

# THE POWER OF COLLABORATION: A STRATEGY TO IMPROVE THE 403 (B) EXPERIENCE

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OUR DIFFERENCE. YOUR ADVANTAGE.

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# 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



# THE MEP ROLES:



## Recordkeeper

**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.



## 3(38) Plan Advisor

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



## Participant Advisor

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

MEP Board Appoints Service Providers

# WHY USE A MEP?

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



# SIMPLER:

- Each school has its 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**





# SAFER:

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



# RECORDKEEPING EFFICIENCIES AND MEP BENEFITS

**Institutionally  
controlled group  
contracts**

**Simplified  
transition/  
implementation**

**Work with  
current payroll  
provider or  
remittance  
process to  
provide data to  
Pentegra**

**Leverage  
economies of  
scale and  
aggregate  
buying power**

**Ability to provide  
plan data at the  
member  
institution level**

**Single point of  
contact for  
recordkeeping—  
one TIAA  
relationship  
manager and  
service team**

**One source of  
information for  
plan participants  
—TIAA My  
Account**

**One source of  
information for  
Pentegra—TIAA  
PlanFocus®**



# 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:
  - Study
  - Headaches
  - Risk



# 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



# OUTSOURCING THE INVESTMENT FIDUCIARY ROLE

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



# TWELVE POINTS AS A FIDUCIARY

- DOL 3(38) Fiduciary Investment Services to Plan Sponsors to ensure proper due diligence and process.
- Registered Investment Advisory services offering true independence and objectivity that is conflict-free.
- Advice on how to increase plan participation, auto-enrollment and company matches.
- Plan level diagnostics inclusive of quantitative and qualitative metrics to analyze the effectiveness of your plan.
- Regular plan review process to ascertain potential opportunities for improvement of investment options and cost savings.



