UNDERSTANDING MEPs:
How to Properly Utilize Them in Your Advisory Practice

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"The First Rule for Fiduciaries Is to Put Their Interests Last."

- Our mission is to *assist*, *support* and *guide* fiduciaries in managing their responsibilities.

- We exist because fiduciaries desperately want unbiased expert help and advice

- Our unique approach helps retirement plan sponsors:
    - **Understand** their responsibilities;
    - **Evaluate** how they are managing them;
    - **Identify** gaps and existing vulnerabilities
    - **Implement** procedures to fulfill those responsibilities
    - **Provide** ongoing monitoring to ensure compliance with "Best Practices"

- Our unique team is made up of former DOL Investigators, Benefits Law Attorneys and Retirement Plan Specialists

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America's Multiple Employer Specialists

Understanding MEPs : What Will Be Covered

MEP Design Alternatives

Key Employer Decisions

The Role of the Advisor

Independent Evaluation of MEPs
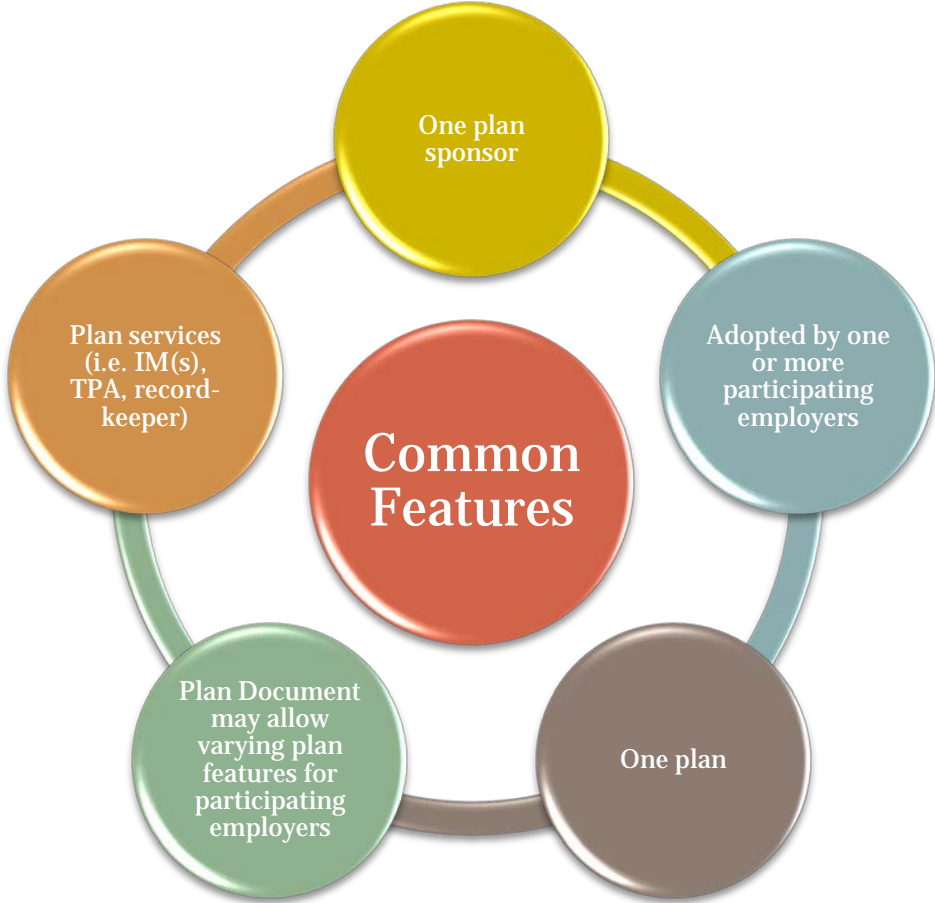
Questions and Answers

Why MEPs? Why Now?

A brief history

A MEP is not a multiemployer plan or MEWA

What is a MEP?

