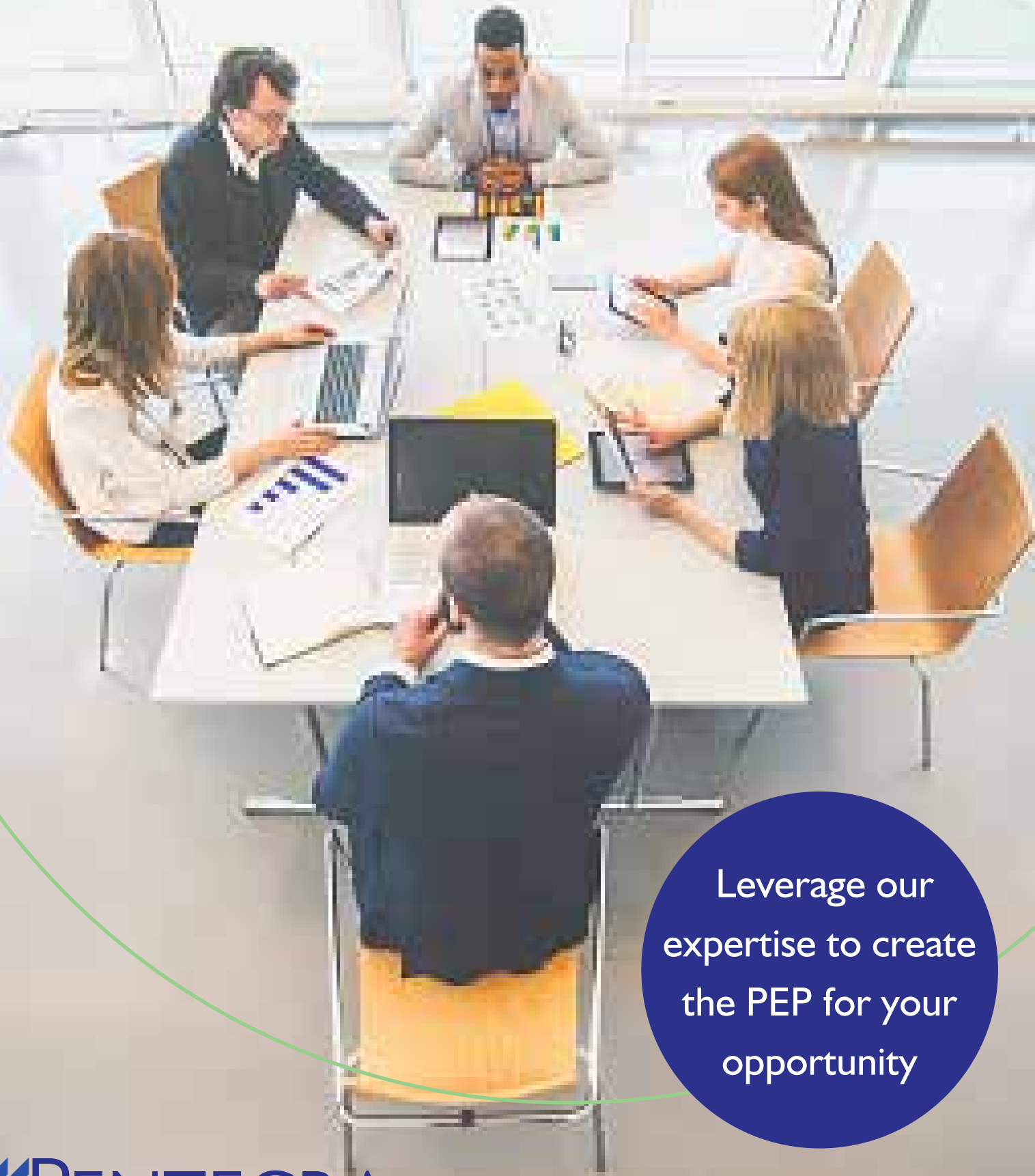


# The Pentegra PEP Advantage



Leverage our  
expertise to create  
the PEP for your  
opportunity

PEPs are a natural extension of our MEP expertise.

## Your Choice for PEPs



Pooled Employer Plans (PEPs) offer the opportunity to bring groups of retirement plans together under a single program. PEPs expand access to retirement plans for all workers by allowing employers from unrelated industries to join a pooled plan arrangement.



As one of America's oldest independent fiduciaries and leading Multiple Employer Plan (MEP) experts, we are 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.

### PEPs Offer Key Advantages

Some of the key benefits to participating employers include increased administrative efficiencies, reduced fiduciary risk, and potential cost savings.





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

Pentegra can serve as a Pooled Plan Provider (PPP) or be hired by the PPP as a 3(16) fiduciary for your PEP.

