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Pooled Employer Plans (PEPs)

Five Years of Growth, Market Evolution,
and the Opportunities and Challenges Ahead



PEP

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In conjunction with



Gallagher

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- Serving as a trusted policy advisor to federal, state, and local policymakers and stakeholders

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About this Collaboration

This research paper is the result of a collaboration with the Georgetown University Center for Retirement Initiatives that began in September 2024. At that time, three of the contributing authors were with Agilis Partners, LLC (Agilis), before joining Gallagher Fiduciary Advisors, LLC as the result of an acquisition. The collaboration began during the authors' tenure at Agilis and continued as the paper was developed after their move to Gallagher. During their tenure at Agilis, Agilis was not affiliated with any Pooled Employer Plans (PEPs) and instead focused on providing thought leadership and conducting market evaluations for employers considering joining a PEP. The authors of this paper do not work with clients in any of the Gallagher-affiliated PEPs nor do they work directly on any of the PEPs listed below. The research conducted herein was done with an awareness of potential conflicts of interest to ensure objectivity. Nevertheless, we list below the PEPs with which Gallagher is affiliated in the spirit of complete transparency.

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Executive Summary

When Congress created Pooled Employer Plans (PEPs) through the SECURE Act of 2019, a key objective was to reduce the associated costs and administrative burdens of adopting a retirement plan. By doing so, PEPs also could help to expand access to retirement savings. A PEP, a new type of employer-sponsored defined contribution (DC) retirement plan, allows unrelated employers to join together under a single professionally managed plan and to shift much of the administrative and fiduciary burden from individual employers to a Pooled Plan Provider (PPP). This report provides a comprehensive assessment of how PEPs have grown and evolved in their first five years; what is working; what still needs attention; and the road ahead for policymakers, providers, and employers.

The Problem PEPs Are Designed to Address

Nearly 59 million private-sector workers, almost half of the private-sector workforce, do not have access to a retirement plan through their employer. Most of them work for small businesses. The barriers to adopting or maintaining a retirement plan are well known, including the costs, legal and administrative complexity, and related fiduciary responsibilities. Workers without access to an employer-sponsored retirement plan (ESRP) are much less likely to save for retirement. Research shows that workers are 15 times more likely to save when they have access to a retirement plan, and 20 times more likely when they are automatically enrolled into the plan.

PEPs can help expand and preserve retirement plan coverage by addressing these barriers in two important ways. First, they give employers who do not currently offer a plan another viable path to adopting one by pooling unrelated employers under a single PPP to access institutional investments and professional plan administration at a scale they could not achieve on their own. Second, for employers that already have a plan, PEPs offer an opportunity to streamline administration and offload some of the most burdensome responsibilities.

Five Years of Growth: The Numbers Tell an Encouraging Story

The PEP market has grown rapidly since the first plans launched in January 2021. By the end of 2024, PEPs had accumulated more than \$20 billion in assets, served roughly 1.6 million participants, and covered more than 51,000 adopting employers. Total PEP assets are expected to surpass \$30 billion when 2025 year-end data become available, representing a roughly 50 percent year-over-year increase.

That said, most of this growth has come from employers who already had a retirement plan and migrated their existing assets into a PEP, not from employers who previously offered nothing at all. A few notable exceptions stand out. The Paychex PEP, with more than 40,000 adopting employers and more than 650,000 participants, has driven much of its growth by bringing in entirely new plan sponsors, but it remains the exception.

In these first five years of formation, PEPs are fulfilling an important part of what Congress intended — professionalizing plan administration and realigning legal responsibilities with those managing day-to-day operations. However, the hard work of closing the retirement coverage gap still lies ahead.

What PEPs Offer Employers: Real Benefits with Some Key Considerations

For the right employer, a PEP can offer meaningful advantages. The transfer of primary fiduciary and administrative duties to a professional PPP relieves employers of responsibilities that can be difficult to manage without a dedicated benefits staff, which small businesses often do not have. PEPs can also offer access to better investment options, financial wellness tools, lifetime income products, and potentially lower costs through the purchasing power that comes with scale.

At the same time, PEPs are not a one-size-fits-all solution, and employers should approach the decision to enter a PEP with care. Key considerations for employers include:

- **Fiduciary responsibility is reduced but not eliminated.** Employers remain responsible for selecting and monitoring the PPP, and making sure that fees charged to the plan, for example, are reasonable. This residual duty cannot be delegated.
- **Fees can vary widely.** Analysis of Form 5500 data finds that PEP fees are not always lower than those of comparable Single Employer Plans. Employers must evaluate fee structures closely, including compensation arrangements that may benefit the PPP or affiliated service providers.
- **Conflicts of interest require attention.** Where the PPP also serves as the investment manager, recordkeeper, or managed account provider, or offers proprietary investment products, employers need to examine carefully whether these arrangements serve participants' best interest. It is possible that proprietary offerings allow for reduced fees or other benefits to participants, but awareness and evaluation are key.
- **Exiting a PEP is difficult.** Employers must understand from the start what would be involved if they wanted to leave, including any investment liquidity restrictions and the administrative complexity of spinning off into a new plan.

Recommendations

The findings in this report offer specific actions that Congress, federal regulatory agencies, PPPs, recordkeepers, and employers can take to strengthen the PEP market and improve retirement outcomes for workers.