MEP Features

One plan sponsor

Adopted by one or more participating employers

Plan services (i.e. IM(s), TPA, record-keeper)

Common Features

One plan

Plan Document may allow varying plan features for participating employers

Perceived Advantages and Disadvantages

Reduction of Liabilities

Government Position Not Officially Settled

Advantages

Disadvantages

Drives Employer Costs Down

Like Having Your Own Plan

Employer Can Concentrate on Core Business

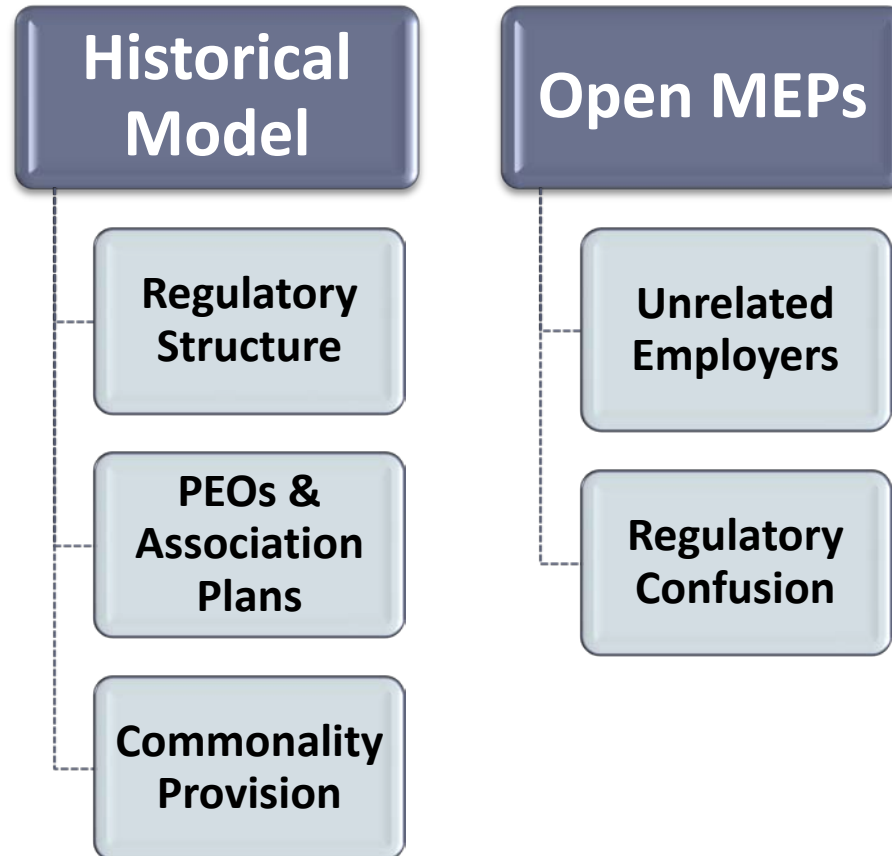Plan Disqualification Impacts All Potential Employers

MEP Design Alternatives

Historical Model

- Regulatory Structure
- PEOs & Association Plans
- Commonality Provision

Open MEPs

- Unrelated Employers
- Regulatory Confusion
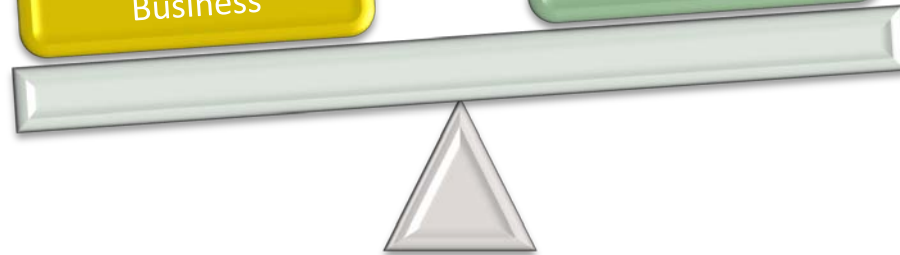
MEP Responsibilities

MEP Sponsor Responsibilities

- Fund Selection and Monitoring
- Fidelity bonding
- Annual Plan Audit
- Plan reporting requirements
- Regulatory Compliance (including ERISA 408(b)(2))
- Service Provider Selection and Monitoring
- Plan Document: drafting, amendments and restatements

Adopting Employer(s) Responsibilities

- Prudent selection of MEP, monitoring and de-selection of MEP
- Plan design decisions such as: eligibility, matching contribution levels
- Timely and accurate plan contributions
- Coverage and nondiscrimination testing
- Participant disclosure requirements, including enrollment assistance

Key Employer Considerations

Do Adopting Employers Really Get Rid of Fiduciary Liabilities?

