



## **Is a Pooled Plan Provider right for your 401(k) Plan**

### **A Due Diligence Guide for Retirement Plan Administrators**

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#### **Executive Summary**

Pooled Employer Plans (PEPs), introduced under the SECURE Act of 2019 and effective from January 1, 2021, are transforming retirement plan adoption among small and mid-sized employers. By consolidating multiple employers under a single plan managed by a Pooled Plan Provider (PPP), PEPs offer streamlined administration, reduced fiduciary burden, and potential cost savings.

This white paper outlines the benefits of PEPs, key considerations when evaluating a PPP, and strategic questions retirement plan advisors should ask when conducting due diligence.

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#### **What is a Pooled Employer Plan?**

A Pooled Employer Plan is a single retirement plan structure adopted by multiple unrelated employers. Unlike traditional multiple employer plans, a PEP provides:

- Centralized fiduciary oversight and plan administration
- Simplified compliance, auditing, and recordkeeping
- Operational efficiency and potential cost reductions

PEPs are designed to make it easier for employers, especially small and mid-sized organizations, to offer competitive retirement benefits without bearing the full weight of fiduciary and administrative responsibilities.

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## Market Growth and Adoption Trends

- **Asset Growth:** The pooled employer plan market has surpassed \$10 billion in assets, according to Cerulli Associates, with more than 24,000 employers participating.<sup>1</sup>
- **Adoption Outlook:** PEPs are projected to **match single-employer plan adoption rates within 5 to 10 years.**
- **Driving Forces:** Adoption is being led by small to mid-sized employers seeking simplicity, efficiency, and compliance support.

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## Advantages of PEPs for Plan Sponsors

PEPs offer several tangible benefits for small to medium sized companies:

- **Reduced fiduciary liability** through ERISA 3(16) oversight
- **Single Form 5500 filing** and consolidated plan audit
- **Lower potential fees** via pooled assets
- **Simplified plan setup and ongoing administration**
- **Time efficiency and risk transfer** to the Pooled Plan Provider

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## Employer Satisfaction and Strategic Impact

A recent study revealed high levels of satisfaction among PEP adopters:

- **83% of employers** expressed satisfaction with their PEP experience
- **26% increase** in satisfaction post-PEP adoption
- **40% improvement** in satisfaction with retirement plan advisors
- 2 in 3 employers report **more time to focus** on strategic business functions

Employers cite improved plan usability, reduced risk, and positive employee response as key drivers of satisfaction.

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## The Role of a Pooled Plan Provider (PPP)

A qualified PPP plays a central role in managing the plan and mitigating the employer's liability. Key responsibilities include:

- Acting as an **ERISA 3(16) fiduciary**
  - Coordinating with recordkeepers, TPAs, and investment managers
  - Overseeing **regulatory compliance and audits**
  - Managing **Form 5500 filings** and plan communications
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## Evaluating a Pooled Plan Provider

When selecting a PPP, consider the following criteria:

- **Experience** with both pooled and standalone plans
  - **Fiduciary and compliance expertise**
  - **Financial strength and organizational stability**
  - **Technology and service platform integration**
  - **Transparent fee structure and service model**
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## Due Diligence: Key Questions to Ask

### Experience and Capacity

- How many employees are dedicated to PEP services?
- What is their tenure and regulatory experience?
- Does the PPP serve clients nationwide?

### Responsibility and Oversight

- What services are provided directly vs. outsourced?
- What are the PPP's monitoring and quality assurance protocols?
- Are any responsibilities delegated back to employers?

## **Financial Strength**

- How is the PPP structured to manage fiduciary duties?
- What governance processes support plan oversight?
- What evidence can be provided of financial stability?

## **Fiduciary and Legal Protections**

- Are roles and responsibilities clearly documented?
- What indemnification and fiduciary insurance protections exist?
- Has the PPP faced regulatory action or litigation?

## **Service and Support**

- What does the onboarding process look like?
- What are call center response metrics and service levels?
- What technology and user experience does the PPP offer?

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## **Conclusion**

PEPs represent a powerful evolution in retirement plan design—offering streamlined administration, cost savings, and risk mitigation. Selecting the right Pooled Plan Provider is essential to realizing these benefits.

By applying rigorous due diligence and asking the right questions, retirement plan advisors can guide employers toward a solution that supports business growth, enhances fiduciary protection, and delivers a better retirement experience for participants.

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## **Learn More**

For further insights and research data, visit:

[www.standard.com/brokers-advisors/retirement/retirement-plan-insights/peps-are-win-research-shows](http://www.standard.com/brokers-advisors/retirement/retirement-plan-insights/peps-are-win-research-shows)

<sup>1</sup> <https://www.plansponsor.com/pooled-employer-plans-assets-reach-10b-cerulli-reports/>

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