Congress

- **Permit Roth IRA Rollovers in Employer Plans.** Traditional (pre-tax) IRAs may be rolled into qualified plans, 403(b) plans, governmental 457(b) plans, or other IRAs, but Roth IRAs may only be rolled into other Roth IRAs and are explicitly barred from being rolled into qualified plans. An employer participating in a state-facilitated auto-IRA program could decide to join a PEP or offer a Single Employer Plan. Because state programs commonly use Roth IRAs, this restriction may discourage employers from changing to a PEP or a Single Employer Plan. It creates unnecessary administrative complexity and limits portability, especially if workers change jobs frequently and have accumulated balances in Roth IRA accounts.
- **Address the audit threshold problem for small employers.** Small employers that join a large PEP can unexpectedly trigger large-plan audit requirements based on the overall size of the PEP rather than their own workforce. Congress should revisit the audit rules to make sure they consider an employer's actual participation in the plan, not the combined size of all employers in the PEP.
- **Simplify the exit process.** Transitioning out of a PEP is cumbersome and potentially costly. Reducing legal and administrative barriers to exit would make employers more willing to adopt a PEP because they would know they would not be permanently locked in.

U.S. Department of Labor

- **Strengthen oversight without picking winners.** The DOL's Request for Information about PEPs is a constructive first step. In response, the DOL should address clear problems, such as audit compliance and conflicts of interest, without inadvertently favoring one PEP business model over another or putting well-run Single Employer Plans at a disadvantage.
- **Require better and more timely reporting.** The current annual Form 5500 data cycle leaves policymakers and the market with information that is 12 to 18 months out of date. More frequent reporting from PPPs, such as quarterly updates about assets and their number of participants, would help improve transparency and the ability to address problems early.
- **Standardize fee disclosures.** PEP fee structures are complex and vary considerably among providers. Standardized disclosure formats would help employers make meaningful comparisons between different PEPs and between PEPs and other retirement plan options.

Pooled Plan Providers, Recordkeepers, and Service Providers

- **Invest in payroll integration.** Poor payroll data contributes to PEP compliance failures. PPPs and recordkeepers can develop more robust, automated connections with the diverse payroll systems used by adopting employers.
- **Improve audit quality and Form 5500 compliance.** Filing errors and audit deficiencies are too common and undermine confidence. PPPs can always do more to invest in quality control and compliance infrastructures.
- **Be transparent about conflicts of interest.** Affiliated service providers, propriety products, or commission arrangements should be clearly disclosed to adopting employers and participants. The long-term credibility of the PEP market depends on trust, and trust depends on transparency.

Employers Considering a PEP

- **Do your homework before joining a PEP.** Evaluate the PPP's experience and qualifications, understand the full fee structure, review all service agreements to know what responsibilities you will retain, and ask detailed questions about what happens if you want to exit the PEP.
- **Stay engaged after joining — the work is not done.** Adopting a PEP does not mean stepping away from fiduciary responsibilities. Employers must continue to monitor the PEP, review fees regularly, and maintain accurate payroll data. The DOL's nine tips for small employers selecting a PEP provide a useful checklist for both initial evaluation and ongoing oversight.

Looking Ahead

Five years in, and PEPs have demonstrated real promise as a tool for employers to provide their workers with a professionally managed retirement plan without taking on the full burden of sponsoring a plan of their own. At the same time, the market is still maturing. International experience with pooled retirement arrangements, including the United Kingdom's NEST and Australia's Superannuation system, shows us that mainstream adoption and operational efficiencies in pooled plans typically develop over a decade or more.

The measure of success for PEPs will not be total assets or the number of adopting employers. Like all retirement plan options, the measure of success will be whether they improve retirement security for workers, whether that be through reaching those who currently lack access or offering existing employers an option with better outcomes for their participants. Achieving this will require the continued investment in innovation and operational efficiencies from the private sector with support from policymakers.

Introduction

The enactment of the Setting Every Community Up for Retirement Enhancement (SECURE)¹ Act in December 2019 was a significant policy milestone aimed at reducing the costs and administrative burdens associated with plan sponsorship and, by doing so, helping expand access to retirement savings. Among its key provisions, the SECURE Act introduced the Pooled Employer Plan (PEP),² a new type of employer-sponsored defined contribution (DC) retirement plan designed to enable unrelated employers to pool resources under a single plan administered by a Pooled Plan Provider (PPP). By shifting primary fiduciary and administrative responsibilities from individual employers to the PPP, Congress sought to make high-quality, professionally managed retirement plans more accessible, particularly for small and mid-sized businesses that are the least likely to offer a retirement plan.

More than five years after the first PEPs launched on January 1, 2021, the PEP market has matured enough to allow for an initial, substantive assessment of how this new plan type is developing. This report draws on four primary sources: the U.S. Department of Labor's (DOL) 2025 *Pooled Employer Plan Bulletin*, which presents data from 2022 Form 5500 filings and PPP registrations through December 31, 2023; the DOL's July 29, 2025, Request for Information (RFI) about whether additional regulations or guidance are needed for PEPs; an original analysis by the authors of the most recent 2024 Form 5500 filings, released in October 2025; and a review of the comment letters submitted in response to the RFI.³

Since their initial launch in January 2021, PEPs have experienced notable growth, accumulating more than \$20 billion in assets in 2024, according to DOL Form 5500 reports. When the 2025 plan year data become available in late 2026, total PEP assets are expected to exceed \$30 billion, a 50 percent year-over-year increase. While this robust growth highlights the increasing role of PEPs in the retirement plan market, much of it to date has been driven by the migration of assets from existing Single Employer Plans to PEPs rather than adoption by employers who currently do not offer their workers access to a retirement plan.

This result is not inconsistent with congressional intent. While expanding retirement plan coverage to smaller employers is an important goal, it was arguably not the primary focus in the creation of PEPs. The central legislative purpose was to professionalize retirement plan administration and realign legal responsibilities with the parties managing day-to-day operations — a deliberate shift away from the traditional employer-centric plan model.⁴

This paper focuses on the development and growth of PEPs in today's U.S. retirement plan market. It begins with an overview of the current U.S. retirement system, including the defined contribution (DC) plan options available to employers, and considers how other countries have approached pooled defined contribution arrangements. It then examines PEP structures, fiduciary responsibilities, and fee arrangements, including a review of potential conflicts of interest. Drawing on publicly available data, it examines five years of PEP market growth and other developments.

