

Multiple Employer Plans: A Fiduciary Risk Solution?

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Multiple Employer Plans

Session Participants

Terrance Power, CFP, AIFA, QPA, ERPA, CRPS, APR, CLU, ChFC
President, American Pension Services, Inc.

Bret Hamlin
Shareholder, Hill Ward Henderson

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Managing Principal,
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Agenda

- I. What is a Multiple Employer Plan? – Power
- II. Developments in the MEP Market – Hamlin
- III. The Opportunity for Advisors – Montgomery
- IV. Q & A

Terrance P. Power,

CFP, AIFA, QPA, ERPA, CFPS, APR, CLU, ChFC

President, American Pension Services, Inc.



“Open 401(k) MEPs are one of the few options available for most employers that wish to comprehensively mitigate their fiduciary responsibilities and exposure to liability and outsource their administrative compliance burden.”

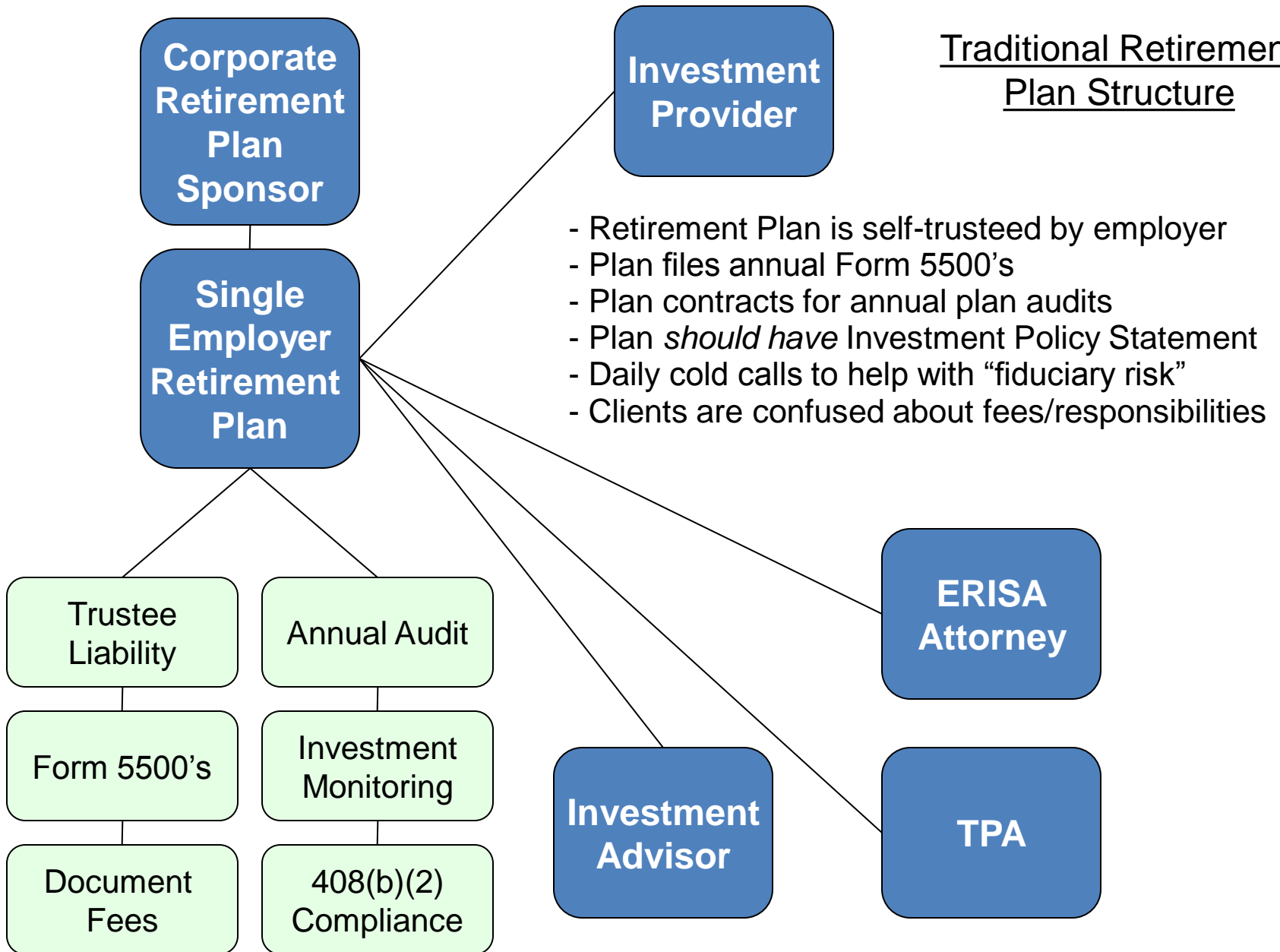
“The advantages they offer should be a consideration for any employer exploring their fiduciary and administrative options.”

