

THE PENTEGRA

PEP ADVANTAGE



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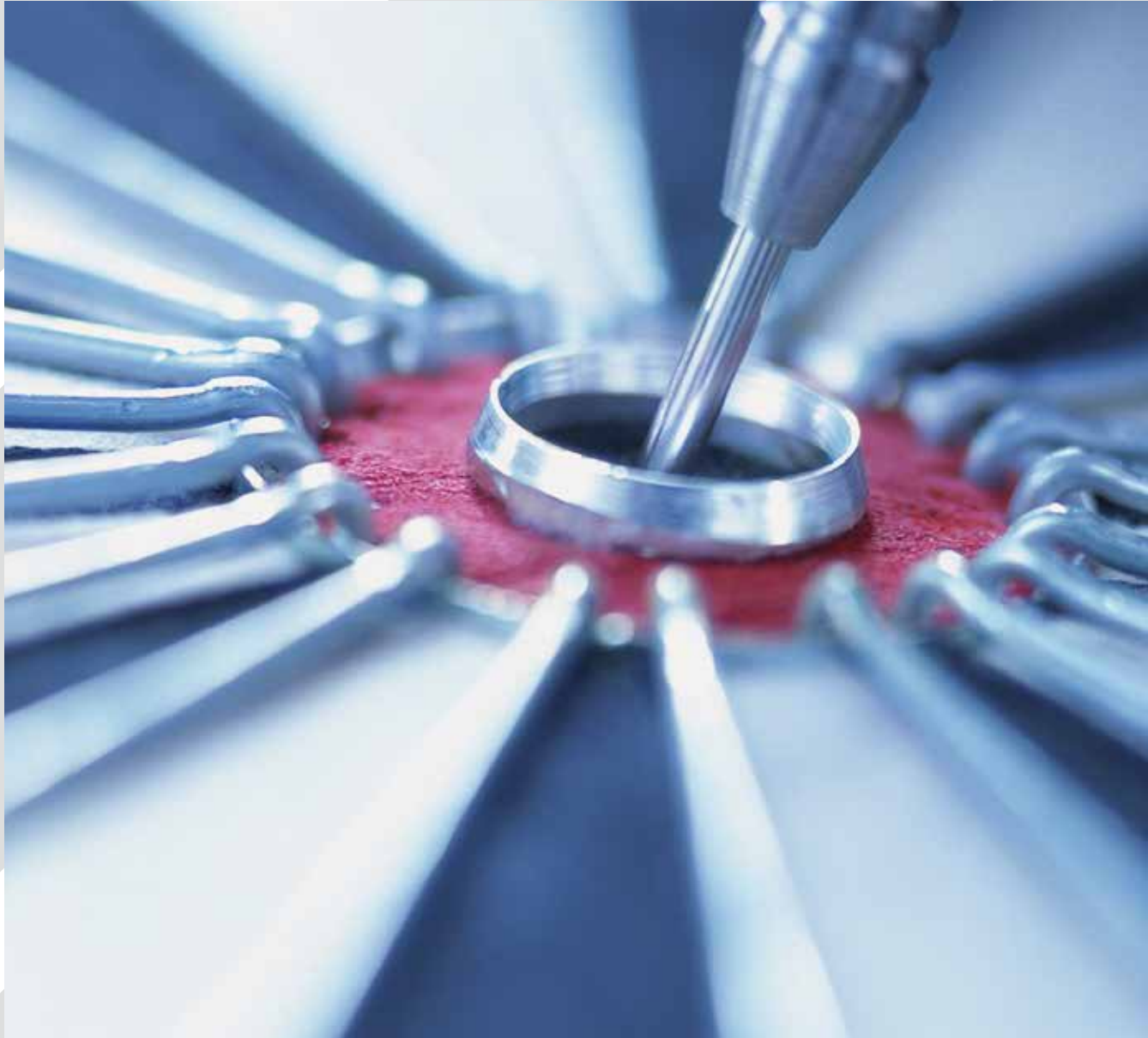
We're Ready for PEPs

Beginning in 2021, Pooled Employer Plans (PEPs) will offer the opportunity to bring groups of retirement plans together under a single program.

As one of America's oldest independent fiduciaries and leading Multiple Employer Plan (MEP) experts, we're well positioned to work with you on PEPs. That's because PEPs are a natural extension of what we already do so well. As a MEP provider and fiduciary, we're your PEP partner.

Pentegra can serve as a Pooled Plan Provider (PPP) or be hired by the PPP as a 3(16) fiduciary for your PEP. We're ready to partner with you to bring maximum flexibility to every PEP opportunity and deliver the best end-to-end solution for you and your clients.