The paper considers how employers should evaluate PEPs in comparison to a traditional Single Employer Plan and concludes by exploring whether and how PEPs can foster innovation, benefit employers and employees, and address challenges and barriers to PEP adoption. The objective of this paper is to provide some actionable insights for policymakers, stakeholders, and employers regarding PEPs, and their potential to contribute to the transformation of workplace retirement savings.



1 116th Congress (2019–2020). (2019). “H.R. 1994 Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act).”

2 116th Congress (2019–2020). (2019). “H.R. 1994 Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act).”

3 U.S. Department of Labor's (DOL) 2025 *Pooled Employer Plan Bulletin*; U.S. Department of Labor. (2024). “EFAST — Form 5500 Series Search”; U.S. Department of Labor. (2025). “Pooled Employer Plans: Big Plans for Small Businesses.” U.S. Department of Labor. (2025). “Pooled Employer Plans: Big Plans for Small Businesses.” Public Comments.

4 Georgetown University Center for Retirement Initiatives, McCourt School of Public Policy. (2025). “Can PEPs Transform the Retirement Landscape? A Look at Current Progress and Future Direction.” Webinar comments by Michael Kreps, Principal, Groom Law Group.

Background on the U.S. Retirement System

Defined Contribution Plans Available to Employers

As shown in **Table 1**, employers in the United States have access to a variety of DC retirement plans, which are often determined by the company's size, legal structure, and workforce needs. For-profit businesses typically offer 401(k) plans, which can be structured as:

- **Single Employer Plan** — sponsored by the company to provide retirement benefits to its employees, as well as any wholly owned subsidiaries or entities that fall within the controlled group of companies.⁵
- **Multiple Employer Plan (MEP)** — sponsored by a lead employer, allowing affiliated⁶ organizations to adopt the plan as a participating employer.
- **Pooled Employer Plan (PEP)** — a type of MEP, sponsored by a Pooled Plan Provider (PPP), enabling unaffiliated employers to pool resources under a single plan.

These 401(k) plan arrangements are commonly available to employers of any size, allow for employee salary deferrals with a 2026 contribution limit of \$24,500,⁷ allow employer contributions, and provide participant loan options.

Small businesses may also consider Individual Retirement Account (IRA)- based programs, such as SIMPLE IRAs and SEP IRAs, which offer simplified administration and lower costs for employers, but also come with limitations that may make them less practical or attractive for certain employers and employees.

For example:

- **SIMPLE IRA** — limited to employers with fewer than 100 employees, includes mandatory employer contributions and has rigid eligibility and contribution structures, limiting flexibility in plan design. In addition, it does not offer participant loan options.
- **SEP IRA** — allows employer-only contributions and does not permit employee salary contributions or loans, and employers cannot offer any other retirement plan alongside it.

- **State-Facilitated IRA Program** — most often automatic enrollment Roth IRAs (Auto-IRAs) have emerged as another alternative for employers who do not offer their workers a retirement plan. In 17 states, if an employer does not adopt a retirement plan of their own, they are required to allow their workers to be auto-enrolled into the state programs and workers can always choose to opt out.⁸ Employers do not pay any fees to use the state program, and their administrative role is *de minimis*, with the state assuming these responsibilities.

Outside of states with an Auto-IRA mandate, employers in the U.S. are not required to offer retirement plans to their employees — and, in fact, many small employers still do not offer any retirement savings options. As of 2023, an estimated 59 million full- and part-time private-sector workers over the age of 18 — nearly half the workforce — lacked access to a workplace retirement plan, with the majority employed by businesses with fewer than 50 employees.⁹

This access gap probably stems from several common barriers that prevent small and mid-sized employers from offering plans.¹⁰ Chief among them are:

- **Time and Cost Concerns** — Uncertain revenues, tight budgets, and the added time and costs associated with selecting, establishing, and maintaining a plan make it difficult for a small business to commit to offering a retirement plan.
- **Administrative Complexity** — Navigating fiduciary obligations, regulatory compliance, and plan administration can be overwhelming for employers with limited resources.
- **Lack of Awareness** — Many employers are unaware of the benefits of offering a retirement plan or the options available to them, including many of the tax credits to help offset the costs of adopting a plan.¹¹
- **Employee Preferences** — Workers may prioritize wages and other benefits over retirement savings, further discouraging employers from offering plans.

5 Generally, a controlled group of two or more businesses with 80% common ownership or common control is treated as a single employer.

6 Under a traditional closed MEP, adopting employers may include otherwise unrelated employers that are members of the same association or the same professional employer organization.

7 For those age 50 and older, the catch-up contribution increased from \$8,000, bringing the total to \$32,500. For those ages 60–63, a SECURE 2.0 “super catch-up” of \$11,250 applies in lieu of the standard \$8,000, bringing the total to \$35,750.

8 Georgetown University Center for Retirement Initiatives, McCourt School of Public Policy. (2023). “State-Facilitated Retirement Savings Programs: A Snapshot of Program Design Features.”

9 Antonelli, Angela M. (2025). “Who Lacks Access to Retirement Savings?” Georgetown University Center for Retirement Initiatives, McCourt School of Public Policy, Georgetown University. Policy Report 25-01 (p. 6, 14).

10 Munnell, Alica H. (2024). “What’s Preventing More Small Employers from Offering Retirement Plans?”

11 Bloomfield, Adam, Goodman, Lucas, Ramnath, Shanthi, and Slavov, Sita. “How Do Tax Incentives Influence Employer Decisions to Offer Retirement Benefits?” CRI WP 2025-02 Center for Retirement Initiatives Working Paper Center for Retirement Initiatives (CRI), McCourt School of Public Policy Georgetown University, Washington, D.C.

