

# Why PEPs and MEPs Can Be Strategic Retirement Plan Solutions for Private Equity Firms



Private equity firms are constantly evaluating opportunities to improve operational efficiency, reduce risk, and create enterprise value across their portfolio companies. While retirement plans may not always be at the center of those discussions, they can represent a significant source of administrative complexity, fiduciary liability, and operational inconsistency, particularly in organizations with multiple portfolio companies, active acquisition strategies, and evolving leadership structures.

As private equity firms seek to standardize operations and strengthen governance across their holdings, Pooled Employer Plans (PEPs) and Multiple Employer Plans (MEPs) are increasingly emerging as strategic retirement plan solutions. By combining centralized administration, professional fiduciary oversight, and scalable plan management, these arrangements can help private equity firms align retirement plan governance with broader business objectives.

## The Retirement Plan Challenge in Private Equity

Private equity firms often face a unique set of retirement plan challenges, including:

- Multiple retirement plans across portfolio companies
- Ongoing mergers, acquisitions, and organizational restructuring
- Varying plan providers, investment menus, and administrative processes
- Limited internal resources dedicated to retirement plan governance
- Increased fiduciary and regulatory scrutiny
- Pressure to reduce costs while maintaining competitive employee benefits



Over time, these challenges can create a fragmented retirement plan landscape that increases administrative burden, introduces fiduciary risk, and creates inconsistent participant experiences across the portfolio.



**PEPs and MEPs offer a more strategic approach.**

## How PEPs and MEPs Can Deliver Value Across the Private Equity Lifecycle

Reduce Fiduciary Liability

Minimize Administrative Burden and Free Up Internal Resources

Simplify Audit Requirements and Improve Operational Efficiency

Enhance Investment Oversight and Participant Outcomes

Support Mergers, Acquisitions, and Portfolio Growth

Establish Consistent Governance Across Portfolio Companies

Improve Due Diligence and Exit Readiness

Create a Consistent Employee Experience

## Understanding PEPs and MEPs

Both PEPs and MEPs allow multiple employers to participate in a single retirement plan structure. By pooling plan assets and administrative resources, employers can benefit from economies of scale, streamlined administration, and professional fiduciary oversight.

In these arrangements, an administrative fiduciary assumes responsibility for key administrative and governance functions, allowing participating employers to offload many of the complex responsibilities associated with managing a retirement plan.

For private equity firms, this creates an opportunity to move from a collection of individual retirement plans to a more centralized and scalable retirement plan strategy.

### 1. Establishing a Consistent Governance Framework Across the Portfolio

One of the most overlooked challenges in private equity is retirement plan governance consistency.

Portfolio companies often maintain different plan structures, service providers, investment menus, fiduciary processes, and administrative practices. As acquisitions occur and leadership teams change, maintaining consistent oversight can become increasingly difficult.

A PEP or MEP can provide a standardized governance framework across multiple portfolio companies. Rather than relying on each organization to independently manage fiduciary responsibilities, private equity firms can establish a consistent process for plan administration, compliance oversight, participant communications, and fiduciary governance.

This centralized approach helps create greater accountability and operational consistency across the portfolio while reducing the likelihood of governance gaps.

### 2. Reducing Fiduciary Liability and Regulatory Risk

Retirement plans are governed by a complex set of ERISA fiduciary and compliance requirements. Failure to properly manage these responsibilities can expose employers to regulatory penalties, operational failures, and potential litigation.

Many private equity firms recognize that retirement plan fiduciary oversight may not be a core competency of their portfolio companies.

PEPs and MEPs can significantly reduce the burden on employers by outsourcing key fiduciary and administrative responsibilities to experienced retirement plan professionals. Depending on the structure, responsibilities related to plan administration, compliance monitoring, operational oversight, and participant disclosures may be assumed by a professional fiduciary.

This helps create a stronger governance environment while reducing the risk associated with managing multiple retirement plans independently.

### 3. Supporting Mergers, Acquisitions, and Integration Efforts

Acquisition activity often creates retirement plan challenges that can complicate integration

efforts.