PEPs are a natural extension of what we already **do so well.**

Understanding PEPs

PEPs are Pooled Employer Plans. A PEP is a type of Open Multiple Employer Plan (MEP) since it does not require commonality or nexus. Unlike a MEP, the start-up time and establishment process for a PEP is much easier. A PEP is considered a single plan for reporting and audit purposes and also considers shared service among participating employers for eligibility and vesting purposes.

The Role of the Pooled Plan Provider “PPP”

A Pooled Plan Provider (PPP) is required to run a PEP. Under a PEP, the role of the named fiduciary, ERISA named plan administrator and the party responsible for all plan administrative duties, are transferred from the employer to the PPP.

The responsibility for investment management lies with the participating employer unless this role is assumed by the PPP. The PPP serves in these roles, or can partner with other firms to outsource some or all of these roles.

Pentegra can serve as a PPP or as a 3(16) Plan Administrator for a PEP.

PEP Roles

Plan Sponsor (In a PEP the Employer is the Plan Sponsor)

Pooled Plan Provider (PPP)

Recordkeeper

TPA—(testing, compliance, 5500 reporting, benefit processing)

ERISA 3(16) Fiduciary

Financial Advisor

ERISA 3(21) Fiduciary

ERISA 3(38) Fiduciary

Employee Education

Trustee/Custodian

Investments—Mutual Funds/Investment Funds/Managed Accounts

Plan Document/Legal Support/ERISA Attorney

Technical Services/Plan Design/Retirement Plan Consultant

Bonding Agent

Auditor

Pentegra can serve as a

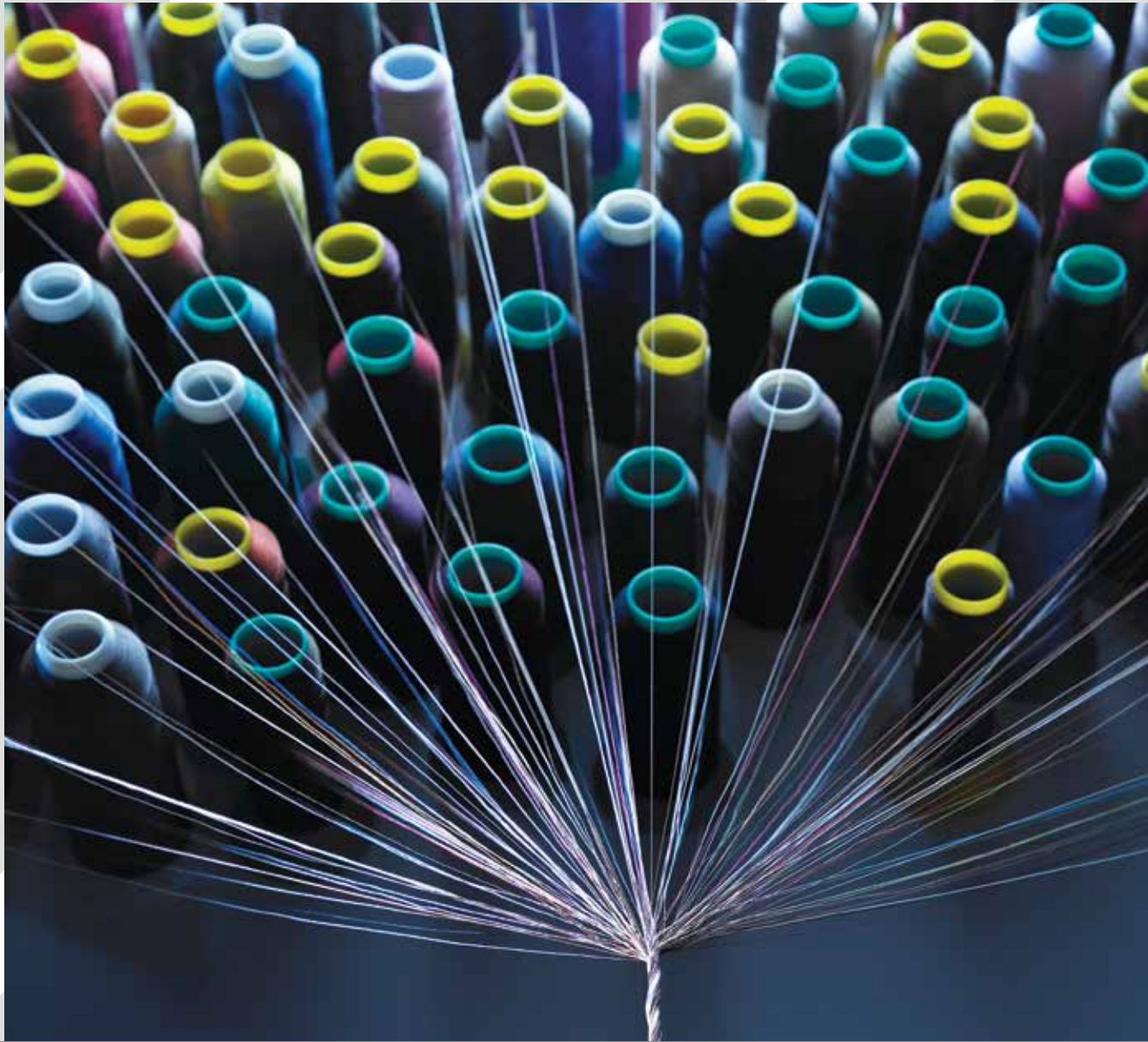
PPP or as a 3(16) Plan Administrator for a PEP.