Table 1
Employer Retirement Plan Options: A Comparison of Features

Feature	401(k) Single Employer Plan	401(k) Multiple Employer Plan (MEP)	401(k) Pooled Employer Plan (PEP)	IRA-based SIMPLE IRA	IRA-based SEP IRA	State Program State Auto-IRA
EMPLOYER ELIGIBILITY & STRUCTURE						
Eligible employers	Any size	Affiliated employers (<i>common association or PEO</i>)	Any unaffiliated employer (<i>sponsored by PPP</i>)	≤100 employees only (<i>who earned at least \$5,000 in previous year</i>)	Any size (<i>no other plan permitted alongside</i>)	Employers without a qualified plan (<i>required in 17 states</i>)
Plan sponsor	The employer	Lead employer	Pooled Plan Provider (PPP)	The employer	The employer	State program administrator
Can coexist with another plan	Yes	Yes	Yes	Yes	No	N/A (default for employers without a plan)
CONTRIBUTIONS						
Employee salary deferrals	Yes	Yes	Yes	Yes	No	Yes (<i>payroll deduction</i>)
2026 employee contribution limit	\$24,500 +\$8,000 (<i>age 50+</i>); +\$11,250 (<i>age 60-63</i>)	\$24,500 +\$8,000 (<i>age 50+</i>); +\$11,250 (<i>age 60-63</i>)	\$24,500 +\$8,000 (<i>age 50+</i>); +\$11,250 (<i>age 60-63</i>)	\$17,000 +\$4,000 (<i>age 50+</i>); +\$5,250 (<i>age 60-63</i>)	Not permitted	\$7,500 <i>standard Roth IRA limit</i>
Employer contributions	Yes (<i>voluntary match or non-elective</i>)	Yes (<i>voluntary match or non-elective</i>)	Yes (<i>voluntary match or non-elective</i>)	Yes — Mandatory (<i>match or non-elective required</i>)	Yes (<i>employer-only; up to \$72,000 or 25% of comp</i>)	No
Auto-enrollment	Yes (<i>optional to plans established prior to December 29, 2022</i>)	Yes (<i>optional to plans established prior to December 29, 2022</i>)	Yes (<i>optional to plans established prior to December 29, 2022</i>)	Yes (<i>optional</i>)	N/A (<i>no employee contribution</i>)	Yes (<i>default; workers may opt out</i>)
PLAN DESIGN AND FLEXIBILITY						
Plan design flexibility	High (<i>vesting, match, investment menu, loans</i>)	Moderate (<i>standardized by MEP; some customization</i>)	Moderate (<i>standardized by PPP; some customization</i>)	Rigid (<i>fixed eligibility & contribution rules</i>)	Limited (<i>employer sets % uniformly for all employees</i>)	None (<i>state-determined design</i>)
Account type	Traditional & Roth	Traditional & Roth	Traditional & Roth	Traditional IRA	Traditional IRA	Traditional & Roth (<i>Roth IRA is default; may opt for Traditional</i>)
Participant loans	Yes	Yes	Yes	No	No	No
ADMINISTRATION & COST						
Administrative burden	High (<i>ERISA fiduciary, Form 5500, non-discrimination testing</i>)	High (<i>shared across adopting employers</i>)	Reduced (<i>PPP assumes most fiduciary duties</i>)	Low (<i>no annual IRS reporting</i>)	Low (<i>simplified; no Form 5500 generally</i>)	Minimal (<i>state assumes facilitator role</i>)
Employer Cost	Moderate-High	Moderate	Moderate (<i>pooled scale reduces cost</i>)	Low (<i>mandatory contributions required</i>)	Low	No fees (<i>to employer</i>)

Notes: 2026 contribution limits per IRS Notice 2025-67. The \$24,500 employee deferral limit applies to IRC §402(g) plans. Catch-up of \$8,000 applies at age 50+; “super catch-up” of \$11,250 applies at ages 60–63 per SECURE 2.0. SEP IRA employer contributions are limited to the lesser of \$72,000 or 25% of compensation (20% for self-employed). State auto-IRA programs currently operational in 17 states with mandatory adoption requirements. Source: Georgetown University Center for Retirement Initiatives, cri.georgetown.edu.

Despite these challenges, workplace retirement plans play a critical role in promoting long-term financial security for the U.S. workforce. Workers are 15 times more likely to save for retirement when they have access to a workplace retirement plan, and 20 times more likely to save when automatically enrolled, according to AARP.¹² These findings underscore the importance of expanding access to employer-sponsored retirement plans, particularly for small and mid-sized businesses.

Retirement Assets by Vehicle and Plan Type

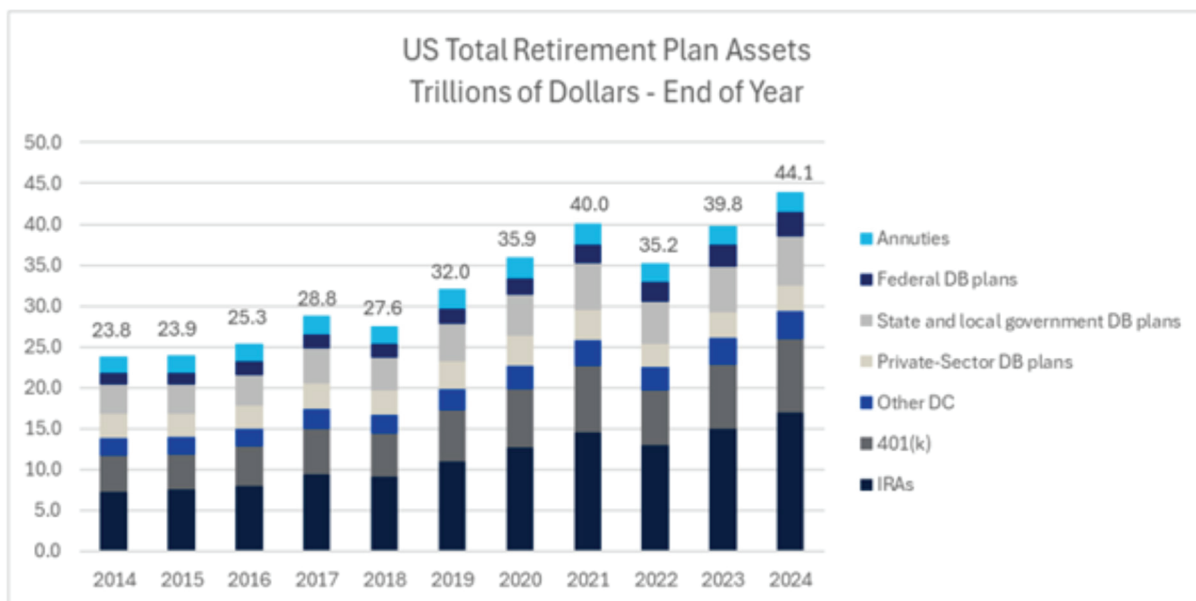
As of December 31, 2024, the Investment Company Institute (ICI) reported that total U.S. retirement assets reached \$44.1 trillion, with 401(k) plans accounting for \$8.9 trillion, or 20% of the total. **Chart 1** illustrates the distribution of assets among various retirement vehicles.¹³

