

A Powerful Partnership: Learn How to Create Your Own Pooled Employer Plan (PEP)

Newport as Your PEP Partner

Lisa Lacayo
Vice President, Key Accounts and Conversions

Mike DiCenso
Executive Vice President, Business Development

NEWPORT
retirement services

Newport by the Numbers

39,000

Total Number
of Plans

\$270+ billion

Corporate Retirement
and Insurance Assets

1.5+ million

Number of Plan
Participants

\$140+ billion

Retirement Assets
Under Administration

26 Offices

Nationwide

Over 1,600

Employees

All numbers as of 10/30/2020

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Newport is on Forefront

PEP Leadership

- PEP language has been **approved** by the IRS
- One of the only **holistic integrated providers** that administers a PEP

Retirement Leadership

- **20+ years of experience** in Multiple Employer Plans (MEP)
- Noted retirement plan expert and **thought leader**
- Award-winning **recordkeeping services***
- Award-winning **participant services***

*Source: *Plan Sponsor 2020 Defined Contribution Annual Survey*

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SECURE Act

Addressing Challenges to Small Employer Retirement Plans

Nearly **40 million** people employed by companies with fewer than 100 employees don't have access to a corporate retirement plan.

Small/mid-sized employers have cited the following reasons for not sponsoring a plan:

1. Cost to operate a plan
2. Fiduciary duties, obligations and liabilities
3. Lack of HR resources to run the plan
4. Payroll integration challenges
5. Focus on growing revenues and profits

On December 20, 2019, the **SECURE Act** was enacted. SECURE authorized the creation of Pooled Employer Plans (PEPs) to address these challenges.

Features of a PEP

A PEP is a new kind of defined contribution plan similar to the 401(k) plans offered today by individual employers, but with many advantages for your clients

- Financial Services companies can be the PPP
- Qualified defined contribution plans only
- Under the SECURE Act, NO requirement for lead employer to place its employees into the PEP
- No Bona Fide Group requirement
- No geographic/regional constraints
- One Bad Apple Rule eliminated
- Efficiency of pricing and process
- Banding together plans of different companies and industries
- One Plan: one 5500, audit, trust, fidelity bond; separate testing
- PPP assumes most investment, operational and fiduciary liability; adopting employers must remit plan contributions timely and select and monitor the PPP and other named fiduciaries

PEP vs. Single-Employer Plan

How does the role of the Employer compare by plan?*

Responsibility	Pooled Plan Provider (PPP)	Pooled Employer Plan Advisor	Adopting Employer	Single-Employer Plan Sponsoring Employer
Selects the PPP/pooled plan provider			✓	N/A
402(a) named fiduciary	✓			✓
3(16) operational fiduciary	✓			✓
Fund selection and monitoring		✓		✓
Creates/adopts investment policy statement		✓		✓
May select the 3(38) investment manager	✓		✓	✓
Selects plan trustee			✓	✓
Consults on plan design	✓	✓		
Selects plan design provisions			✓	✓
Review, approves and signs plan documents			✓	✓
Reviews, signs and files 5500	✓			✓
Reviews and signs off on compliance testing	✓			✓
Monitors plan eligibility	✓			✓
Beneficiary tracking	✓			✓
Prepares/approves required notices/reports	✓			✓
Reviews/approves/signs off on all distributions	✓			✓
Reviews and approves all QDROs	✓			✓
Compiles and completes year end census data			✓	✓
Submits timely and accurate payroll and plan contributions			✓	✓
Selects and monitors service providers (other than named fiduciaries)	✓			✓
Selects and works with plan auditors	✓			✓
Manages participant communications and education	✓	✓		✓
Quarterly investment meetings	✓	✓		✓
Monitors and benchmarks the PPP			✓	✓

*Based on standard PEP provisions and structure; division of responsibilities may vary

