



DOL Issues RFI on PEPs and MEPs

On June 17, 2020, the U.S. Department of Labor (DOL) announced a Request for Information (RFI) on prohibited transactions involving Pooled Employer Plans (PEPs) under the Setting Every Community Up for Retirement Enhancement (SECURE) Act and other multiple employer plans (MEPs).

The RFI represents an opportunity for the public to provide data and information that may be used to evaluate whether the Department's Employee Benefits Security Administration (EBSA) should propose a new prohibited transaction class exemption.

Pentegra is part of an industry working group that has been in touch with the DOL on the PEP matter. The RFI consists of 38 questions – 24 for PEP and MEP sponsors, four for plan investments, and the remaining 10 for employers involved in a PEP or MEP.

There are several questions where we have also gotten input from our partners on PEPs, including:

- What types of entities are likely to act as pooled plan providers (PPPs)?
- What business models will PPPs utilize in making a PEP available to employers?
- What plan investment options will be offered in PEPs, and in MEPs?
- How many employers and participants are likely to be covered by newly formed PEPs and MEPs?
- Will the existence of multiple employers in a PEP or MEP cause greater exposure to prohibited transactions in connection with investments in employer securities or employer real property?

Thought-provoking questions all, ones that must be addressed thoroughly – and, as it turns out, quickly. There is a 30-day comment period that expires on July 20, 2020. While it will likely take at least 60 if not 90 days for DOL to issue guidance, the plan is still to allow PEPs to be offered in 2021.

Contact the Pentegra Solutions Center at solutions@pentegra.com or 855-549-6689 for expert guidance on how to make the most of the new rules.

Follow our conversation