Over the past 30 years, account-based, DC retirement programs¹⁴ have experienced substantial growth, now representing more than 50% of total U.S. retirement assets. This shift reflects the decline of defined benefit (DB) plans in the private sector. While IRAs accounted for \$17.0 trillion of assets in 2024, the majority of annual inflows to IRAs have historically originated from other employer-sponsored retirement plans.¹⁵ SEP and SIMPLE IRAs only held \$665 billion and \$220 billion, respectively, in 2024.¹⁶

SECURE Act and SECURE 2.0 Act Reforms

Before the SECURE Act of 2019, employers could already pool resources for economies of scale under a MEP, which allows more than one employer to participate in a single retirement plan.¹⁷ However, for plans subject to ERISA, which covers most private-sector retirement plans, participation in a MEP has traditionally been limited to employers with a common economic or representational interest beyond providing benefits to employees in the same plan. Because this requirement significantly limited the availability of MEPs, some employers tried to replicate the benefits of a MEP by co-administering plans for multiple employers in an arrangement sometimes referred to as an “open” MEP. While an open MEP can have the same investment lineup and plan administrator, each adopting employer’s share is still considered a separate plan by the DOL, requiring individual Form 5500 filings.¹⁸

Chart 1
U.S. Total Retirement Market Assets



Source: Investment Company Institute (2025) “Quarterly Retirement Market Data, Fourth Quarter 2024.”

12 Salmon, Jacqueline. (2023). State Programs, Federal Incentives Spur Rise in 401(k)s. AARP.

13 Investment Company Institute (ICI). (2025). “Release: Quarterly Retirement Market Data.”

14 IRAs, 401(k) plans and other defined contribution plans.

15 Investment Company Institute (ICI). (2025). “2025 Investment Company Fact Book.”

16 Investment Company Institute (ICI). (2025). “2025 Investment Company Fact Book.”

17 IRS. (n.d.). “Multiple Employer Retirement Plans.”

18 Aas, Kristoffer. (2025). “Understanding Multiple Employer Plans: What They Are and Why They Matter.”

The SECURE Act of 2019 introduced PEPs as a solution to these limitations. Unlike open MEPs, a PEP is considered a stand-alone retirement plan.¹⁹ A PEP is a type of MEP that eliminates the requirement for a pre-existing relationship between adopting employers. In a PEP, the role of the “lead employer” is replaced with a Pooled Plan Provider (PPP), which serves as the plan sponsor and named fiduciary. Depending on the PEP’s structure, the PPP can assume many of the responsibilities that would otherwise fall to the adopting employers under a Single Employer Plan. By shifting administration and fiduciary responsibilities to a PPP acting as a professional plan administrator, PEPs aim to make retirement plans administratively manageable and affordable.

Building on the foundation of the SECURE Act, the SECURE 2.0 Act of 2022 introduced additional provisions to further enhance retirement plan accessibility and effectiveness. Among the most notable is the auto-enrollment mandate, which requires most new 401(k) and 403(b) plans established after December 29, 2022, to automatically enroll eligible employees at a minimum contribution rate of 3%, with annual increases of 1% until the rate reaches at least 10%. However, plans in place before December 29, 2022, are exempt from this requirement, as are small businesses with fewer than 10 employees and new businesses in operation for less than three years. In addition, non-exempt plans established after December 29, 2022, were not required to implement auto-enrollment until January 1, 2025.

The SECURE 2.0 Act also introduced several tax credits as incentives for employers to establish and enhance retirement plans; these are applicable to Single Employer Plans, MEPs, and PEPs. These include a 401(k) startup tax credit, which offsets administrative costs for small businesses starting new plans, and an employer 401(k) contribution credit, which rewards employers for making contributions to employee accounts. An auto-enrollment credit also encourages the adoption of automatic enrollment features, further boosting participation rates. Recognizing the unique challenges faced by military families, the Act also provides a credit for employers offering enhanced 401(k) participation for military spouses. Together, these provisions aim to reduce financial barriers for employers while expanding retirement savings opportunities for employees in diverse industries and organizational structures.

Auto-portability, another key provision of SECURE 2.0, aims to reduce retirement savings leakage by enabling the seamless transfer of small account balances when employees change jobs. This feature is particularly relevant for PEPs, which are designed to simplify plan administration and enhance portability. By reducing the administrative burden of tracking and consolidating accounts, auto-portability can help preserve retirement savings and improve outcomes for participants, especially those in industries with high employee turnover. To date, more than 21,000 plans have adopted auto-portability through the Portability Services Network (PSN) covering more

than 6 million workers. Six major recordkeepers, representing 60% of DC plan participants, are PSN members as of early 2026.²⁰

Together, the SECURE Act and SECURE 2.0 represent a significant effort to modernize the U.S. retirement system. By introducing PEPs, expanding auto-enrollment, and encouraging auto-portability, these reforms address some of the critical barriers to retirement plan access and participation, while also promoting long-term savings and financial security for workers. However, the success of these initiatives will depend on effective implementation and ongoing oversight to ensure that the intended benefits are realized.

