

SECURE Act Webinar

From MEPs to PEPs and More

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MEP Specialist



Moderator:
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Director of Industry Relations

Today's Topics

- ▶ Why TRA
- ▶ We Support American Retirement Association (ARA) Filing Relief Proposals
- ▶ Types of Group Plans
 - MEPs (Multiple Employer Plans)
 - PEPs (Pooled Employer Plans)
 - Aggregation Plans
- ▶ Suitability and Applications
- ▶ Questions

A black and white photograph of two men in a modern office environment. The man on the left is wearing a dark jacket over a light shirt and glasses, looking towards the other man. The man on the right is wearing a light-colored button-down shirt and glasses, looking towards the camera. They are standing in front of large windows that offer a view of a cityscape. A blue semi-transparent banner is overlaid on the left side of the image, containing the title text.

Why Choose The Retirement Advantage?



TRA Is Your Strategic Retirement Plan Partner

You can count on TRA to:

- ▶ **Create** customized solutions for your retirement plan clients
- ▶ **Share** our deep retirement plan expertise to ensure mutual business growth
- ▶ **Provide** seamless client service



TRA – At A Glance



50
States

Supporting Financial
Advisors Nationwide



24+
Years
In Business



\$ 8.5
Billion
Assets Under
Administration (AUA)



195
Retirement Plan
Experts Throughout
the Country



8,500
Plan Sponsors
Nationwide



15
Regional Sales
Consultants

We Support ARA Filing Relief Proposals

- ▶ An automatic extension to October 15 for filing of the Form 5500 series for retirement plans with calendar year plan years (with corresponding extensions for non-calendar year plan years).
- ▶ A 90-day extension to the deadline for correcting a failed ADP or ACP test and a 90-day extension of the period for distributing excess contributions and excess aggregate contributions under a plan (March 15 for a calendar year plan year), without incurring a 10% tax under Code Section 4979 for distributions after the statutory deadline.

We Support ARA Filing Relief Proposals

- ▶ A 120-day extension of the Defined Benefit plan restatement deadline (currently April 30, 2020).
- ▶ A 90-day extension of the 1099-R e-filing deadline for employers (normally March 31, 2020).
- ▶ Reasonable relief from notices required to be provided to plan participants under Title I of ERISA.

We will keep you informed about the latest developments.

Check [TRA401k.com](https://tra401k.com) for updates.

A low-angle, black and white photograph of several modern skyscrapers reaching towards the sky. The buildings feature curved facades and a grid-like pattern of windows. A semi-transparent blue rectangular overlay is positioned on the left side of the image, containing the title text.

Types of Group Plans

Glossary of Terms

- ▶ **MEPs** – Multiple Employer Plans (formerly known as “closed MEPs”)
- ▶ **PEPs** – Pooled Employer Plans
- ▶ **PPP** – Pooled Plan Provider
- ▶ **PEO** – Professional Employer Organization
 - HR-related entities providing services on behalf of the employer clients and operating as the employer of record
- ▶ **Open Multiple Employer Plan** – Operate in same capacity as MEPs, except individual form 5500s are filed on behalf of each adopting employer.



What Group Plan Options Are Available?

MEPs

Multiple Employer Plans

Fundamental Traits

- ▶ Combined 5500 filing for all adopting employers
- ▶ Single Plan Administrator, Sponsor & Trustee
- ▶ Required business nexus

PEPs*

Pooled Employer Plans

Fundamental Traits

- ▶ Must be sponsored by a PPP
- ▶ No business nexus required
- ▶ Combined 5500 or individual 5500 reporting options

Aggregation Plans

Fundamental Traits

- ▶ Individual Form 5500s filed for each adopting employer
- ▶ No business nexus required
- ▶ Adopters retain Sponsor role

