

Multiple Employer Plan (MEP) Quick Reference Guide

	Closed MEP (Multiple Employer Plan)	PEP (Pooled Employer Plan)	GoP (Group of Plans)
Availability	Available now	Effective for plan years after 1/1/2021	Effective for plan years after 1/1/2022; can be offered now if plans file separate 5500s
Plan Type	Single plan ¹ and applies to 401(k), 403(b) and certain governmental plans	Single plan ¹ and only applies to 401(k) plans	Multiple plans and applies to 401(K) and 403(b) plans, if ERISA applies
Business Structure - Who is the Sponsor?	Businesses have to be related with one adopting employer and participating employers	Employers must be unrelated (cannot be part of a controlled group or an affiliated service group); PPP sponsors and participating employers	Employers can be unrelated, related or even part of a controlled group but must have same trustee, administrator, fiduciaries, investments and plan year; single employer sponsor
Who Can Sponsor	PEOs, associations, employers with ownership that does not form a controlled group ²	PPP (Pooled Plan Provider): PPP is the fiduciary and is responsible for designating a trustee; must register with DOL and IRS	Each employer
Form 5500	Single Form 5500; list of employers and estimate of each employers' percent of contributions made during the year and aggregate of account balances of the employer	Single Form 5500; list of employers and estimate of each employers' percent of contributions made during the year and aggregate of account balances of the employer	Single Form 5500
Audit Requirement	The 80/120 rule applies to entire MEP (includes all adopting employers)	Audit is not required if under 1,000 participants and each adopting employer has 100 or less participants	The 80/120 rule applies to the group of plans; so a small plan filing with other filers may have subjected itself to an audit
One Bad Apple Rule	Does not apply	Does not apply	Does not apply
Testing Rules	Combined 415 and 402(g) tests; separate coverage, Top Heavy, and ADP/ACP tests	Combined 415 and 402(g) tests; separate coverage, Top Heavy, and ADP/ACP tests	Separate 415, 402(g), coverage, Top Heavy, and ADP/ACP tests
Trustee	Trustee is responsible for plan's collection of contributions	Trustee is responsible for plan's collection of contributions for all unrelated employers	Each plan has a trustee and that trustee is responsible for the plan's collection of contributions
Investment Options	Technically, there can be multiple funds offered, but there can be administrative challenges; a single investment line-up is most common	Each employer is responsible for the investments and management of plan assets; technically, there can be multiple funds offered, but there can be administrative challenges	Single investment line-up
Plan Design	Flexible design	Flexible design	Flexible design
Fiduciary Options	3(21), 3(38)	3(21), 3(38)	3(21), 3(38)
Predecessor Service	All service within each employer counts towards service	All service within each employer counts towards service	Service with each employer does not count unless the document has this provision
Trust types	Single trust or may participate in a master trust where the financial institution serves as trustee and holds assets of one or more plans ³	Single trust	Each plan may have a single trust, master trust, or participate in a 81-100 master trust ⁴

¹ A single plan may include multiple employers that form a controlled group or affiliated service group.

² May include management service organization (MSO), if they qualify as a PEO.

³ Related employers may be associations of employers that are related by their city, county, state, or a multi-state metropolitan area per the Department of Labor (DOL).

⁴ 403(b) plans can only be invested in annuities (group annuity contracts are permitted) or use a custodial account. 403(b) church plans may be able to use the 81-100 master trust.

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