What Advantages do PEPs Offer?

- Transfers fiduciary responsibility by transferring the role of the named fiduciary and the administrative fiduciary from the plan sponsor to the PPP
- Allows the PPP to assume responsibility for investment management or outsource these responsibilities to another plan partner
- Simplifies retirement plan management and administration for the plan sponsor
- Considered a single plan for audit and reporting purposes, eliminating the need for individual Plan Audits, Form 5500 and government filings
- Streamlines plan administration

What PEPs Do for Plan Sponsors

- Saves me time
- Takes work off my desk
- Reduces compliance burdens
- Minimizes risk & liability
- Eliminates complex responsibilities
- Saves money by saving time
- Helps ensure my business is competitive
- Improves plan outcomes



When is a PEP the Right Fit?

Many advisors will want to serve as 3(38) investment manager for PEPs. Think about the role you see for your firm. Determine if you can perform all of the duties required for this role.

Consider partnering with other firms to outsource certain roles. Then, evaluate the overall opportunity. Most critical—will the PEP create enough scale for it to be an attractive opportunity?

When do PEPs Make Sense?

- PEPs are a good solution for associations or groups of businesses
- PEPs may also be a good solution for employers setting up their first plans
- PEPs can help aggregate business within your retirement practice

PEP Evaluation Criteria

Who will fill the various roles?

- What roles do you want to play?
- What roles do you want to outsource?

What is your definition of success and how will you measure it?

- AUM
- Number of Plans
- Headcount
- What is the minimum scale necessary to be successful?

What is your marketing/product positioning strategy?

- What is your target market for the program?
 - Existing clients
 - Existing non-client takeover business
 - Startup plans
- How will this product stack up competitively in the marketplace and why will it be better than other alternatives?
- How will you market the program?
- What tools will be used?

What is the sales and distribution strategy?

- What is your sales plan and what are their goals for the program?
- How many plans do you expect to add annually?
- What do you expect the demographic average of those new plans to be?
- How do you plan to attain scale?

What is the pricing structure?

The benefit of a custom solution

tailored to your needs.

Pentegra is Your PEP Partner

Pentegra is one of the largest and most experienced Multiple Employer Plan (MEP) providers in the nation. We know a thing or two about multiple employer retirement plan arrangements. We've served in the same roles that are required of PEPs for more than 75 years.

We're a fiduciary first. As one of America's oldest independent fiduciaries, we offer a level of oversight, protection and responsibility unmatched in the industry today.

Pentegra can serve as a Pooled Plan Provider (PPP) or a ERISA 3(16) Plan Administrator for your PEP. We're ready to partner with you to bring maximum flexibility to every PEP opportunity and deliver the best end-to-end solution for you and your clients.

Pooled Plan Provider (PPP) Services

- Named Fiduciary
- 3(16) Administrative Fiduciary
- Serve as 3(38) investment manager to manage PEP investment platform or partner with advisors to serve in this role
- Partner with 3(21) investment advisors to provide investment guidance and advice
- Trustee Services
- Obtain ERISA bond and ensure ERISA bonding requirements are met
- Register PEP with Department of Labor



3(16) Fiduciary Services for PEPs

- Plan Operational Oversight and Compliance
- Participant Notices, Statements and Disclosures
- Contributions
- Government Filings
- Plan Document Administration
- New Hire & Termination Processing
- Claims & Benefit Determinations
- Plan Corrections
- Hardship Distributions
- Participant Fee Disclosures
- QDROs
- Forfeitures & Suspense Accounts
- Plan Audits
- Compliance Testing
- Annual Plan Review



Leverage our expertise to create the

right PEP solution for your opportunity.

Learn more about our PEP Solutions.

Contact the Pentegra Solutions Center at solutions@pentegra.com or 855-549-6689.

Follow our conversation

