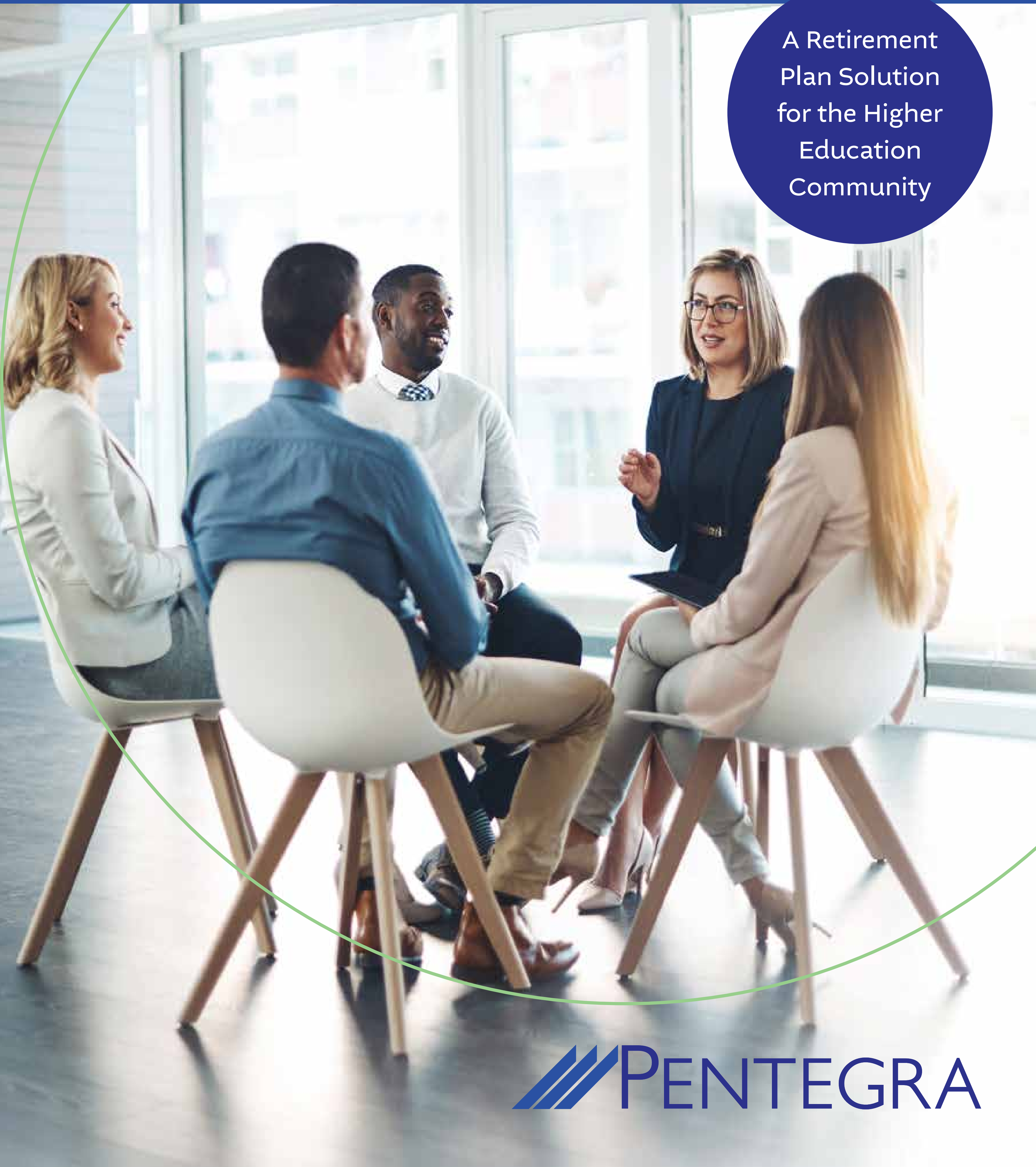
THE MEP ADVANTAGE

A Retirement Plan Solution for the Higher Education Community



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Today, higher education associations are seeking a more cost effective way for their member private colleges and universities to offer a retirement plan.

College and University 403(b) plan sponsors have been increasingly burdened with retirement plan administrative tasks—from completing expanded Form 5500s, to providing annual disclosure notices selecting plan investment options and meeting compliance regulations.

More recently, some higher education institutions have come under scrutiny because their retirement plans are not fully compliant with the Employee Retirement Income Security

Act of 1974 (“ERISA”), putting them at risk for litigation.

It is a challenge for administrators to keep up with increasing regulations and provisions.

There’s an easier way.

MEPs make it easy to offer a 403(b) plan by simplifying plan administration and delivering professional fiduciary oversight.