Fred Reish, Drinker Biddle White Paper, September 2011

What is a Multiple Employer Plan?

- A Multiple Employer Plan, also known as a “MEP”, is a qualified retirement plan that covers employers that are not commonly owned.
- These employers each become “adopting employers” when they elect to join the MEP.
- These plans can be Defined Contribution (DC) or Defined Benefit (DB) plans. We’ll be discussing Section 413(c) Defined Contribution plans in this session.

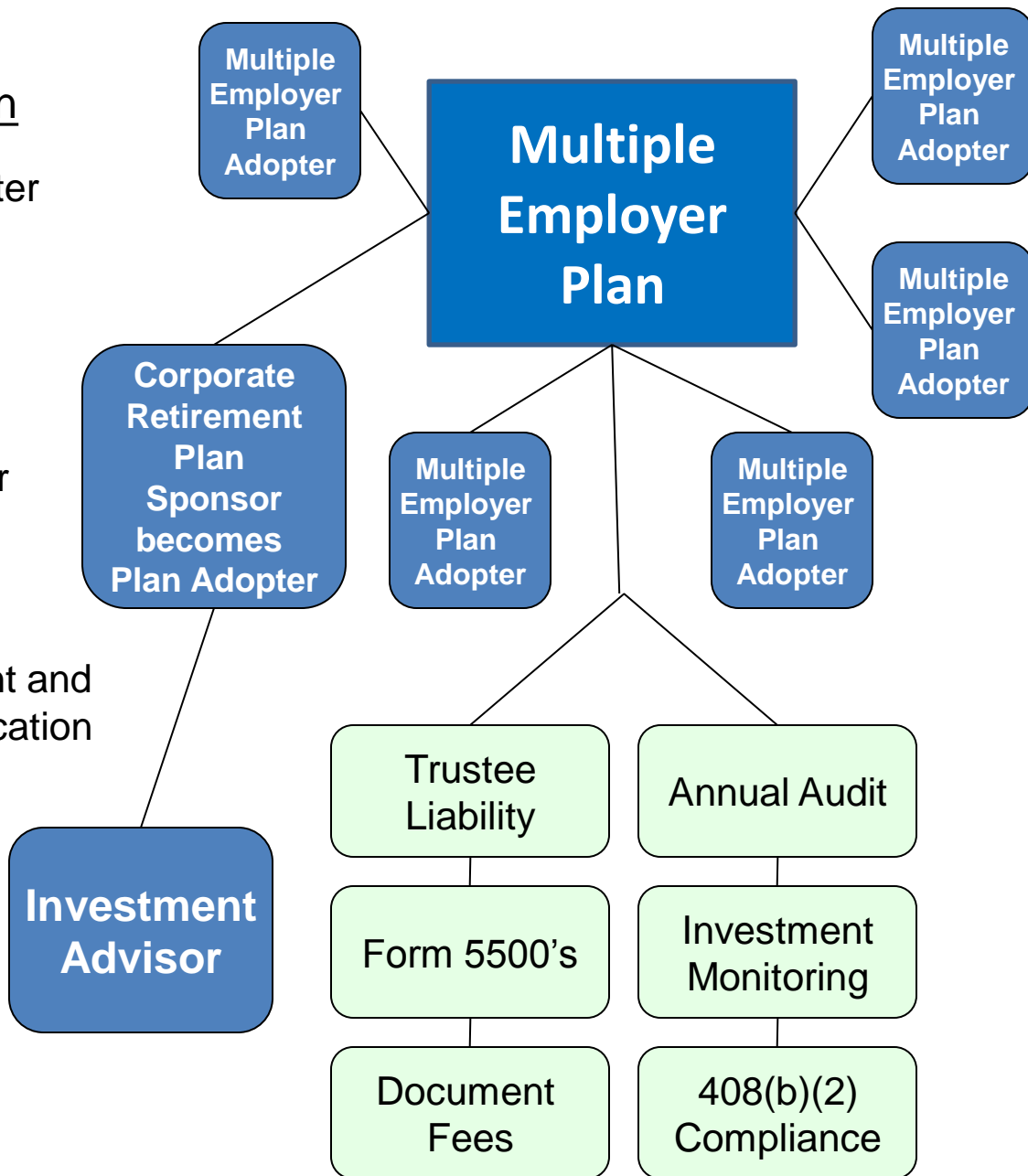
Traditional Retirement Plan Structure



Multiple Employer Plan Solution

- Plan Sponsor becomes new Adopter
- No employer trustee-level liability
- No more 5500 filings for employer
- No more plan audits for employer
- ERISA 3(38) Investment Manager
- No more cold calls to the employer

Advisor concentrates on investment and program monitoring and asset allocation Issues.



Where MEP's fit

- Smaller plans (100-1,500 participants) that are currently subject to an annual audit.
- Plans seeking to outsource investment selection and monitoring.
- Smaller plans where advisors/3(38)'s are needing a cost-effective professional solution to the needs of their clients.

Where MEP's don't fit

- Plans that wish to self-direct through a brokerage account.
- Plans with specific investment selection requirements.
- Plans that have existing operational challenges or ERISA issues that would make them a problem for the MEP on an ongoing basis.

Bret Hamlin
Shareholder,
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Tampa, Florida

Developments in the MEP Market

- Commonality “Issues”.
 - What’s all the fuss?
- Recent Publications Addressing MEPs.