Newly acquired companies frequently bring different retirement plan providers, investment platforms, fee structures, and governance processes. Evaluating and consolidating these arrangements can consume significant time and resources.

A pooled retirement plan structure provides a framework for integrating acquired businesses into a standardized retirement plan environment. Instead of maintaining a patchwork of plans, private equity firms can establish a consistent retirement plan strategy that supports future acquisitions and simplifies integration efforts.

This scalability can be particularly valuable for firms pursuing aggressive growth strategies.

#### **4. Improving Due Diligence and Exit Readiness**

Retirement plans are often reviewed during transaction due diligence, particularly when fiduciary compliance, operational practices, or historical plan administration issues may create potential liabilities.

A retirement plan operating within a professionally managed PEP or MEP structure can provide greater confidence that fiduciary responsibilities are being handled appropriately and consistently.

By implementing a centralized governance framework, private equity firms may be able to reduce operational risk, improve documentation, and strengthen overall plan oversight—factors that can support cleaner due diligence reviews during future transactions or exit events.

For firms focused on maximizing enterprise value, reducing potential retirement plan-related liabilities can be an important consideration.

#### **5. Leveraging Economies of Scale and Cost Efficiencies**

Cost management remains a key priority across most private equity portfolios. By pooling assets and administrative services, PEPs and MEPs can create economies of scale that may help reduce administrative expenses and improve purchasing power with service providers.

Potential benefits include:

- Reduced administrative costs
- Consolidated vendor relationships
- Streamlined plan management
- Competitive investment pricing
- Improved operational efficiencies

These efficiencies can help portfolio companies maintain competitive retirement benefits while supporting broader cost-management initiatives.

## 6. Delivering a Consistent Employee Experience

Private equity firms increasingly recognize the importance of attracting and retaining talent across their portfolio companies.

However, employees often encounter different retirement plan experiences depending on which company they work for. Variations in investment options, participant education, technology platforms, and service models can create inconsistency and confusion.



**PEPs and MEPs can help standardize the participant experience by providing:**

- Consistent investment offerings
- Uniform participant education resources
- Streamlined processes
- Access to retirement planning tools
- Consistent service and support

This creates a more cohesive employee benefit experience while helping portfolio companies remain competitive in the talent market.

## 7. Allowing Leadership to Focus on Strategic Priorities

Private equity firms and portfolio company executives are focused on growth, operational improvement, and value creation. Retirement plan administration rarely represents a strategic priority.

By outsourcing many of the day-to-day responsibilities associated with plan management, leadership teams can spend less time navigating compliance requirements, vendor coordination, and fiduciary oversight.

Instead, they can focus on initiatives that directly support business performance, including acquisitions, operational enhancements, workforce development, and long-term growth strategies.



### The Value of Professional Fiduciary Oversight

For many private equity firms, the greatest benefit of a PEP or MEP extends beyond operational efficiency and cost savings.

Professional fiduciary oversight provides a disciplined governance framework that helps ensure retirement plans are managed consistently, prudently, and in accordance with regulatory requirements. This level of oversight can be particularly valuable in environments characterized by organizational change, acquisition activity, and evolving leadership structures.

By partnering with an experienced fiduciary provider, private equity firms can establish a retirement plan strategy that aligns with their broader objectives of risk management, operational efficiency, and enterprise value creation.

### A Strategic Approach to Retirement Plan Management

As private equity firms continue to seek scalable operating models and stronger governance practices, retirement plans are becoming an increasingly important component of overall portfolio strategy.

PEPs and MEPs offer a compelling solution by helping firms streamline administration, reduce fiduciary exposure, support acquisition-driven growth, improve governance consistency, and create a more uniform participant experience across portfolio companies. More importantly, they provide a framework for transforming retirement plan management from a fragmented administrative responsibility into a strategic asset that supports long-term business objectives.

For private equity firms looking to strengthen governance, simplify operations, and position portfolio companies for future growth, a PEP or MEP may be one of the most effective retirement plan strategies available today.



For more information on Pentegra's PEP, MEP and fiduciary outsourcing solutions, contact a Pentegra expert at [solutions@pentegra.com](mailto:solutions@pentegra.com) or 855-549-6689.