## 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.

### HOW IT WORKS

- The PEP sponsor is known as the pooled plan provider (PPP) and generally serves as the plan administrator and fiduciary
- “Adopting employers” elect to join the PEP
- These plans are defined contribution (DC) plans
- At any time, adopting employers can be easily onboarded in to the plan.

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.



# PEP SPONSORS



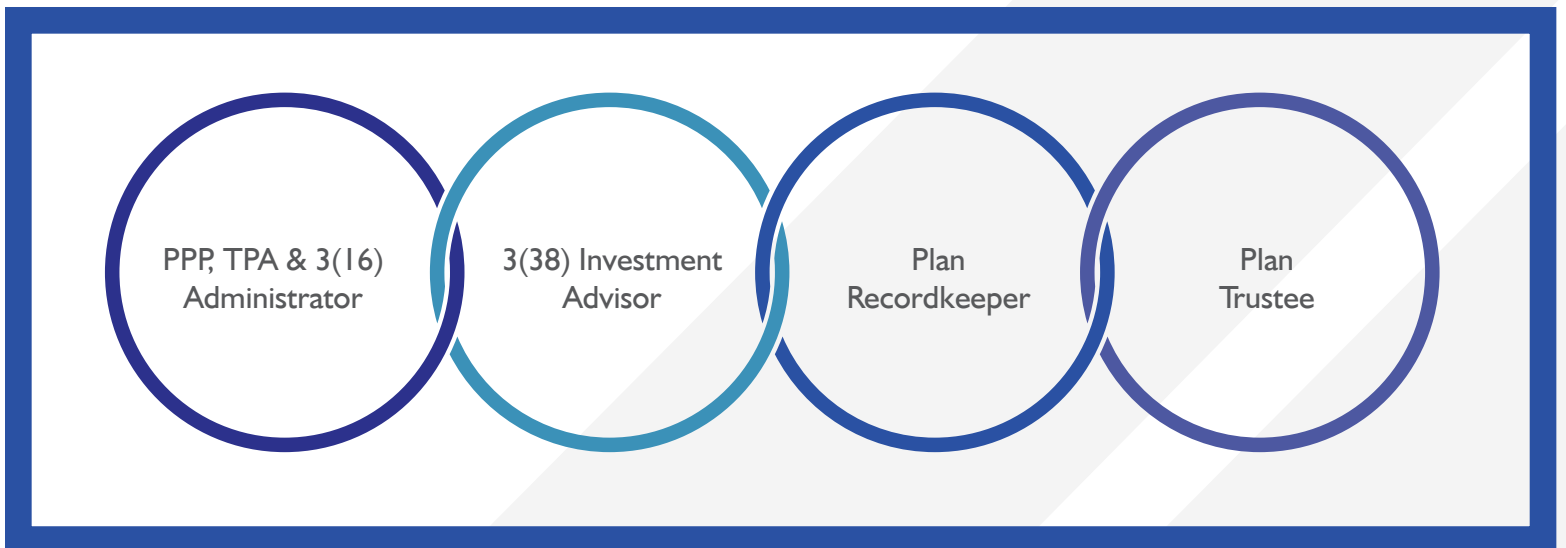
A PEP is considered a single plan for reporting and audit purposes and also considers shared service among participating employers for eligibility and vesting purposes.

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

## PEP Roles

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.



## 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

PEPs help eliminate work and minimize risk and responsibility.

## What Advantages Do PEPs Offer?

Under a PEP, the pooled plan provider (PPP) is responsible for handling plan administrative and fiduciary responsibilities. The PPP can also choose to delegate some of these responsibilities to other firms. This helps participating employers by eliminating work and reducing retirement plan risk and most fiduciary responsibilities, allowing them to focus on running their business.



### Administrative Relief

The PPP and 3(16) plan administrator oversees the day-to-day administration of the plan, and assume responsibility for plan administration.



### Time Savings

Offloading day-to-day retirement plan responsibilities saves time and reduces workloads.



### Reduced Fiduciary Liability

Fiduciary oversight and most fiduciary responsibilities are delegated to professionals, minimizing risk. The PPP and 3(16) Administrator assume most fiduciary responsibility for the plan.



### Professional Investment Management

PEPs offer professional investment management, investment selection and performance oversight.



### Plan Audit and 5500 Relief

Since a PEP is considered a single plan for audit and reporting purposes, it eliminates the need for individual Plan Audits, Form 5500 and other government filings.



### Flexible Plan Design

Be part of something bigger and better, but still retain customized plan features.







With a PEP, administrative and fiduciary responsibilities are handled by an expert team of retirement plan professionals.

## 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 plan
- 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 your 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?



Pentegra is a  
fiduciary first.

## 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 nearly 80 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](mailto:solutions@pentegra.com) or 855-549-6689.

Follow our conversation





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