*Available after 2020



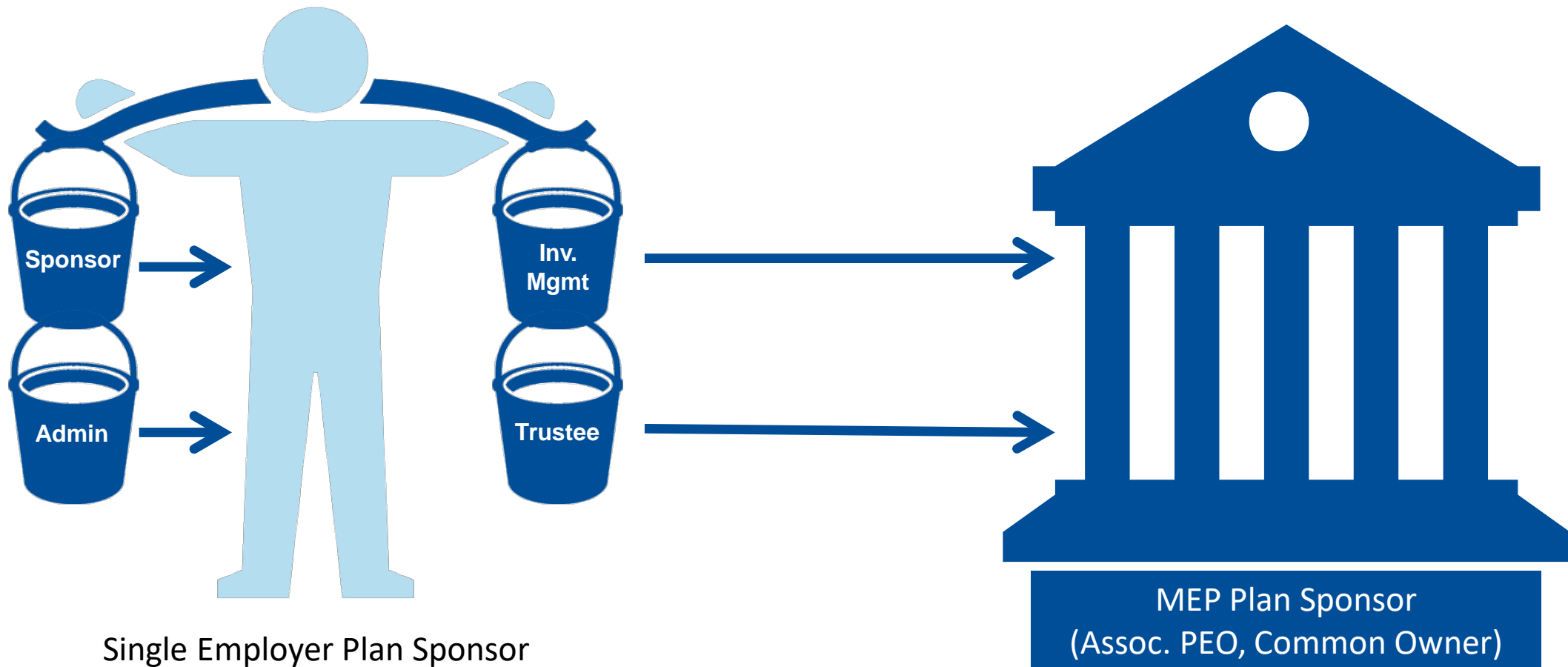
Multiple Employer Plans (MEPs)

- ▶ Who Can Sponsor?
 - Professional Employer Organizations (PEOs)
 - Bona fide trade associations
 - Business entities with common ownership
- ▶ Tax Filing: Single Form 5500 filed for all adopting employers



Multiple Employer Plans (MEPs)

