

## MULTIPLE EMPLOYER PLANS—EVALUATING OPTIONS

The growing popularity of multiple employer plans is transforming the retirement plan market. With their administrative ease, relief from fiduciary responsibility and low fees, it is easy to understand why.

While the concept of a multiple employer plan has been around for many years, renewed interest in these programs has come as a result of a complex regulatory environment, fee disclosure requirements, an increased focus on fiduciary liability from the Department of Labor (DOL) with proposed regulations on fiduciary roles. Multiple employer plans offer small businesses a viable solution to the complexities businesses face in offering a retirement program.

### What are the Advantages of a Multiple Employer Plan?

Multiple employer plans offer plan sponsors administrative ease—only a single plan document is maintained. Participating employers adopt the plan on an individual basis. The multiple employer plan sponsor must ensure that the plan remains in full compliance with IRS and DOL regulations, providing plan amendments and regulatory updates as needed—yet another advantage.

A multiple employer plan also mitigates plan fiduciary issues by providing fiduciary relief under ERISA. Co-adopters and their advisors are relieved of their primary plan fiduciary responsibilities, including oversight of the investment management process.

By joining a Multiple Employer Plan, plan sponsors can often take advantage of economies of scale typically reserved for larger plans. Cost savings are realized as a multiple employer plan eliminates the need for individual plan audits and government filings, including individual Form 5500s.

### Important Considerations When Evaluating Multiple Employer Plans

While a multiple employer plan may be a good solution, it is important that financial advisors and plan sponsors choose a multiple employer plan carefully and partner with plan service providers wisely.

When comparing multiple employer plans, consider the following:

- Are all service providers **adequately experienced** in the multiple employer plan industry? Multiple employer plans are unique and require specific industry knowledge and expertise. Ask how long the provider has been in the MEP industry, how many MEP clients they serve, how many total participants are in the MEP plan, etc.
- Are all service providers **acting as a fiduciary**? Ask for written explanations of their fiduciary role and specific fiduciary functions.
- Are all service providers **adequately licensed and insured**?
- Do all plan service providers undergo **annual independent audits**?
- When joining the MEP, are you required to pay a portion of the **annual plan audit**?

- Do the MEP service providers have **adequate protections and processes** in place to manage a failure on the part of a single participating employer (i.e., failure to submit timely contributions, failure to make required contributions, etc)
- Are the MEP fees fully disclosed by all service providers? Are all service providers ready to comply with **new fee disclosure regulations**?
- Does the MEP plan sponsor **periodically review service provider fees** and determine reasonableness?

Multiple employer plans are a viable solution to address retirement plan cost, fiduciary, and administrative issues. However, appropriateness for any particular employer should be studied carefully, and if a multiple employer plan is desired, service providers should be chosen wisely.

Alliance Benefit Group's consultative approach can help financial advisors and plan sponsors determine if a multiple employer plan, the right solution for an organization's needs. To learn more, contact Jim Comer at 704-634-6878, or email [jcomer@abgcarolinas.com](mailto:jcomer@abgcarolinas.com).