

THE PENTEGRA MULTIPLE EMPLOYER PLAN

ADVANTAGE



Retirement plan solutions that save time,
money, and reduce burdens



What is a MEP?

A Multiple Employer Plan (“MEP”) is a special type of retirement plan in which employers that are not commonly owned join together to pool their purchasing power within a single plan. A MEP is created by a group of employers—represented by the Plan’s Board of Directors—who want to share the costs and burdens of providing a retirement plan for their employees.

“Open” MEPs are available to any type of employer. “Closed” MEPs are for associations or groups of related employers. All MEPs offer economies of scale and a simpler, easier way to manage a retirement program.

How Does a MEP Work?

In many respects, a MEP operates like any other plan, but with fiduciary functions and responsibilities outsourced to professionals. For employees, the plan looks and feels like any other, with the same types of plan features, investment choices and educational tools.

Key differences between MEPs and single employer plans:

- All employees of all adopting employers are treated as being employed by a single employer for certain purposes, which means that service with any adopting employer counts for eligibility, vesting, and benefit accruals.
- Each adopting employer gets to choose what features to offer and is tested separately for coverage and nondiscrimination, as if the adopting employer had a separate plan. The adopting employer remains in control of how much it spends on its employees by virtue of its ability to elect specific contribution features.
- The plan fiduciary administers certain government tests differently in a MEP than in a stand-alone plan.

The Board of Directors of the MEP is a user board, consisting solely of the owners or executives of adopting employer so that the participants (through their employers) remain in control. In most instances, the sole fiduciary responsibility of the Board is the appointment and monitoring of the plan’s fiduciaries—a burden that is shared among adopting employers instead of each employer individually.



understanding MEPs



A simpler, more **easily managed** retirement program.

What advantages do MEPs offer?

The key advantages MEPs offer are the economies of scale that make it affordable for employers to outsource the plan's principal fiduciary roles and simplify and streamline plan administration—greatly minimizing the burdens that come with offering a retirement plan.

- Fiduciary outsourcing of the Named Fiduciary, Trustee and the Employee Retirement Income Security Act of 1974 (“ERISA”) Section 3(16) Administrator roles and responsibilities
- Expert governance and oversight
- Simplified administration
- Streamlined recordkeeping and operations
- Professional investment management
- Access to low cost institutional investments
- Time and labor savings
- Reduced education and communication burdens
- Employer controlled user Board of Directors



advantages



A **better way** to sponsor a retirement plan.

Why Join a MEP?

Economies Of Scale

MEPs make it easy to offer a high-quality retirement program to any size employer. By collectively participating, employers are able to leverage their combined purchasing power to access institutional quality features in a more cost-effective manner than single employer plans can access on their own.

Simplified Plan Administration

MEPs simplify plan administration. Under a MEP, administrative responsibilities for Employee Retirement Income Security Act of 1974 (“ERISA”) Section 3(16) administrative duties are outsourced—shifting the burden for plan administrative responsibilities. What’s more, a MEP uses a single plan document, which means that only a single restatement and letter of determination is needed for adopting employers. MEPs also streamline plan operations, as disclosures, notices and education materials are nearly identical for adopting employers. That translates into less time spent managing your retirement program, and more time to focus on your business.

Outsourced Fiduciary Relief and Oversight

MEPs offer the ability to outsource fiduciary responsibility and provide an elevated level of governance and attention to detail—governance and oversight that may be difficult to obtain in a single employer plan context without costly assistance. Under a MEP, the employer outsources all three key fiduciary roles in a retirement plan—the Named Fiduciary, Trustee and 3(16) Administrator roles. By participating in a MEP, you can truly transfer virtually all fiduciary responsibility for the management of your retirement program—your name comes off the legal documents as Named Fiduciary, Trustee and Plan Administrator—eliminating the primary fiduciary responsibilities that come with sponsoring a retirement program.

Professional Investment Management

Under a MEP, investment management is outsourced to a professional who chooses and monitors plan investments in accordance with a written investment policy statement. The pooling of plan assets affords access to low cost, institutional-quality investment fund share classes, and the benefit of professional investment oversight. The plan’s investment manager chooses and monitors the funds in accordance with a written Investment Policy Statement and manages the plan’s portfolios—professionally managed allocations consisting of the plan’s designated investment alternatives. The advisor can serve as the plan’s ERISA Section 3(38) Investment Manager and assume responsibility for the prudent management of plan assets. Alternatively, Pentegra can serve in this role.



simplify



Outsource fiduciary responsibility and
reduce **plan burdens.**

The Pentegra Advantage

For more than 70 years, we've viewed retirement planning through the eyes of our clients and their employees. Our objective is simple: deliver retirement plan solutions with the highest level of integrity. Solutions that make the complicated business of retirement plan management easy. Solutions that remove fiduciary burdens. Solutions that deliver successful plan outcomes. Multiple Employer Plans (MEPs) are one of the most effective ways to do this.

Pentegra was founded as a multiple employer plan and trust by the Federal Home Loan Bank System in 1943. **As one of the largest and most experienced Multiple Employer Plan providers in the nation, MEPs are the foundation of our business.** We've specialized in multiple employer plan solutions, having sponsored two of the largest MEPs in the United States for over 70 years.

Pentegra, or alternatively one of its subsidiaries or boards, is the Named Fiduciary, Trustee, and ERISA Section 3(16)(A) Administrator of the MEP. Because the nature of fiduciary service grants fiduciaries access to plan assets, it is important to employ an experienced professional fiduciary when outsourcing the principal fiduciary roles. As a fiduciary for MEPs since 1943, Pentegra is one of the nation's most experienced professional fiduciaries.

We offer MEPs with a tangible difference—the benefit of more than 70 years of expertise working with these programs. Take advantage of our expertise and work with a knowledgeable and experienced MEP specialist.



expertise



A Multiple Employer Plan **expert.**

Learn more about our Multiple Employer Plan Solutions.

Work with a MEP expert.

Contact the Pentegra Solutions Center at solutions@pentegra.com

or 855.549.6689 or visit us at www.pentegra.com

Our difference.

Your **advantage.**





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