These Roles and Liabilities Are
Transferred to the MEP

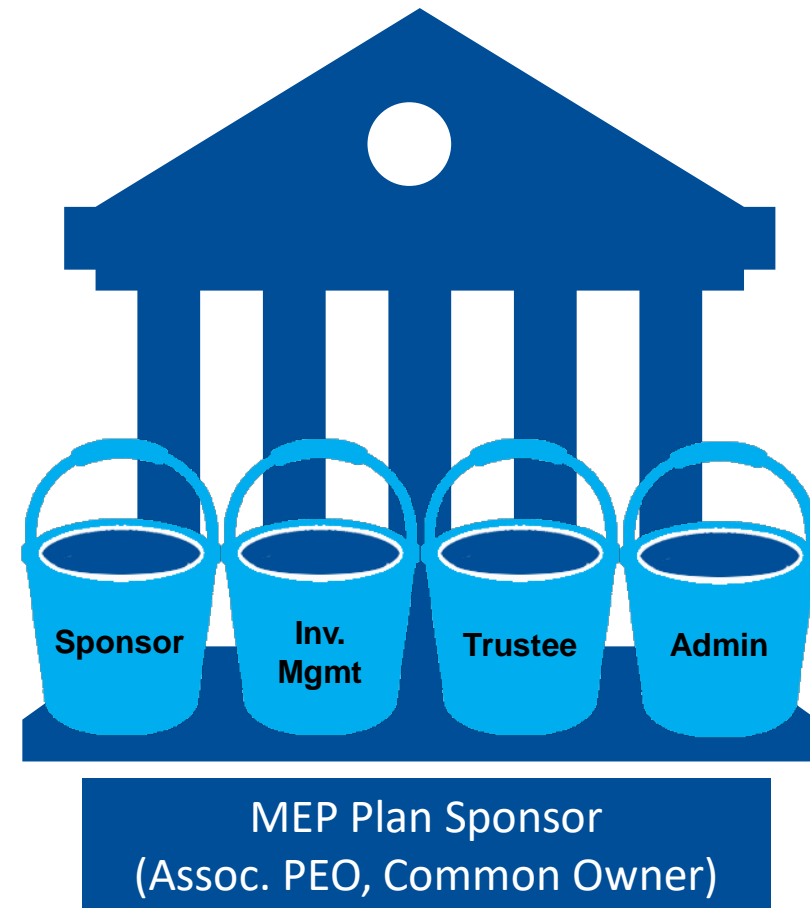


Multiple Employer Plans (MEPs)

These Roles and Liabilities Are
Transferred to the MEP



Adopting Employer



Single Form
5500 for all
adopters



What Is a Pooled Employer Plan (PEP)?

- ▶ A PEP is a type of MEP identified in ERISA section 3(43), designed to benefit employees of two or more adopting employers.
- ▶ PEPs are permitted to operate similarly to open MEPs: A group of various business employers need no business nexus to create one large 401(k) plan together.
- ▶ The same conditions that apply to MEPs will apply to PEPs: There must be a centralized Fund Manager, Recordkeeper, 3(16) Plan Administrator and a centralized Plan Sponsor, known as a Pooled Plan Provider (PPP).



Pooled Employer Plans (PEPs)

▶ Who Can Sponsor a PEP?

- Only a Pooled Plan Provider (PPP) will be able to sponsor a PEP
- Full guidelines for PPPs to be released soon

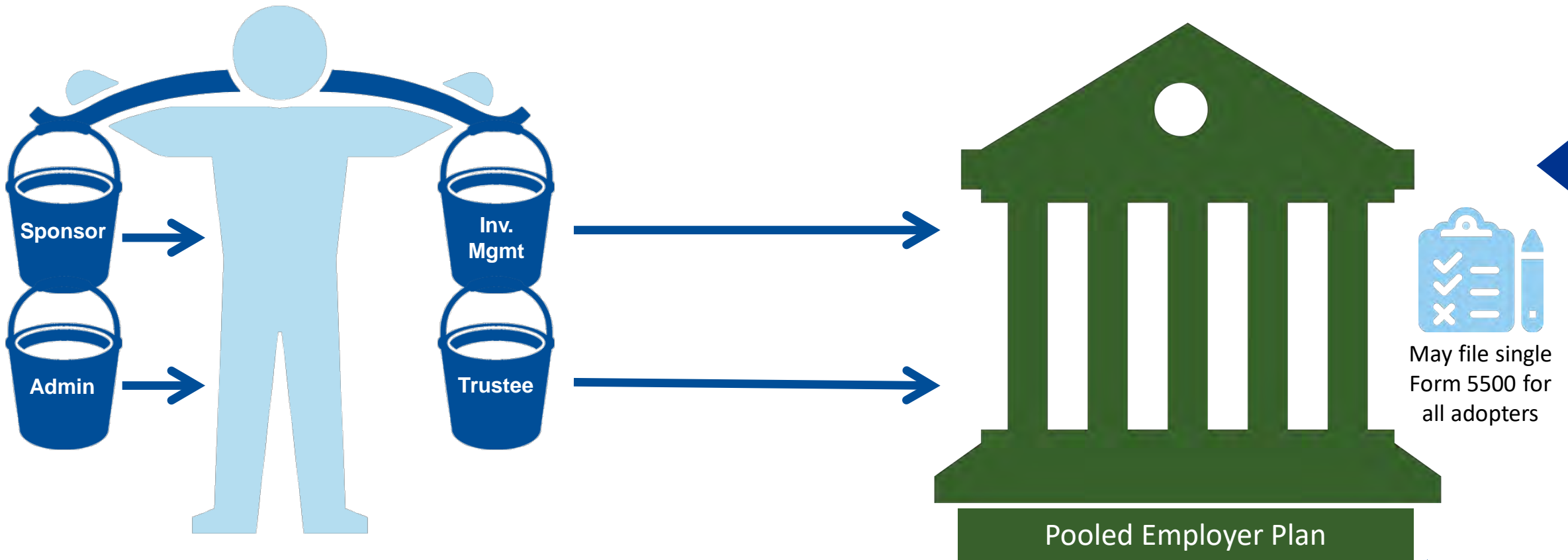
▶ Tax Filing Procedure

- The PPP may elect to file as a single plan (1 x Form 5500 for all adopting employer inside of the PEP) or may elect to file individual Form 5500s for each adopting employer inside of the PEP