Settlor vs. Plan Administration Analysis

What DOL thinks

Employer Best Practices

Getting Into and Out of a MEP

Reasonable & Necessary Tests

Due Diligence

Defining Responsibilities

Fees to Sponsor and Related Parties

Problematic Plan Provisions

Leaving A MEP

More About Leaving a MEP

- Termination fees
- Transferring Assets & Data
- Spin-off Agreements
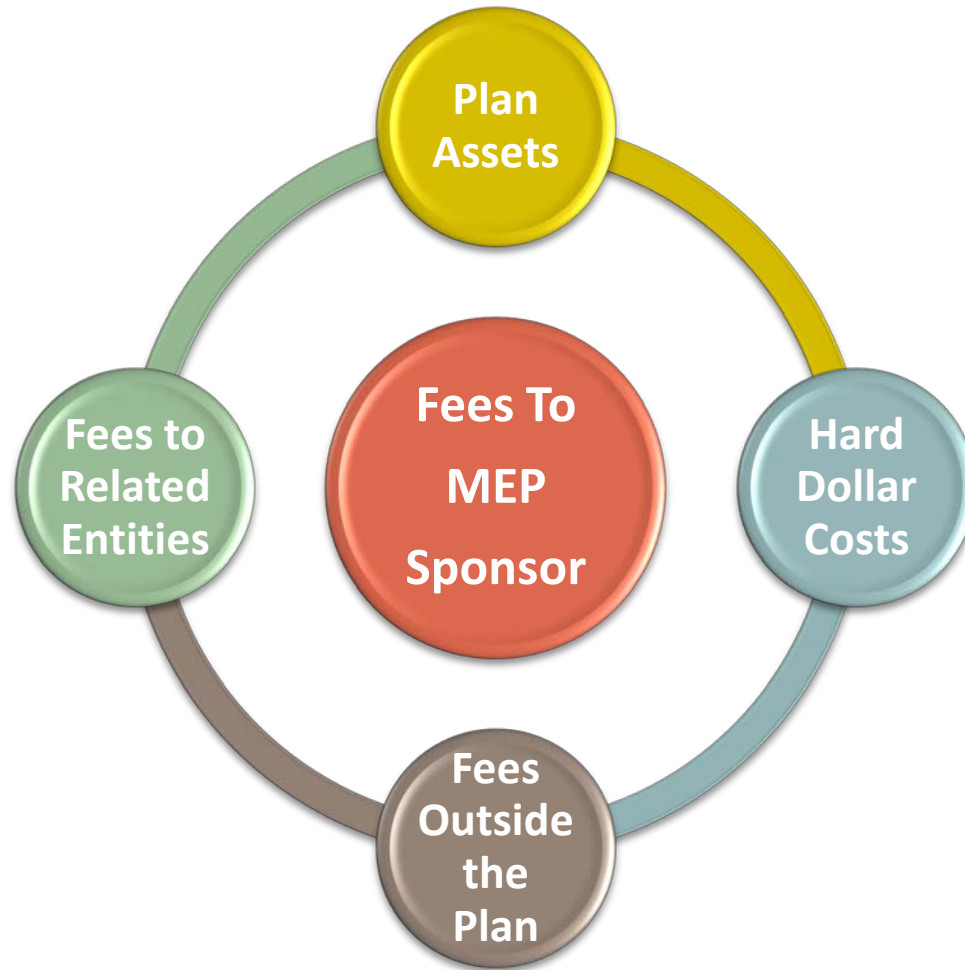- Affect on MEP When An Adopting ER Leaves
- Successor Single ER Plan
- Direct Transfer to SEP/SIMPLE Not Allowed
- Successor Plan Termination & IRA rollovers
- ER Can Then Set-up SEP/SIMPLE

Key Fee Considerations

Plan Assets

Fees to Related Entities

Fees To MEP Sponsor

Hard Dollar Costs

Fees Outside the Plan

The Role of the Advisor

Plan Design Landmines

MEP or Collection of Single Employer Plans?

