Pooled Employer Plans (PEPs): What Are They? Who Are They For? Why Choose One?
Presented by DiMatteo Group Financial Services Inc.

The SECURE Act introduced a new type of retirement plan, the pooled employer plan (PEP), a significant development to enhance accessibility and ease of management for both employers and employees.

PEPs provide a workplace retirement savings option that doesn't burden you with the full responsibilities and expenses of a traditional 401(k) plan. PEPs are open to employers of all types and sizes seeking a workplace retirement savings solution with a lighter administrative burden and less fiduciary responsibility. Small businesses that don't have the time or resources to manage a plan, medium-sized businesses seeking reduced fiduciary risk, any employer looking to add this benefit, and businesses subject to a state mandate should consider a PEP.

With most defined contribution plans, the plan sponsor is responsible for selecting fiduciaries to help run and monitor the plan, a daunting task for anyone given the complexities of 401(k) laws. A PEP is managed by a pooled plan provider (PPP), which responsibilities may include:

- **Named Fiduciary (402(A)):** Designated as having the overall authority as trustee to control and manage the operation and administration of the plan.
- **3(38) Invest Management:** A 3(38) fiduciary plan service assumes the responsibility for retirement plan investment management—specifically, reviewing the plan's funds on an ongoing basis and making changes.
- **3(16) Administration:** Reduces the administrative burden of managing your retirement plan and includes data monitoring, notice delivery, plan compliance, and distribution services.
- **Recordkeeping:** Responsible for tracking contributions, earnings, and investments on a participant level. Also works in tandem with the custodian to execute trades.
- **Audit Support:** Adopting employers with 100+ employees are not subject to an individual plan audit. Instead, the PEP has one audit where the fees are pooled and shared among all, resulting in significant cost savings.

The PEP Advantage

- Provides a designated plan administrator responsible for overseeing plan operations, recordkeeping, and compliance
- Outsources responsibility for ensuring the plan meets regulatory requirements
- Alleviates the administrative burden on individual employers, particularly smaller businesses
- Provides a fiduciary that oversees plan investments and ensures compliance with Employee Retirement Income Security Act (ERISA) regulations

The PEP Disadvantage

- Plan design options may be limited to basic ones that are inexpensive for the PPP to administer
- A PPP may offer limited or no ability to choose covered service providers within the plan

DiMatteo Group Financial Services Inc.
1000 Bridgeport Avenue,Suite 506 | Shelton, CT 06484
203.924.5420 | 203.402.8305 fax