A 403(b) Multiple Employer Plan ("MEP").

A 403(b) Multiple Employer Plan ("MEP") is a special type of retirement plan in which colleges and universities that have a common interest join together to pool their purchasing power within a single plan. A MEP is created by a group of colleges, universities or an association who want to share the costs and burdens of providing a retirement plan for their employees.

MEPs are designed to make it easy to offer a 403(b) retirement plan by simplifying plan administration, delivering professional fiduciary oversight and offering economies of scale that make it possible for colleges and universities of all sizes to offer a comprehensive retirement program to attract, reward and retain talented employees.

MEPs simplify plan administration by outsourcing these tasks to professionals. An ERISA 3(16) administrator is responsible for all administrative tasks associated with the plan (except remitting plan contributions and payroll data timely). The 3(16) administrator serves as a fiduciary to ensure the plan is compliant with all ERISA and IRS regulations. That means you'll have less work and responsibility for taking care of these tasks.

An ERISA 3(38) investment advisory firm will provide oversight of the plan investments. There will be one universal investment fund lineup utilized by all participating colleges thus providing your college more safety in meeting compliance regulations for investment oversight. That means that each college's fiduciary risk is significantly reduced.

MEPs offer a simpler, easier way to offer a retirement plan .

Why Join a MEP?

Outsourced fiduciary relief and elevated oversight

MEPs offer the ability to outsource fiduciary responsibility and provide an elevated level of governance and attention to detail.

Minimized risk

Under a MEP, the employer outsources key fiduciary roles in a retirement plan—the Named Fiduciary and 3(16) Administrator roles. By participating in a MEP, you truly transfer nearly all fiduciary responsibility for the management of your retirement program. That's because your name comes off the legal documents as Named Fiduciary and Plan Administrator—eliminating the primary fiduciary responsibilities that come with sponsoring a retirement program.

Simplified plan administration

MEPs simplify and streamline plan administration by outsourcing these responsibilities to a professional. Under a MEP, administrative responsibilities for ERISA Section 3(16) administrative duties are outsourced—shifting the burden for plan administrative responsibilities to the MEP providers.

Streamlined plan operations

A MEP uses a single plan document, which streamlines plan operations, as disclosures, notices and education materials are nearly identical for adopting employers. Under the MEP, only one Form 5500 and audit is needed for the plan. There's no need to file these individually.

MEPs minimize retirement plan risk and responsibility.

Professional investment management

Under a MEP, investment management is outsourced to a professional fiduciary who chooses and monitors plan investments in accordance with a written investment policy statement. The plan's investment manager serves as the plan's ERISA Section 3(38) Investment Manager and assume responsibility for the prudent management of plan assets. Professional oversight and fiduciary responsibility mean less risk for you when it comes to the management of your retirement plan's investment platform.

Lower investment costs

The pooling of plan assets that comes with a MEP affords access to low cost, institutional-quality investment fund share classes, with lower investment management fees. That's good news for colleges and their employees.

Economies of scale and cost savings

By collectively participating, employers are able to leverage their combined purchasing power to access institutional quality features in a more cost-effective manner than most single employer plans can access on their own. That translates into significant cost savings for colleges that participate.

A MEP has negotiated fees that, in some cases, reduce plan costs by as much as 40% while adding new and expanded services. Each institution's fee arrangement is structured differently so the net savings will vary. Your employees will also share in these cost savings. The MEP will create one retirement plan with aggregated assets, creating cost effective pricing.

Improved retirement readiness

The plan's investment manager will also work with your employees to provide individualized guidance and retirement planning services to encourage greater retirement readiness.

MEPs simplify workloads and reduce burdens and minimize risk.

How Does a MEP Work?

Each college or university has the option of joining the MEP as an adopting employer. For the most part, each school can maintain the plan design they have in place. Rules such as employer contributions and plan eligibility do not have to change. Only plans with unusual plan design features may need to change plan provisions if they wish to join the MEP.

You'll have a say.

A board of directors, comprised of MEP members, provides governance and oversight. Each college that adopts the MEP will have one representative on the MEP Board of Directors. The Board may appoint advisory committees. This gives everyone an opportunity to have a seat at the table and a say about how the plan is governed.

A 3(16) Administrator is selected to be responsible for all MEP administrative tasks and to serve as the fiduciary administrator. A 3(38) investment advisory firm is selected to oversee and manage plan assets, and also serves as investment fiduciary.

Everyone has a seat at the table.

Learn more about our Multiple Employer Plan Solution for your Association.

For more information, contact the Pentegra Solutions Center at solutions@pentegra.com or 855.549.6689 or visit us at www.pentegra.com

Follow our thought leadership and join the conversation.

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