Prohibited Transaction Awareness

Plan Sponsor vs. Plan Service Provider

Who Can Fire You?
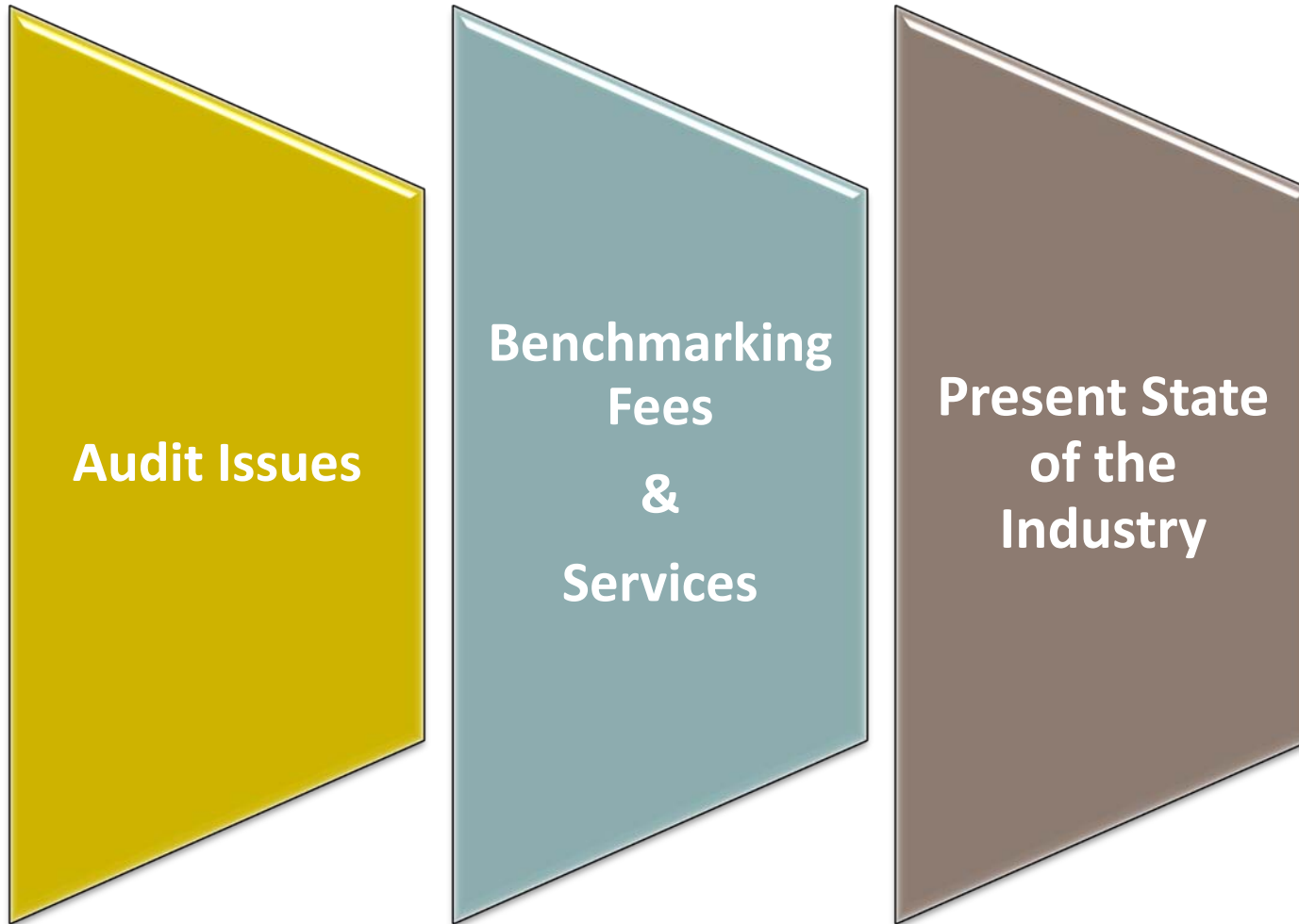
The Role of the Advisor

How/who is compensated?

Target Market

&

Distribution Strategy

No Assets

=

No Efficiencies

If You Don't Want Revenue, You Might Be Okay

Independent Evaluation of MEPs

Audit Issues

Benchmarking Fees & Services

Present State of the Industry

MEPs: Trusted...And Verified?

Best Practices Are Longstanding

The Value of Certification for MEPs

What a SAS 70 or Financial Audit Doesn't Cover

Contact Information

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