International Experience with Pooled DC Arrangements

The concept of pooling assets into streamlined retirement programs is well-established globally, with many jurisdictions relying on multiple-employer arrangements as the standard for account-based retirement plans. The U.S. marketplace can learn valuable lessons from the experiences of these other countries, particularly in terms of regulation, oversight, and trends that may emerge over time, such as the consolidation of PPPs.

Global companies operating in the U.S. may already have exposure to these pooled arrangements overseas, providing them with insights into the benefits, challenges, and governance considerations associated with PEPs. Australia’s Superannuation system is one of the fastest-growing institutional pools globally, with assets reaching \$4.5 trillion as of September 2025 and expected to exceed \$13.6 trillion by 2048, as detailed in **Table 2**.²¹ This growth is driven by Australia’s DC model, which has replaced traditional DB structures, and is supported by compulsory contributions under the superannuation guarantee, favorable demographics, and immigration trends.²² The sustained accumulation phase of Australia’s system highlights the potential for pooled arrangements to achieve significant scale and long-term growth.

More recently, the United Kingdom has demonstrated the potential of pooled DC arrangements through the National Employment Savings Trust (NEST). Established under the Pensions Act of 2008 and the National Employment Savings Trust Order of 2010, NEST operates as a workplace pension scheme on a not-for-profit basis. Since its official launch in October 2012, NEST has grown to become the UK’s largest workplace pension scheme, accumulating £50 billion in assets and covering nearly 14 million participants.²³

19 Goodwin, Ellen, Kreps, Michael. (2022). “DOL Issues Final 5500 Rules for MEPs and PEPs, but Defers Finalizing Broader Changes.” Groom Law Group.

20 Hawkins, Tom. (2026). “How to Build Out the Auto Portability Clearinghouse Our Retirement System Demands.”

21 Browne, Nicole. (2025). “Understanding the continued growth of Australia’s superannuation industry.”

22 Browne, Nicole. (2025). “Understanding the continued growth of Australia’s superannuation industry.”

23 NEST Corporation. “Scheme Annual Report and Accounts.” (2014-2025).

Table 2
Projected Australian Superannuation Assets

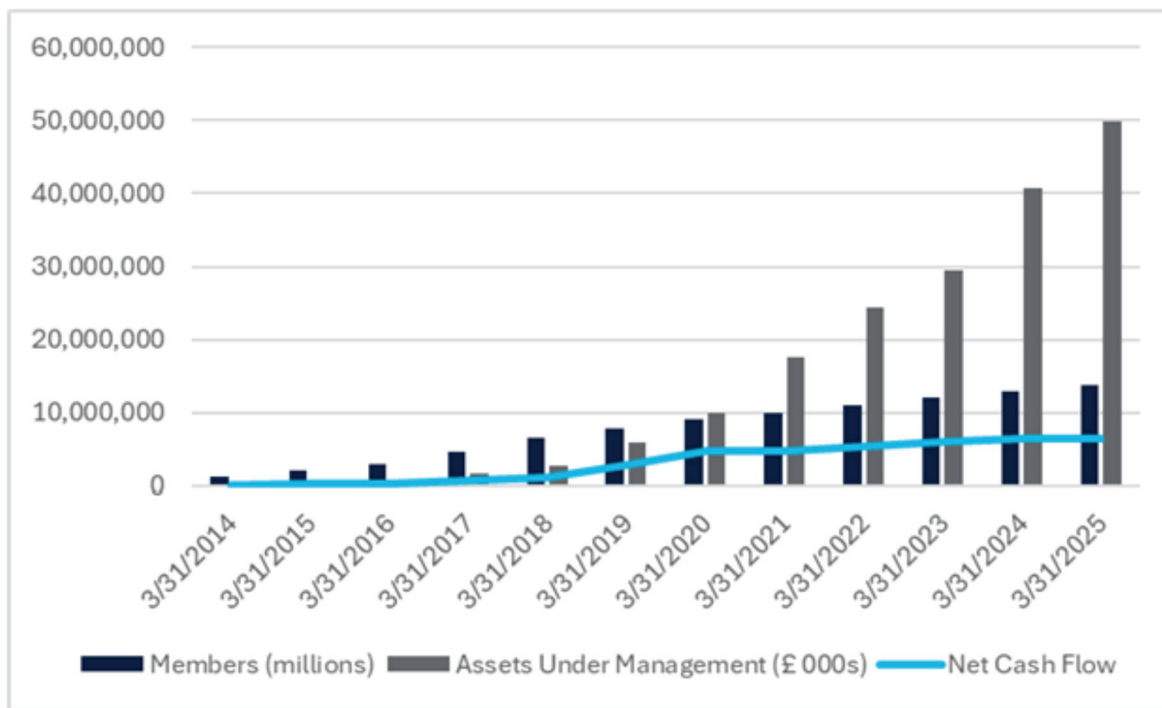
Year	Forecast AUM A\$ Trillion	Forecast Total AUM % of GDP
2030	5.0–6.5	170%
2035	6.1–8.5	180%
2040	9.0–10.5	185%
2048	13.6	-

Source: APRA (2025) “Superannuation Statistics, March 2025.”

As seen in **Chart 2**, adoption and asset growth were modest during the first five years for NEST, with mainstream adoption occurring after a decade — a pattern consistent with other pooled DC arrangements globally.²⁴ This trajectory underscores the importance of patience and sustained efforts in promoting pooled arrangements, as well as the need for robust regulatory frameworks to support their growth. Based on the initial growth of PEPs in the U.S., we expect the U.S. PEP market to follow a similar trend.