Partner PEP Roles Advisor Firm PEP

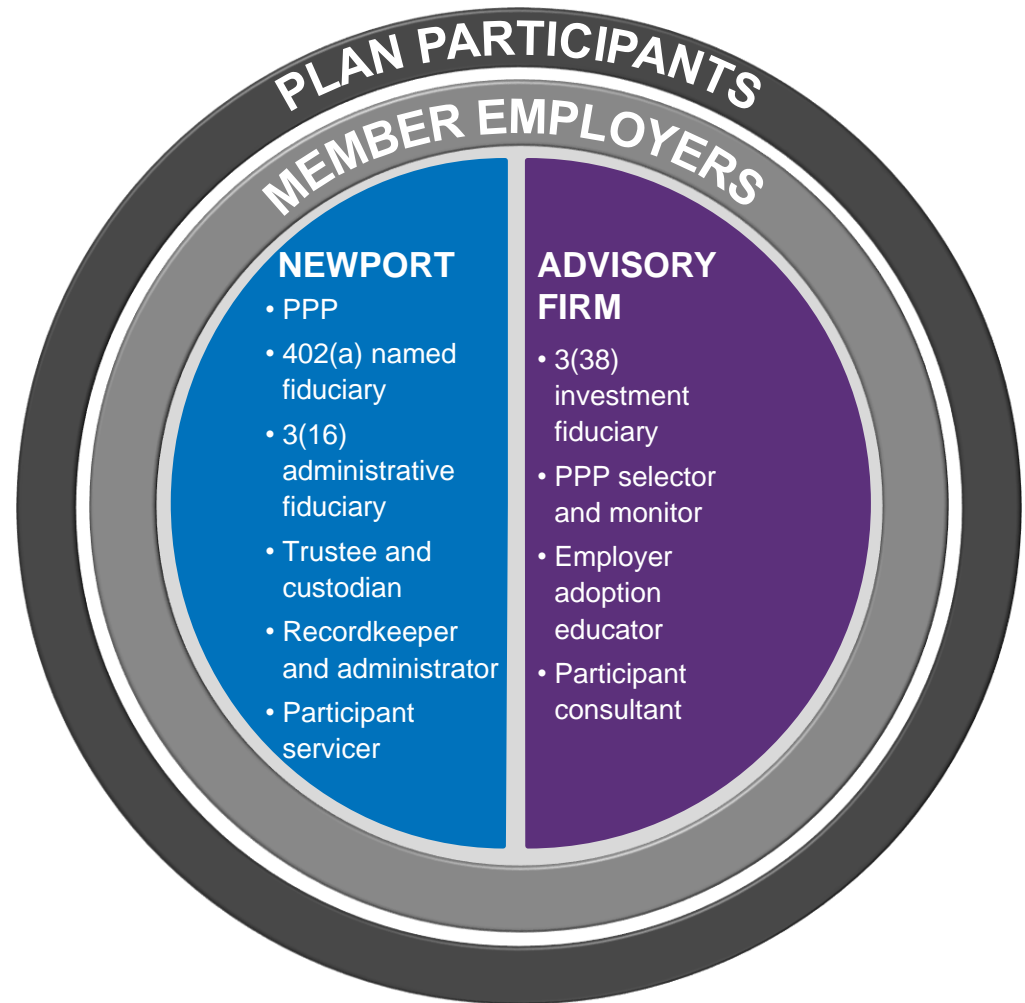
Designed for advisory firms who want to serve as 3(38) with a large number of target plans.

Plan Advisory Firm serves as:

- 3(38) investment fiduciary
- PPP selector and monitor
- Employer adoption educator
- Participant consultant

Newport as PPP serves as:

- 402(a) named fiduciary
- 3(16) administrative fiduciary
- Trustee and custodian
- Recordkeeper and administrator
- Participant servicer



Holistic Integration Solution

As the Pooled Plan Provider, Newport offers a fully turnkey, integrated end-to-end solution that encompasses six major service types.

FIDUCIARY SERVICES

**TRUSTEE
AND
CUSTODIAL SERVICES**

**RECORDKEEPING AND
ADMINISTRATION
SERVICES**

**ADOPTING EMPLOYER
SUPPORT
SERVICES**

**PARTICIPANT
SUPPORT SERVICES**

**ADVISOR SUPPORT
SERVICES**

3(16) Administrative Fiduciary Services

Newport as the 3(16) fiduciary for the PEP relieves adopting employers of most of their operational duties for the plan in three important areas:

Maintenance of Data

Newport manages and maintains all documents and data related to participant elections and transactions.

- Enrollment elections
- Distribution elections
- Beneficiary elections
- Loan applications
- Participant transactions
- Payroll and census
- Salary deferral changes
- Participant investment elections

Distribution Processing

Newport determines eligibility for loans and distributions from the plan and fully qualifies and administers the loan or distribution end-to-end.

- Loans
- In-Service
- Hardships
- Birth and adoption
- Natural disasters
- QDROs
- Termination, death, disability
- RMDs
- Rollovers

Plan Documents and Disclosures

Newport provides the following:

Plan Document Interpretation:

- Eligibility
- Annual allocation of contributions
- Vesting

Reporting and Disclosure:

- Summary plan description
- Summary of material modifications
- Benefits Statements
- Required notices (QDIA, Safe Harbor)
- Required fee disclosures

Form 5500 Preparation:

- Coordination with auditors
- Complete, sign and file 5500

Advantages of PEPs for Advisory Firms

Grow your revenues

- Serve as 3(38) fiduciary
- Attract adopting employers and broaden your client base
- Protect your existing retirement client base