 - ASPPA/CFO Magazine/Plan Sponsor Magazine
 - White Papers from Robert Toth/DrinkerBiddle.
- What’s Next For MEPs?

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Transfer of Roles in a Multiple Employer Plan

	Typical Single Employer Plan		Typical Multiple Employer Plan
Plan Sponsor	Employer	➔	MEP plan sponsor
3(21) Named Fiduciary	Employer (or executive)	➔	MEP plan sponsor
403(a) Trustee	Employer or independent trustee	➔	MEP plan sponsor or third party trustee
3(16) Plan Administrator	Employer or named individual	➔	MEP plan sponsor or named individual
3(38) Investment Manager (optional)	Independent investment advisor (client is employer and/or sponsor)	➔	Independent investment advisor (client is MEP plan sponsor)

When is an MEP the best solution for your advisory practice?

- You are not permitted by your broker dealer to assume an ERISA fiduciary role.
- You prefer to focus on a non-fiduciary role.
- You need to deliver sound oversight to smaller, lower-revenue clients.
- You need an attention-getting prospecting story.

When is an MEP the best solution for your clients?

- Audit cost or hassle is a significant issue.
- Client prefers not to be highly engaged in plan oversight and/or fiduciary processes.
- Client wants to streamline plan operations.

Does the client still need you?

- Duty to monitor the MEP & providers.
- Plan design optimization.
- Communications strategies.
- Achieving participant outcomes.
- Participant rollover opportunities without potential conflicts.

Questions for the panel

Terry Power

Bret Hamlin

Mike Montgomery

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