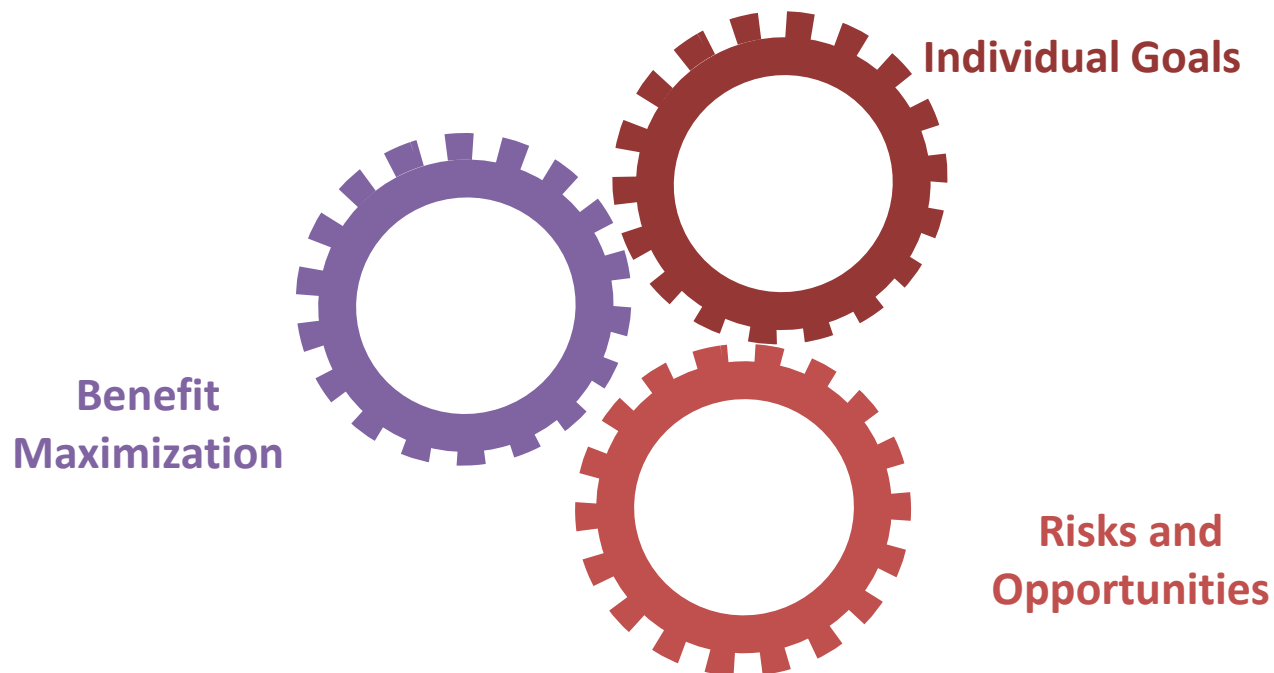
# IMPROVED PARTICIPANT OUTCOMES



- Increased number of participant education days
- Advice delivered by Registered Investment Advisors who have a fiduciary responsibility to put participants first
- Focused on retirement outcomes considering entire financial picture
- Reduced fees and investment expense enhance potential for increased retirement savings

# EDUCATION CREATES FINANCIAL WELLNESS

Individual employee education removes confusion and uncertainty that surrounds the management of financial assets reducing stress resulting in more productive employees.



# FINANCIAL WELLNESS OFFERINGS

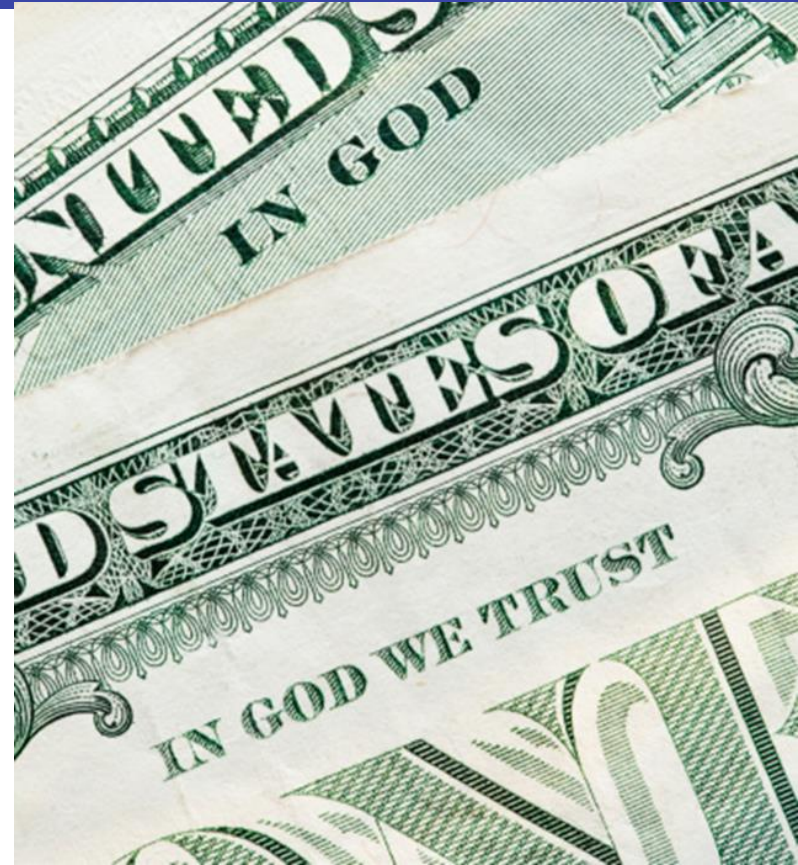
- 1-on-1 sessions with conflict free advice to participants
- Group sessions on custom topics (stock options, meet the match, economic markets, etc.)
- Monthly Webinars
- Monthly Newsletters
- Rapid Review Sessions with CFPs
- Financial Planning Software
- Risk Tolerance Questionnaires
- Medicare Consulting





# MORE COST EFFECTIVE:

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



# THANK YOU!

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