

MICU 403(b) MULTIPLE EMPLOYER PLAN



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OUR DIFFERENCE. YOUR ADVANTAGE.

Why did MICU work to develop 403(b) MEP?

- To assist member institutions with reducing retirement plan administrative tasks, outsourcing fiduciary responsibilities, and increasing the investments within their plans.
- A great opportunity for all institutions to improve through plan performance through leveraged collaboration.



403(b) PLAN SPONSOR KEY CONCERNS

- Meeting Their Fiduciary Responsibilities
- Managing the Costs Associated with Their Plans
- Streamlining Plan Administration
- Enhancing Plan Participant Outcomes



THE POWER OF A GOOD IDEA



Multiple Employer Plans (MEPs)

A MEP is a single plan with multiple “adopting employers” (AEs). Key characteristics include:

- **Single plan document**
- **Single 5500 / Single Audit**
- **Centralized governance**
- **Pooled assets and administration**

WHY USE A MEP?

- **Safer**
- **Simpler**
- **Less Work**
- **Improved Participant Outcomes**
- **More Cost Effective**



SAFER:

- Absolutely Safer
- Create a MEP Board of Overseers
- Board of Overseers appoints Professional Fiduciaries
- 3(21) or 3(38) Investment Advisor
- 3(16) Fiduciary Plan Administrator
- ERISA §405(c)(1) / §405(c)(2)



OUTSOURCING THE INVESTMENT FIDUCIARY ROLE

- Outsource to a 3(38) investment manager
- One Investment Policy Statement
- One Board Meeting



OUTSOURCING THE ADMINISTRATOR ROLE



- The employer is usually the plan administrator
- But the role can be outsourced to a professional 3(16) administrator
- Helps reduce:
 - Labor
 - Study
 - Headaches
 - Risk

SIMPLER:

- Each has own Retirement Plan Committee:
(Investment / Administrator Responsibilities)
- 5 members, 2 hours per meeting, 4 meetings per year = **40 hours per school**
- MEP has a “**Board of Overseers**”
- Each school has 1 Committee member, 2 hours per meeting, 4 meetings per year = **8 hours per school**



LESS WORK FOR PLAN SPONSORS:

- There are approximately 50 chores each plan sponsor is responsible for in a single plan
- 3(16) administrator takes away all but three (contributions, data, appointment and monitoring)
- 3(16) maintains plan document, signs and submits 5500, works with auditor, tracks eligibility, sends all participants notices, conducts compliance testing
- Instead of many plan sponsors doing the work, one 3(16) plan administrator does all the work at the MEP level



PARTICIPANT EDUCATION



- Coordinated at the MEP Level
- Addresses current inconsistent levels of on-site education
- Focused on retirement outcomes considering entire financial picture
- Facilitates the transfer of funds from legacy annuity contracts to MEP contract

MORE COST EFFECTIVE:

- Cheaper to work with fiduciary professionals together
- Single Plan Document = 1 restatement , 1 amendment
- One 5500 / One Plan Audit
- Potential access to cheaper share classes based on single larger plan
- Possible recordkeeping cost savings based on increased efficiencies



Structure: A “403(b) Complete” Solution



MEP BOARD



MEP Facilitator / Coordinator



Record Keeper

Hosts the participant website, call center, participant communication materials and account statements.



3(16) Administrator

Oversees transaction processing, plan design changes, testing and Form 5500 preparation, audit and ensures execution of the myriad of 50+ chores usually accomplished at the plan sponsor level.



Investment Advisor

Serves as an ERISA 3(38) manager. Provides day-to-day consulting services (plan design, benchmarking, compliance) in addition to quarterly investment reviews and recommendations.



Participant Advisor

Provides education, financial planning, investment advice and professional management of individual participant accounts.



Overview on what MEP will do:

- Alleviate the administrative workload pertaining to the retirement plan
- Eliminate your existing Plan document
- Eliminate your Form 5500 and Form 8955
- Eliminate your annual retirement plan audit
- Significantly reduce your college's fiduciary risk
- Add more compliance coverage thru the use of a fiduciary administrator
- Save your employees money by reducing fees
- Add more investment protection thru the use of a full investment advisor firm
- Lessen the "paperwork" burden
- Better prepare your employees for retirement as all employees can receive a certified financial plan as part of the MEP

Overview on the benefits your employees would realize under MEP

- Increased investment education and advice
- Financial planning available to all participants
- Enhanced employee outcomes
- Relationship with TIAA will be maintained, thereby making the changes less disruptive to employees

THANK YOU!

Questions? Please contact Shannon Price at sprice@micolleges.org



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