Pooled Employer Plans (PEPs)

These Roles and Liabilities Are
Transferred to the PEP



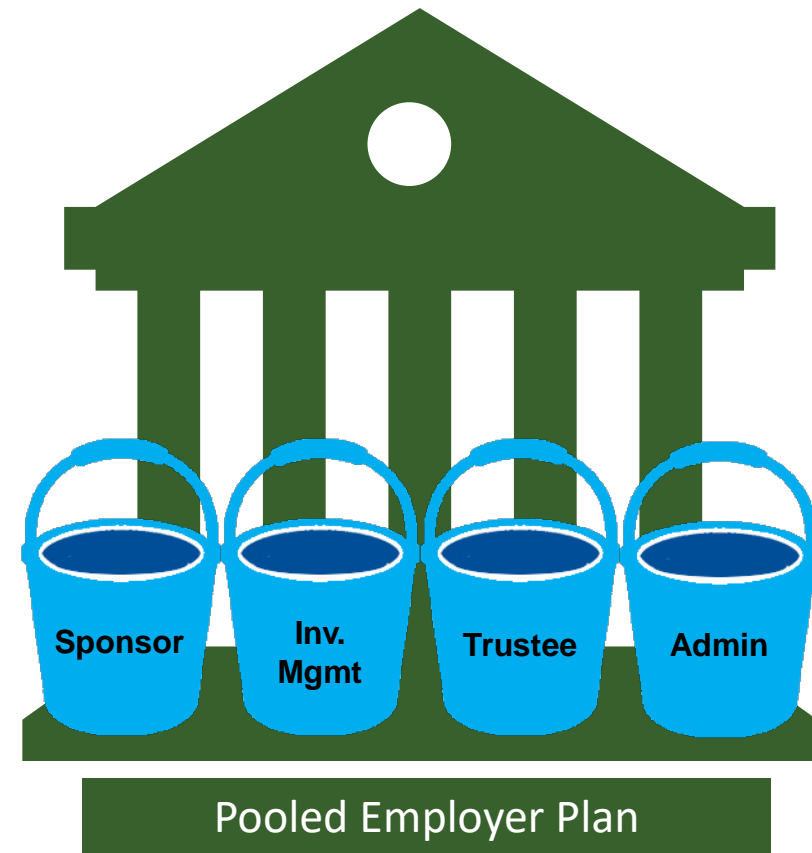
Single Employer Plan Sponsor

Pooled Employer Plans (PEPs)

