

## MULTIPLE EMPLOYER PLAN

# A strategy for streamlined retirement services with less administrative burden

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These days, providing comprehensive retirement benefits to employees can be a double-edged sword. The same benefits that can help recruit and retain a talented and diverse workforce often pose large financial, administrative and fiduciary challenges, especially for smaller organizations that have limited bandwidth to begin with. The pandemic has only exacerbated these challenges.

That said, offering a robust retirement plan may be more important now than ever before—more than half of older Americans have less than \$50,000 saved for retirement.<sup>1</sup> In addition, one in three workers say the COVID-19 pandemic has negatively impacted their ability to save for retirement.<sup>2</sup> The table is set for many to struggle to prepare for the future if they do not get help. The challenge to an organization becomes how to provide the best retirement package possible without negatively impacting their bottom line.

### Strength in numbers: Weighing the value of a MEP

Organizations interested in rethinking their approach and finding a way to maximize purchasing power will want to consider participating in a multiple employer plan, or MEP. In this arrangement, organizations band together to purchase retirement plan services and take advantage of economies of scale. With the combined resources of a MEP, participating organizations can gain the ability to negotiate lower costs than what they may incur through a stand-alone plan, as well as access to potentially higher-quality service providers.

When evaluating a MEP, consider some of the potential benefits:

#### Shared plan costs

In a MEP, each aspect of the retirement plan can see improved efficiencies. Potential savings could include reductions in fixed administrative costs, investment pricing, and the time spent by a participating organization's staff. Also, any fees paid to an auditor, advisor or consultant for monitoring plan investments can be shared by the participating MEP organizations, potentially reducing the cost to each.

#### Expanded administrative bandwidth

A team of professionals can assist with plan design, investment selection and monitoring. Support could also be available for employee communication, education and advice. Participating organizations can retain the flexibility to choose plan features including vesting, eligibility requirements, matching contributions, profit sharing, automatic enrollment, and general plan design.

#### Reduced fiduciary exposure

Mitigating fiduciary risk can ease the burden on organizations. While a participating employer's fiduciary responsibilities and liabilities are not entirely eliminated, many decisions may be delegated. For instance, the primary sponsor or plan

committee makes many of the decisions, like selecting service providers and choosing the plan's investment lineup. In all, a MEP combines investment policy statement development, investment lineup assistance, investment selection and monitoring, ongoing reporting, payroll integration, and more.