Support new plans at scale

- Handle start-up plans with ease
- Easily on-board new clients as adopting employers

Service efficiency for new and existing clients

- One fund line up for the entire PEP
- Consistent plan design
- One quarterly review meeting for all adopting employers
- Monitor one provider rather than multiple providers
- Outsource what you want, streamline your operations and mitigate your risks

Participant support at scale, where you can concentrate on those who need you the most

- Automatic participant enrollments and savings increases
- Automated participant campaigns

Tax Credit Overview

The SECURE Act included an increase in tax credit for qualified startup costs

Small Business

- 50% of “qualified start-up costs” not to exceed the greater of \$500, or the lesser of \$5,000 or (\$250 x number of eligible non-highly compensated employees)
- Only available to employees who have 100 or fewer employees

Auto Enrollment

- Credit is available for the first three years an eligible automatic contribution arrangement is included in a qualified plan, SEP or SIMPLE
- Employer must have no more than 100 employees

Effective for taxable years beginning after 12/31/2019 *

**Consult your Tax Attorney for additional detail*

Advantages of Utilizing Newport for PEPs

Fee **Only/Fully Transparent**

Deep MEP Experience and Expertise

Investment **Agnostic**

Private Label, Co-Branding and Single Sign-on

Divisionalized system for **integrated efficiency** and automation

Integrated 3(16) Administrative Fiduciary:

- Not outsourced
- Backed by the financial wherewithal of Newport

Integrated Non-Qualified Plans

360 Payroll Integration Service

Complete Spanish Capacities including full Spanish website

Integrated Trust and Custody through Newport

Can act as the **3(38) and Managed Account Provider** to support the advisor

Payroll Contribution Tracking

Partner Services

Newport as your partner goes far beyond servicing your clients and works with you to create the most success for your PEP



Sales and Marketing Support

Newport helps you create the most success for your PEP

- Private Label
- Co-Branding
- Single Sign On
- Training
- Proposal preparation
- Presentation creation
- Conversion review and tracking

- Website demos
- Marketing Fliers / Pieces
- Conference Participation
- Education and Enrollment Meetings
- Participant resources:
 - Enrollment experience
 - Web and mobile sites
 - Financial wellness center
 - Email campaigns

Potential Candidates for PEPs

The intent of the SECURE act is to encourage employers to maintain a workplace retirement plan, however, there are no employer size or geographic restrictions

Potential candidates include:

- Employers who currently have a plan who want to reduce their operational and fiduciary duties, obligations, liabilities and expenses
- Plans that want to manage plan audit expenses
- Start-ups
- Micro / small plans (<\$5MM in assets)

Employers have the duty to offer the most appropriate retirement plan solution to their employees and a PEP is an exciting new option that should be explored

Questions and Answers/Contact Us

WEST REGION

Ken Weida, SVP	ken.weida@newportgroup.com	925-328-4547	AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY
Jessica McKiernan, ISC	jessica.mckiernan@newportgroup.com	925-328-4414	
Bo Woodall, RD	bo.woodall@newportgroup.com	925-658-9512	AL, AR, LA, MS, OK, TX
Jessica Choi, ISC	jessica.choi@newportgroup.com	925-328-4493	
Michael Lyons, ISD	michael.lyons@newportgroup.com	720-365-7776	

NORTHEAST AND NORTH CENTRAL REGION

Dale Essenmacher, RVP	dale.essenmacher@newportgroup.com	248-212-3223	IN, KY, MI, OH, PA
David Paetz, RD	david.paetz@newportgroup.com	630-200-3160	IA, IL, KS, MN, MO, ND, NE, SD, WI
Niclas Nilsson, ISC	niclas.nilsson@newportgroup.com	704-944-7464	
Matthew Petralia, RD	matthew.petralia@newportgroup.com	617-945-3381	CT, MA, ME, NH, NY (Upstate), RI, VT
Kit Hutcheson, ISC	kit.hutcheson@newportgroup.com	704-971-8037	

SOUTHEAST REGION

Todd Davis, RVP	todd.davis@newportgroup.com	860-334-3472	DC, MD, NC, TN, VA
Karen Olsen, RD	karen.olsen@newportgroup.com	352-534-1752	FL, GA, SC
Rosalyn Brown, RD	rosalyn.brown@newportgroup.com	202-779-0193	DE, NJ, NYC (Suburbs), WV
Stacey Jurbala, ISC	stacey.jurbala@newportgroup.com	704-944-8868	
Kristin Cogar, ISD	kristin.cogar@newportgroup.com	303-261-7858	

MULTIPLE EMPLOYER PLANS

Michael DiCenso	michael.dicenso@newportgroup.com	609-658-3331	
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ISC: Internal Sales Consultant

ISD: Internal Sales Director

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