These Roles and Liabilities Are
Transferred to the PEP



Adopting Employer



May file single
Form 5500 for
all adopters

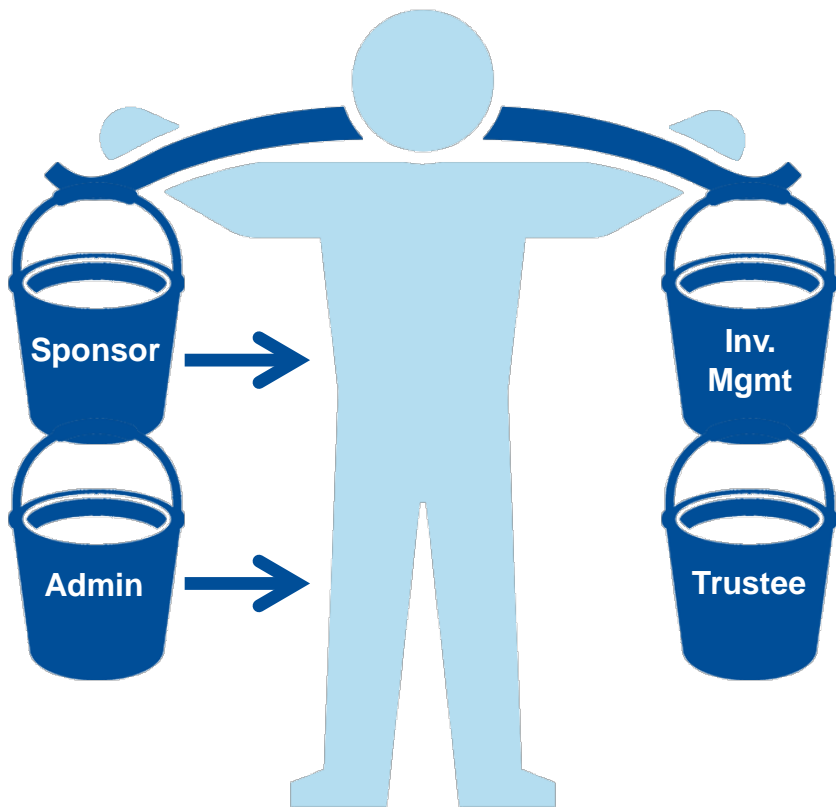


Aggregation Plans

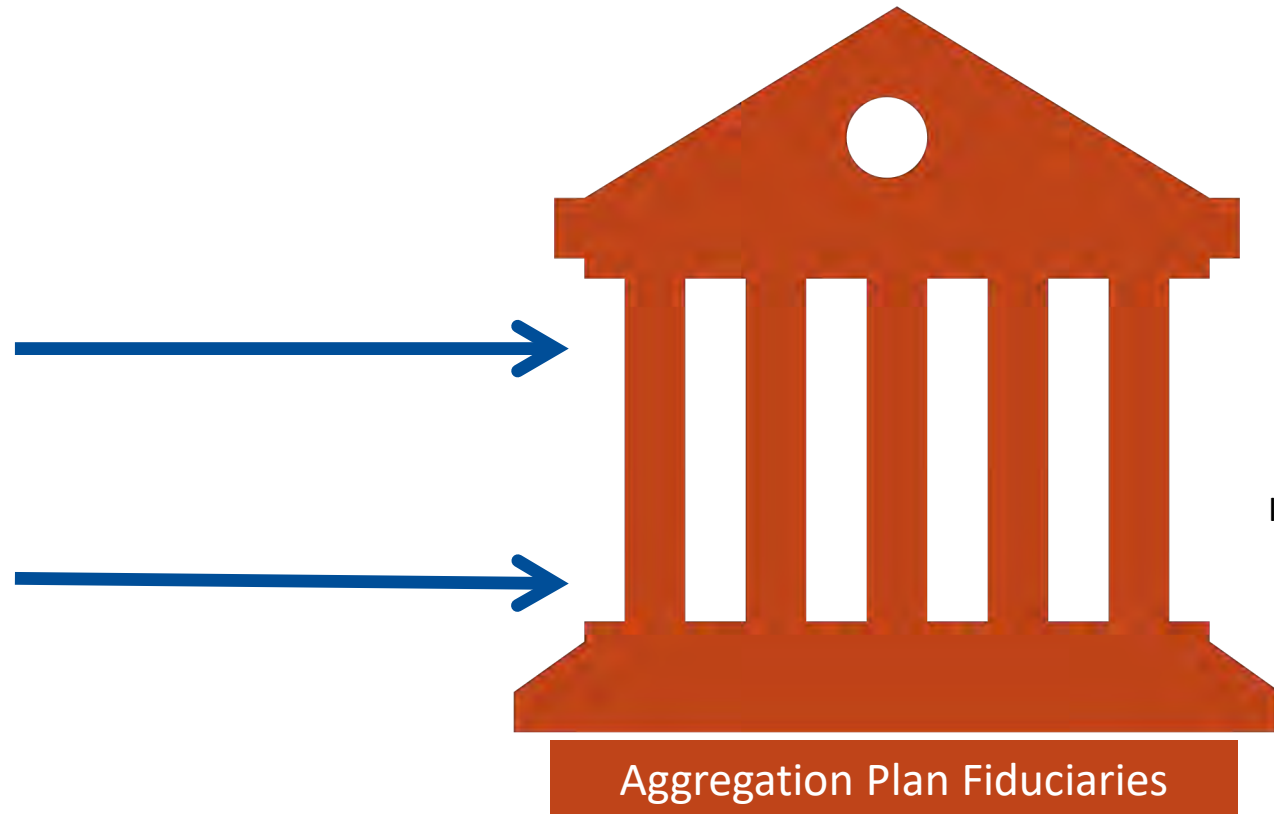
- ▶ Who Can Sponsor?
 - The adopting employer serves as the Plan Sponsor
- ▶ Tax Filing Procedure
 - Individual Form 5500s are filed for each adopting employer

Aggregation Plans

These Roles and Liabilities Are Transferred to the Centralized Fiduciaries of the Aggregation Plan