While the experiences of Australia and the UK highlight the potential benefits of pooled DC arrangements, they also reveal challenges that may be relevant to PEPs in the U.S. For example, the consolidation of providers in Australia’s Superannuation system has raised concerns about market concentration and competition, which could have a similar impact on the PEP landscape in the U.S. as PPPs grow and merge over time. In addition, the governance structures of pooled arrangements, such as NEST’s not-for-profit model, may differ significantly from the for-profit approach of many U.S. PPPs, potentially influencing participant outcomes and cost structures.

Chart 2
Growth of UK’s Largest Pension Scheme — NEST



Source: NEST Corporation. “Scheme Annual Reports and Accounts.” (2014-2025).

24 Mercer. (2025). “How a PEP structure could solve challenges for plans of all sizes.”

How PEPs Work: Structure, Governance, and Other Considerations

What is a Pooled Employer Plan (PEP)?

While the name is new, the concept has been around for decades. Technically, a PEP is a type of MEP that eliminates the requirement for a pre-existing relationship between adopting employers. In a traditional closed MEP structure, only closely related employers are permitted to adopt the plan. The primary advantage of this arrangement is that by pooling the retirement plan assets of multiple employers together, adopting employers can benefit from economies of scale in pricing and services that may not necessarily be available to them on a stand-alone basis. In addition, the adopting employers may experience reduced fiduciary risk because they do not retain authority over the selection of providers or investment offerings.

In a PEP, completely unrelated employers are permitted to adopt the same plan and appoint a PPP to serve as plan administrator. There are no formal limitations on who can serve as a PPP, as long as the entity registers with the Secretary of Labor and the Secretary of Treasury at least 30 days before they begin operations.²⁵

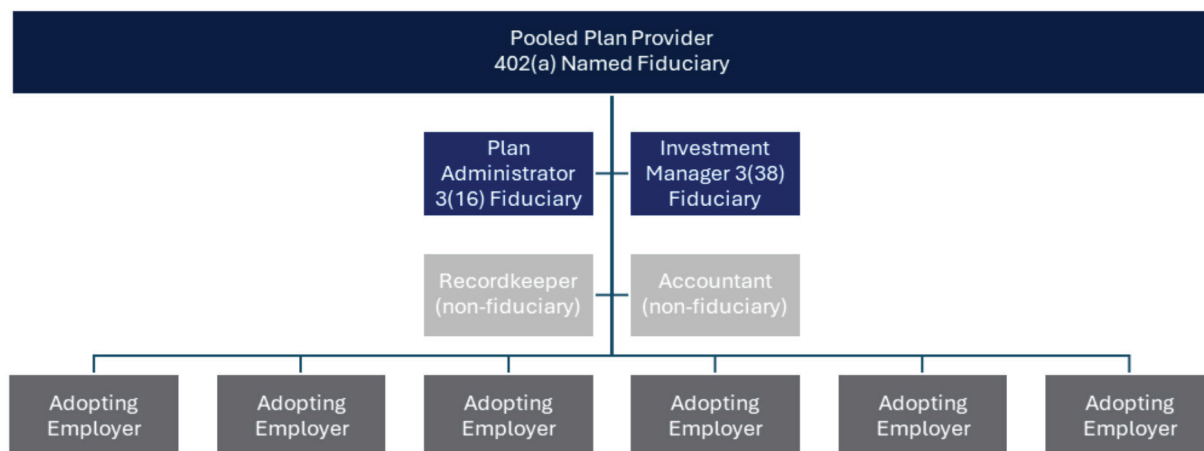
In practice, PPPs observed in the marketplace include third-party administrators (TPAs), investment managers, recordkeepers, third-party human resource companies, participating employer organizations, attorneys, banks/trustees, or even individuals. The PPP assumes the role of the Named Fiduciary under ERISA and the Plan Administrator (commonly referred to as an ERISA 3(16) Plan Administrator). The PPP may be responsible for overseeing the selection and monitoring of other plan service providers,

although some providers may still be appointed by participating employers depending on the PEP’s structure. The PPP also must ensure that any person or entity handling plan assets or serving as a fiduciary maintains the required fidelity bond coverage.²⁶

Depending on the PEP’s structure, the PPP can assume many of the responsibilities that would otherwise fall to the adopting employers under a Single Employer Plan. **Chart 3** illustrates one type of PEP structure, where the PPP is independent from the other fiduciaries and service providers. The PPP acts as the ERISA Section 402(a) Named Fiduciary, with primary responsibility for the operation and oversight of the entire plan. The PPP may subcontract various functions to others, such as a third-party administrator responsible for the day-to-day administrative tasks or an ERISA 3(38) investment manager who assumes discretion over the investment selection and monitoring. These subcontractors may or may not be fiduciaries, depending on what they are doing and the language in the service agreement. Non-fiduciary service providers, such as the recordkeeper and accountant, support administrative and operational functions, but do not bear fiduciary liability. However, the contracting and performance monitoring of underlying fiduciaries and other service providers remains under the purview of the PPP.

While some PEPs maintain this separation of roles, others have a bundled or partially bundled structure, where the same company assumes multiple roles. For example, in addition to serving as the plan administrator, the PPP may also serve as the recordkeeper or investment manager. These bundled arrangements can offer simplicity and cost efficiencies, particularly for small employers, but may also introduce

Chart 3
Example of One Type of PEP Structure — Fully Unbundled



25 U.S. Department of Labor, Employee Benefits Security Administration (EBSA). (2020). “Registration Requirements for Pooled Plan Providers.”