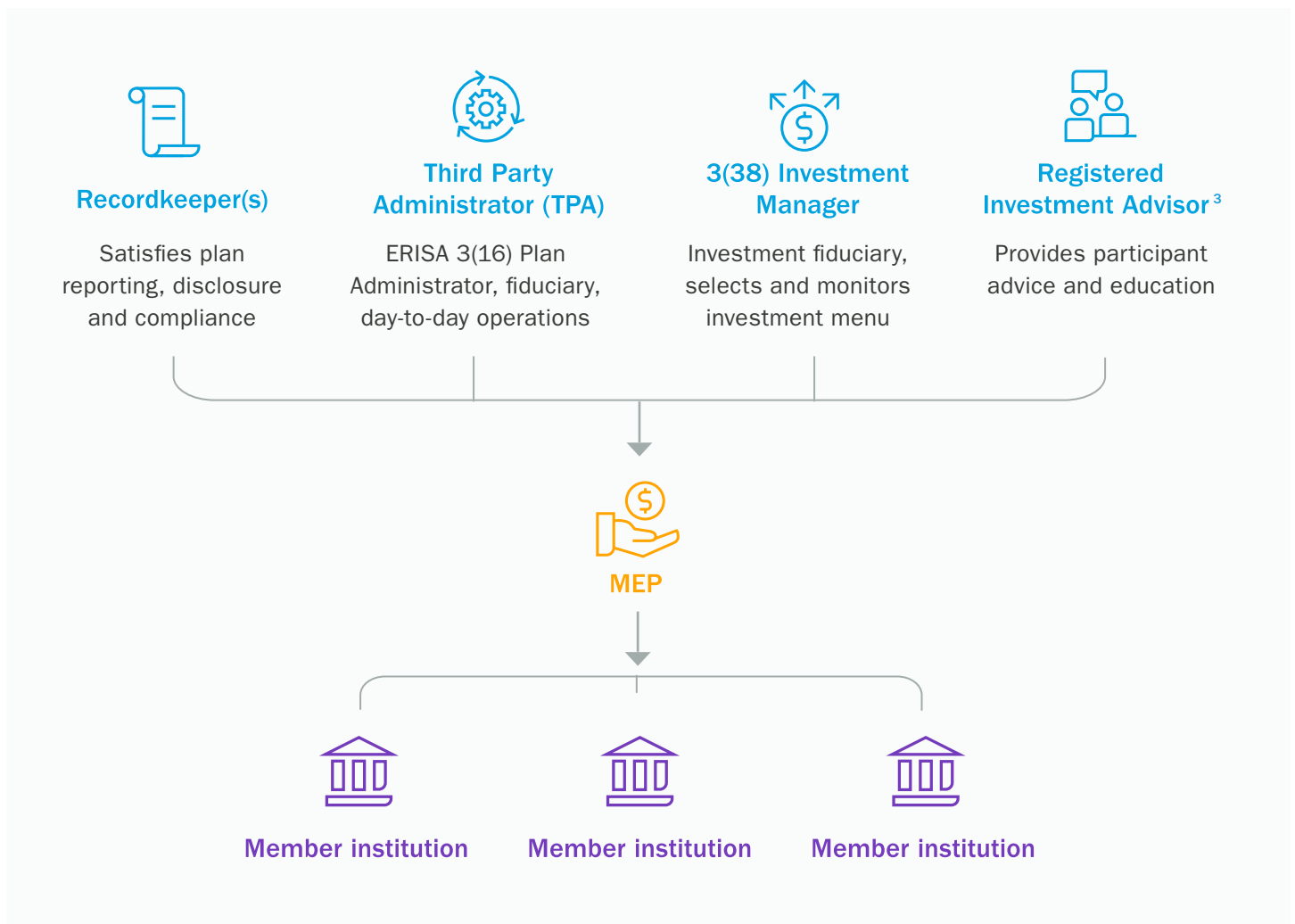
### Tools and resources

Participating organizations can look to the MEP for:

- Form 5500 filing
- Nondiscrimination testing
- Tracking contribution limits
- Tracking catch-up contributions
- Required communications
- Oversight of hardship requests
- Oversight of distributions processing
- Monitoring of pending legislative actions

### The building blocks of a MEP

Each of the four providers below plays an important role in the efficient, streamlined operation of a MEP's retirement plan.



## MEP resources can help you promote better outcomes for employees

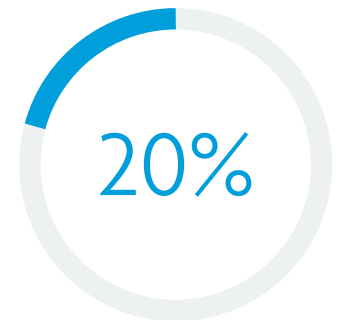
Through its shared service providers, participating in a MEP can help promote employee financial education and responsible savings strategies. The MEP should maintain a robust program of content and targeted delivery that considers employee life stage, behaviors, and attitudes, along with environmental influences and emotional mindsets. This continues to be ever-more important in light of the challenges to engage employees of different ages and life stages who are working side by side and yet have different priorities. For instance, baby boomers are more likely than Generation X or millennials to cite a fear of declining health that requires long-term care. Alternatively, Gen X and millennials are more concerned about not being able to meet the family's basic financial needs in retirement. One concern common to all, though: outliving their retirement savings.<sup>4</sup> A multi-generational communication and education program must focus on retirement readiness, underscored with investment options that offer lifetime income benefits, such as fixed and variable annuities.

TIAA, a leader in the 403(b) retirement market, has long touted offering plan sponsors and their employees the means for pursuing lifetime income. As a service provider to a MEP, TIAA can assist participating organizations in helping provide the tools and resources necessary to continue the dialogue with employees about their retirement goals and how lifetime income options can strengthen a diversified retirement income plan. A balanced combination of fixed and variable annuity income payments and investment portfolio withdrawals—from options available through the MEP—can supplement Social Security payments to help employees feel more confident about retiring.

### Helping you make the transition

TIAA has a proven onboarding process for MEP participating organizations. TIAA helps:

- Update plan documents and recordkeeping agreements
- Develop a needs-based project plan that lays out all phases of the transition with milestones of what to expect and how to prepare for what's ahead
- Conduct end-to-end testing and validation of participant data files to help ensure the validity of plan setup
- Design a multichannel, custom communication and education strategy for employees



Fixed and variable annuities can provide **an additional 20% of certainty-equivalent income** in retirement as part of a diversified income strategy<sup>5</sup>

**Contact TIAA for more information and to discuss how a MEP may be a valuable option for your organization.**

1. Source: <https://www.irionline.org/research/article/retirement-readiness-among-older-workers-2021/>

2. Employee Benefit Research Institute, 2021 Retirement Confidence Survey, "2021 RCS Fact Sheet: Retirement Confidence," April 2021

3. In arrangements with no RIA, TIAA may also provide participant advice and education.

4. Transamerica Center for Retirement Studies, 19th Annual Transamerica Retirement Survey of Workers, "What is 'Retirement'? Three generations prepare for older age," April 2019

5. Morningstar, "The Benefit of Diversified Income for Retirees: Combining Fixed and Variable Annuities," November 2019

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