Single Employer Plan Sponsor

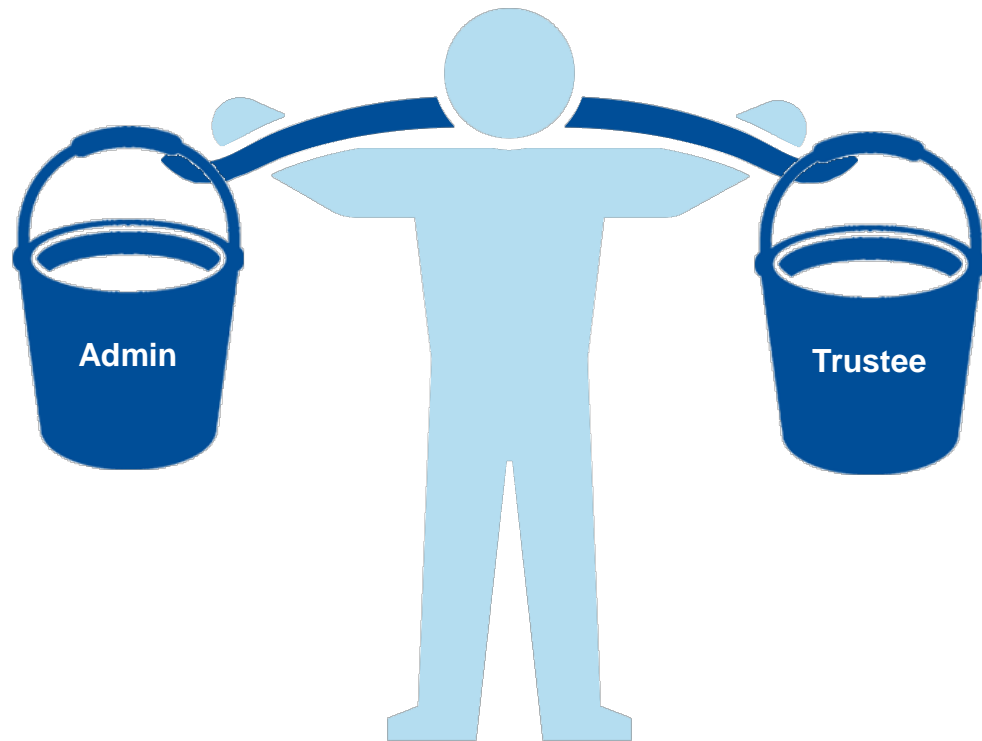


Individual Form
5500 for each
adopter

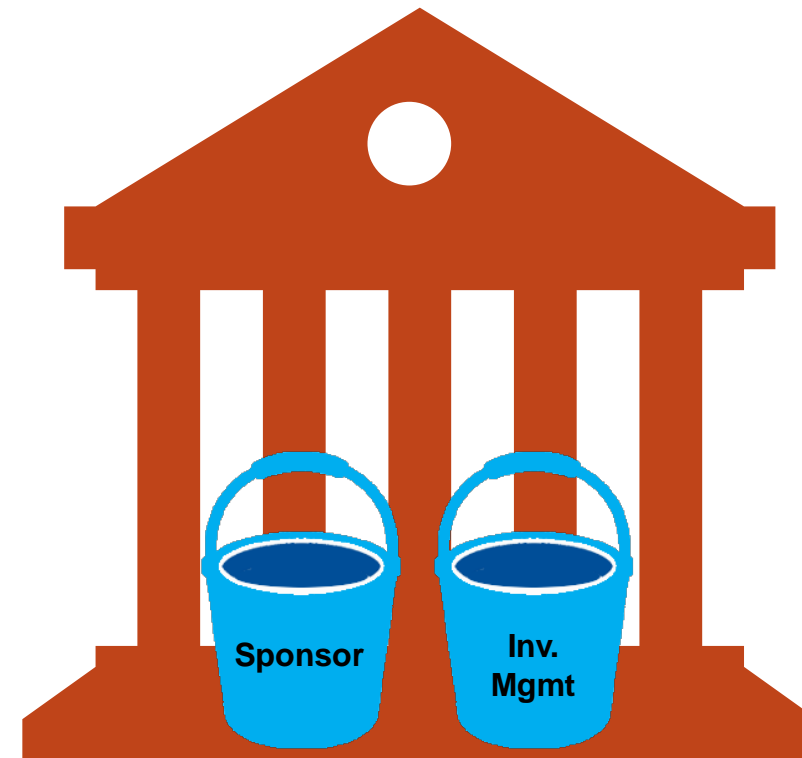
* Some Aggregation Plans may also allow for the Trustee fiduciary role to be transferred

Aggregation Plans

These Roles and Liabilities Are Transferred to the Centralized Fiduciaries of the Aggregation Plan



Single Employer Plan Sponsor



Aggregation Plan Fiduciaries

* Some Aggregation Plans may also allow for the Trustee fiduciary role to be transferred



