



## **Pros of a Multiple Employer Plan Questions and Answers**

### **Question: What is a Multiple Employer Plan?**

Answer: A Multiple Employer Plan (MEP) is a retirement plan that covers employers that typically have a common interest, but that are not commonly owned. These employers become “Adopting Employers” when they elect to join the MEP. These plans can be defined contribution (DC) or defined benefit (DB) plans.

### **Question: Is offering a retirement plan expensive?**

Answer: By joining a MEP, you will receive the economies of scale that have generally been reserved for large businesses. Services and features of a MEP are generally less expensive than what a small business typically may receive on their own from a retirement plan provider.

### **Question: What happens if an employee leaves one Adopting Employer to join another Adopting Employer under the same MEP Sponsor’s Plan?**

Answer: If Joe Smith leaves ABC Adopting Employer to join DEF Adopting Employer, that employee will not be considered “severed”. This means the employee’s years of service/eligibility/vesting under ABC Adopting Employer will be retained under DEF Adopting Employer.

### **Question: What potential cost savings are there?**

Answer: Audit Costs, document preparation costs, plan design and consulting costs, compliance testing costs, Form 5500 preparation and filing costs, quarterly participant statement costs, and others.

### **Question: If my business offers a retirement plan, will our staff be buried in administrative paperwork?**

Answer: By participating in a MEP, virtually all administrative tasks can be offloaded from you to Transamerica Retirement Services (“Transamerica”), including:

- Tracking Contribution Limits
- Tracking Catch-Up Contributions
- Process Hardship Requests
- Process Distributions Upon Termination
- Merger and Acquisition Support
- Nondiscrimination Testing Support
- Mailing Employee Notices
- Processing Participant Loan Requests

### **Question: Will my business receive tax advantages from offering a retirement plan?<sup>2</sup>**

Answer: For qualified defined contribution plans, employer contributions are deductible for the taxable year in which the contributions are made, and reduce the taxable earnings of the entity sponsoring the plan for that year. Employee deferrals are also deductible, based on IRS limits.

**Question: As far as plan design, what will I be able to control within my retirement plan?**

Answer: The Adopting Employer controls the vesting, eligibility requirements, matching contributions, automatic enrollment, and general plan design.

**Question: What is plan design?**

Answer: Plan design is the process of developing a plan (and its provisions) to suit each company's owner and employee needs. Questions to consider in plan design: Are there many highly-paid individuals at my company? What are the general ages of my employees? Do I want to offer a matching contribution? Do I want to offer a profit sharing contribution? What level of contribution can my company afford? Adopting Employers don't lose any critical plan design alternatives—in fact, a Multiple Employer Plan enables each Adopting Employer to take advantage of the plan efficiency, and not sacrifice the myriad of plan design alternatives.

**Question: What is [Advisor's] role?**

**Answer: Michael Griener has been selected to serve as the Association's independent and objective investment advisor and plan consultant. Michael will also serve as FBMA's plan investment consultant and advocate to ensure that Transamerica is doing everything possible to best service the Plan.**

**Question: What type of investment choices will I have?**

Answer: Michael Griener and FBMA will go through a prudent and detailed process to select a single investment menu for all Adopting Employers. In addition, Transamerica will provide information regarding its proprietary process to monitor each and every investment choice that a MEP Sponsor may select from the investment menu.

**Question: What fiduciary support will I receive?**

Answer: The fiduciary responsibility to select and monitor the plan's investments is managed through FBMA and through the relationship with Transamerica and Michael Griener. Michael will assist FBMA in managing their fiduciary responsibility by meeting with trustees regularly to review fund performance and other plan or investment related items. Transamerica Investment Monitor (TIM) is a proprietary comprehensive due diligence process for selecting and monitoring the investment choices offered for your retirement plan. TIM helps you fulfill your fiduciary duty to select investment choices for your plan that have a reasonable expectation to perform well over the long term.<sup>3</sup> Many small- to mid-size companies may not have the resources to manage their retirement plans from a fiduciary standpoint. The MEP Sponsor assumes a fair amount of fiduciary liability on their behalf. Transamerica offers a Fiduciary Management Program<sup>™</sup> along with a Fiduciary Warranty.\*

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