



Fiduciary Pension Partners

Pooled Plans Demonstrate Benefits for Higher Education Plan Sponsors

For higher education institutions, pooled retirement plan structures offer many benefits, such as exposure, fewer administrative functions, and additional opportunities to provide educational resources.



In a recent financial study by Transamerica Corporation titled, “Retirement Plan Trends in Higher Education 2023¹,” found that pooled employer plans are more likely than single-employer plans to enable university faculty and staff, especially those working part-time or as adjuncts, to participate in retirement plans. According to

survey results, that is mainly because simplified employee pension plans—SEPS—are less likely to extend to these workers.

According to a survey conducted by Transamerica, 83% of institutions had most of their participants in a single-employer plan, whereas only 13% reported most of their participants utilizing a pooled solution.

The survey included responses from institutions offering 457(b), 403(b), 401(k), and 401(a) defined contribution plans. Specifically, 87% of respondents stated they offered a 403(b) plan, with 13% offering a 401(k) plan. Laura Gaynor, a senior vice president at Transamerica, says there could be an overlap, as some providers may offer more than one type of plan.

Despite Advantages, Uptake is Slow

Despite the benefits of pooled plans, most institutions offering a SEP responded that they have not explored the possibility of a pooled solution and have no plans to do so. Gaynor says a significant fact to consider is that certain pooled employer plans for 403(b) plans

¹ [Transamerica Study](#)

This material was created to provide accurate and reliable information on the subjects covered but should not be regarded as a complete analysis of these subjects. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation. The “Retirement Times” is published monthly by Retirement Plan Advisory Group’s marketing team. This material is intended for informational purposes only and should not be construed as legal advice and is not intended to replace the advice of a qualified attorney, tax adviser, investment professional or insurance agent. (c) 2021. Retirement Plan Advisory Group. Fiduciary Pension Partners is not affiliated with Retirement Plan Advisor Group but subscribes to its annual services offering. Fiduciary Pension Partners is a registered investment adviser with its principal place of business in the State of New Jersey. Registration does not imply a certain level of skill or training.



Fiduciary Pension Partners

have only been available since last year's passage of the SECURE 2.0 Act of 2022.

“Like pooled solutions in the 401(k) space, which took time to get traction, we expect the same here,” Gaynor says. “Additionally, there are some nuances in the 403(b) space that need to be considered, such as individual contracts and information sharing.”

Several institutions identified lower costs and less administrative responsibility as reasons for joining a pooled solution.

Proponents of pooled plans argue they can offer lower 401(k) fees for workers, reduce liability, and allow employers to outsource plan operations. They can also propose some features a company might not offer through a SEP, such as insured or non-insured retirement income options.

Financial Wellness Concerns in Higher-End

According to the report, 71% of institutions reported concern about retirement preparedness for their near retirees. However, this figure was slightly less for plan sponsors offering pooled solutions, of whom 62% see it as a pressing issue. Meanwhile, 77% of pooled solution plan sponsors expressed concern about the impact of inflation on retirement savings.

Pooled plan sponsors also expressed feeling more responsible for the financial well-being of participants than SEP sponsors. In addition, 23% of pooled sponsors expressed extreme concern about participant's personal level of debts.

The majority (62%) of pooled sponsors also cited “household budgeting, spending and saving level” as one of the most pressing challenges for their participants.

“The level of concern expressed by higher education pooled solution sponsors about faculty and staff financial well-being may indicate recognition of the value of pooled solutions in mitigating the fiduciary burden associated with retirement plans,” the report stated.

Transamerica argued that selecting a pooled solution to address fiduciary concerns may

This material was created to provide accurate and reliable information on the subjects covered but should not be regarded as a complete analysis of these subjects. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation. The “Retirement Times” is published monthly by Retirement Plan Advisory Group’s marketing team. This material is intended for informational purposes only and should not be construed as legal advice and is not intended to replace the advice of a qualified attorney, tax adviser, investment professional or insurance agent. (c) 2021. Retirement Plan Advisory Group. Fiduciary Pension Partners is not affiliated with Retirement Plan Advisory Group but subscribes to its annual services offering. Fiduciary Pension Partners is a registered investment adviser with its principal place of business in the State of New Jersey. Registration does not imply a certain level of skill or training.



Fiduciary Pension Partners

allow employers to focus more on providing financial wellness benefits, rather than worrying about managing retirement benefits.

An investment policy statement, often produced by plan advisers, can guide the plan's investment decisions. While there are still plans with no IPS, 65% of institutions reported that they have one, and among pooled solutions,

All plan sponsor respondents in a pooled solution cited using a financial adviser or consultant, likely because pooled structures typically include fiduciary support. According to Transamerica, plan advisers and consultants play a critical role for higher education institutions, starting with evaluating whether a pooled solution is a good fit in the first place.

With pooled options now available for 403(b) plans, plan sponsors of higher education institutions may want to consider them to ease administrative burdens and lower costs.

Sources :

<https://www.plansponsor.com/pooled-plans-demonstrate-benefits-for-higher-education-retirement-plans/>

This material was created to provide accurate and reliable information on the subjects covered but should not be regarded as a complete analysis of these subjects. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation. The "Retirement Times" is published monthly by Retirement Plan Advisory Group's marketing team. This material is intended for informational purposes only and should not be construed as legal advice and is not intended to replace the advice of a qualified attorney, tax adviser, investment professional or insurance agent. (c) 2021. Retirement Plan Advisory Group. Fiduciary Pension Partners is not affiliated with Retirement Plan Advisory Group but subscribes to its annual services offering. Fiduciary Pension Partners is a registered investment adviser with its principal place of business in the State of New Jersey. Registration does not imply a certain level of skill or training.