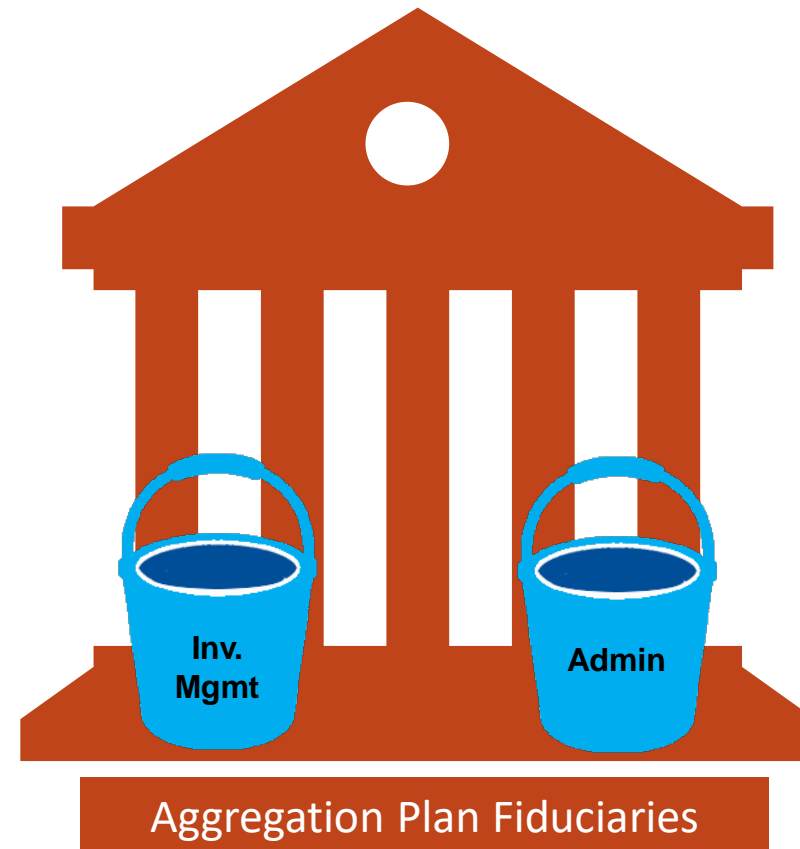
Individual Form
5500 for each
adopter

Aggregation Plans

These Roles and Liabilities Are Transferred to the Centralized Fiduciaries of the Aggregation Plan



Single Employer Plan Sponsor



* Some Aggregation Plans may also allow for the Trustee fiduciary role to be transferred



Individual Form
5500 for each
adopter

Understanding the Levels of Control/Access



PEP

The Pooled Plan Provider (PPP) has access control over any employers/members who may adopt the plan. The PPP also controls the plan name, capabilities, and service providers hired -- and retains liability for those selections, limited to Defined Contribution (DC) plans only.

MEP

The Plan Sponsor has accessibility, design and marketing control over specific group of employers/members. The Plan Sponsor would be liable for a more fixed number of clients/members.

Aggregation
Plans

The Aggregator or Endorser has marketing control without liabilities or responsibility. Each adopting employer/member serves as Sponsor, allowing control over of their plan.

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Which Plan Platform is Right For Which Clients?



Determining Suitability

Ask the Right Questions to the Right People

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Potential Plan Sponsors/Endorsers

- What level of control, responsibility, and involvement do you want?
- What do you want your plan to accomplish?
- Who do you want to offer the plan to?

Potential Adopters

- What level of control, responsibility, and involvement do you want?
- What type of plan design do you have?
- What are your top priorities for the plan?

Determining Suitability Based on Clients' Answers

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Multiple Employer Plan

SPONSOR

- ▶ Marketing Control of Specific Group
- ▶ Scale – Limited to Group Size
- ▶ Expense Budget Accounts (EBA)
- ▶ Liabilities as Plan Sponsor

ADOPTER

- ▶ Most Liability Mitigations
- ▶ Potential for Lower Fees
- ▶ Compatible with/for DB & CB Plans
- ▶ Administrative Reduction

Pooled Employer Plans

SPONSOR

- ▶ Control of Accessibility
- ▶ Unlimited Scale
- ▶ Revenue Generation
- ▶ Uniformity

ADOPTER

- ▶ Most Liability Mitigations
- ▶ Potential for Lowest Fees
- ▶ Accessibility
- ▶ Potential Design Limits

Aggregation Plan

ENDORSER

- ▶ Marketing Flexibility
- ▶ Minimal Scale
- ▶ No Liability / Responsibility
- ▶ Potential for Revenue

ADOPTER / SPONSOR

- ▶ Liability Mitigations
- ▶ Fee Efficiencies
- ▶ Accessibility
- ▶ Design and Fund Flexibilities



Examples of Sponsor Suitability

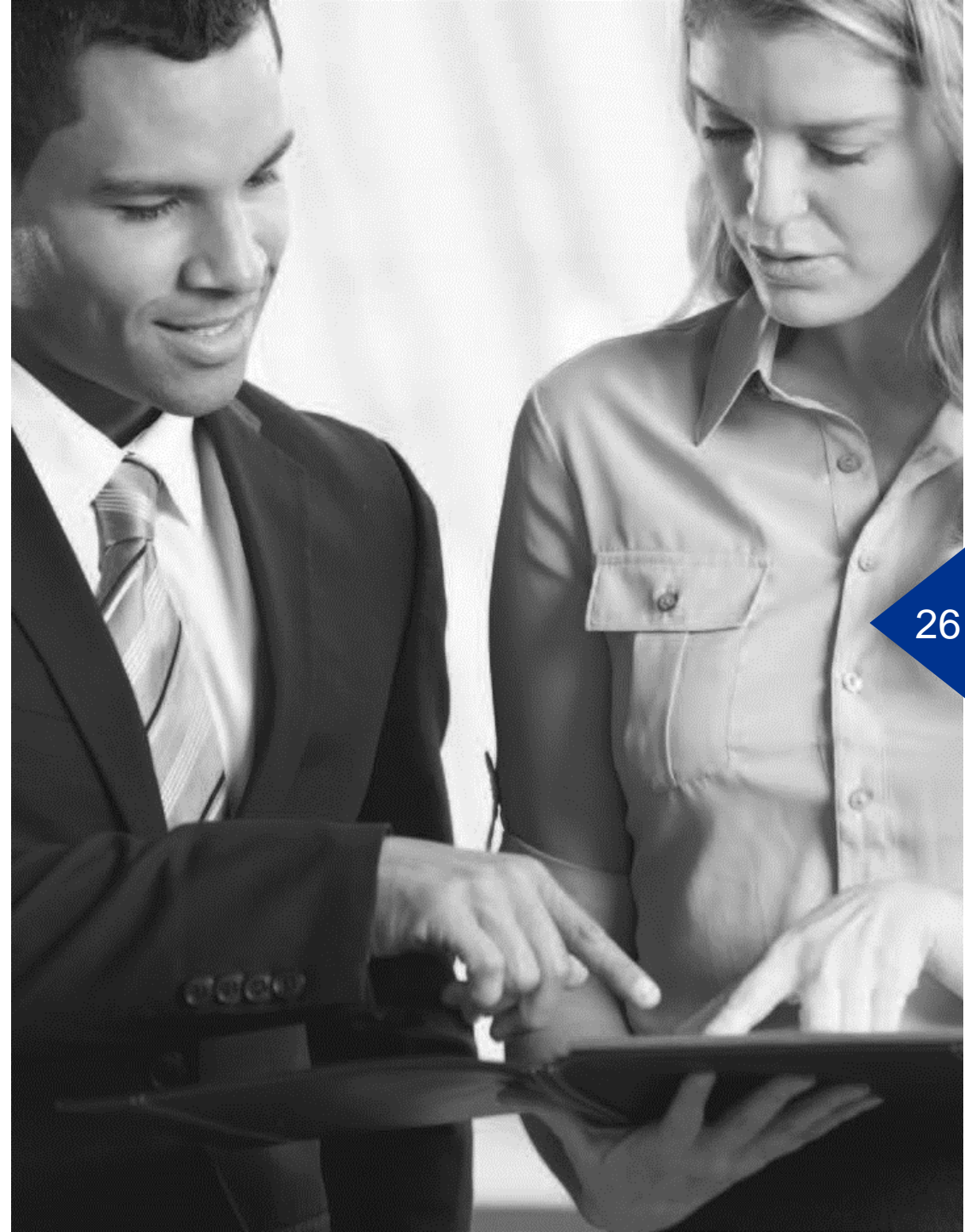
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- ▶ Medical Association → MEP
- ▶ Chamber of Commerce → Aggregation Plan
- ▶ Payroll Company → Aggregation Plan
- ▶ Hedge Fund or PE Firm → PEP



TRA: Your Group Plan Business Partner

- ▶ We'll work with you and your clients to create customized group plans tailored to their needs and your practice.
- ▶ We can help you navigate the complexity of the SECURE Act.
- ▶ Contact Your Regional Sales Consultant (RSC) or Trey Galuppi to learn more.



Questions?

**Contact Your TRA
Regional Sales Consultant (RSC) at**
www.tra401k.com/rsc
or call 888.872.2364

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