26 The SECURE Act amended ERISA Section 412 to confirm that bonding requirements of that section apply to PEPs, except the SECURE Act establishes \$1 million as the maximum bond amount as compared to \$500,000 for other types of plans that do not hold employer securities. U.S. Department of Labor, Employee Benefits Security Administration (EBSA). (2022). “Information Letter 09-07-2022.”

potential conflicts of interest. Employers considering a PEP should evaluate the structure carefully, understand whether the PPP is affiliated with any underlying providers, and determine which authorities are retained by the PPP versus delegated to other entities or retained by the adopting employer.

By understanding the various PEP structures and the roles of the PPP and other service providers, employers can make informed decisions about whether a PEP aligns with their organizational needs and fiduciary responsibilities.

Allocation of Fiduciary Responsibilities in a PEP

While PEPs are often promoted as a way to reduce employer fiduciary risks, participation in a PEP does not eliminate fiduciary responsibility. Adopting employers remain fiduciaries, although typically with a more limited scope of responsibilities than under a Single Employer Plan. While they can delegate many day-to-day administrative duties under a PEP, they remain responsible for the selection and monitoring of the PPP and determining whether fees are reasonable. The adopting employer also remains responsible for management of the plan's assets that are attributable to the employer's employees (unless delegated to another provider by the PPP), ensuring timely and accurate payroll contributions, and maintaining complete and up-to-date employee census data. Neglecting such duties can lead to operational defects and compliance issues that reduce the overall effectiveness of participating in a PEP. Employers should establish robust internal processes to ensure these responsibilities are fulfilled consistently and accurately.

A central feature of the PEP structure is the fiduciary responsibility assumed by the PPP. In traditional Single Employer Plans, administrative service providers typically act in a non-fiduciary capacity and operate under the direction of the employer, which retains discretion over claims decisions, plan interpretation, compliance decisions, and corrective actions. Under a PEP, the PPP always serves as the named fiduciary and plan administrator, fundamentally altering the employer's role and obligations. Congress designed the PEP structure to align fiduciary responsibility with the entities directly managing plan operations, giving the PPP the responsibility for ensuring compliance with legal requirements and plan terms. This is a fundamental shift, intended to enhance oversight and accountability of service providers, particularly for smaller plans that might lack in-house retirement plan expertise. Understanding this allocation of responsibilities is critical to managing risk effectively and maximizing the advantages of participating in a pooled arrangement.

How Differences in PEP Structures Can Affect Roles and Responsibilities

The structure of a PEP can significantly influence the roles and responsibilities of adopting employers, particularly during the contracting process, but can also have longer-term ramifications. What is not always clear is the importance of conducting a legal review of the service agreements, which can provide insight into which fiduciary responsibilities are retained by the adopting employer versus delegated to the PPP under a given PEP.

In some PEP arrangements, the adopting employer may be required to execute separate contracts with various service providers in the PEP. When multiple contracts are involved, it is essential for employers to review not only each contract individually but also the agreements collectively to ensure there is a clear understanding of fiduciary roles and responsibilities. Retaining authority to engage underlying providers in the PEP structure may also result in the adopting employer retaining additional fiduciary responsibilities.

During the evaluation process and in service agreements, employers should carefully clarify the division of responsibilities between the PPP, other underlying fiduciaries and service providers, and the adopting employer. Specific areas to address include:

- **Selection and Monitoring of Service Providers** — Who holds the responsibility for selecting and overseeing the underlying service providers within the PEP? If the adopting employer retains this authority, they must ensure a prudent process is followed.
- **Funds Oversight** — Who is responsible for the selection and oversight of the investment funds made available to participants? Employers should evaluate whether the PPP or another fiduciary has taken on fiduciary responsibility for the selection and monitoring of plan investments. This may be particularly important where, for example, the PEP includes investment options that are proprietary to the PPP or the delegated investment manager.
- **Default Decisions** — Who determines the default investment that will be used for participants who fail to make an investment election, both at the initial enrollment and at other times (e.g., changes to the investment lineup)? Clear accountability is critical to avoid confusion and ensure participant assets are allocated appropriately.
- **Design Features** — What types of features and services does the plan offer to participants? For example, does the PEP offer a self-directed brokerage option and financial wellness solutions? Employers should confirm whether they need to make any elections and what the impact is for participants.

Differences in PEP structures can also have an impact on the extent to which adopting employers retain fiduciary liability. Employers should evaluate the structure of the PEP carefully and ensure that all roles and responsibilities are clearly defined in service agreements. By understanding how PEP structures influence roles and responsibilities, employers can make informed decisions that align with their governance capabilities and participant needs.

Understanding Potential Conflicts of Interest

Retirement plans inherently involve potential conflicts of interest, which can arise from proprietary funds, payments to third parties, and compensation arrangements, among other items.²⁷ Many of these items are not unique to PEPs, and are also applicable to Single Employer Plans. In a PEP, it might be even more critical to scrutinize these conflicts compared to a Single Employer Plan, because the adopting employer relinquishes significant control over plan operations and decision-making to the PPP. Identifying and mitigating these conflicts during the evaluation process is essential to ensure the PEP operates in the best interests of participants because it may be more difficult for the adopting employer to mitigate potential conflicts under a PEP. Adopting employers also need to monitor the PPP to identify how changes to their PEP may introduce additional conflicts of interest, such as a change to introduce a proprietary investment or service offering.

The potential for conflicts of interest in a PEP can vary, depending on its structure. For example:

- **Investment Manager Conflicts.** An investment manager may be able to conduct a recordkeeper search for a Single Employer Plan without any conflicts of interest. However, when evaluating PEPs, the investment manager may face limitations or conflicts because they want to retain the investment management engagement in the PEP. This dynamic can restrict the investment manager's ability to provide an independent evaluation of the PEP marketplace, particularly if their proprietary offerings are included.
- **Additional Advisor Compensation.** Some PEPs include commissions or other revenue streams paid to advisors who use them for their clients. While these fee arrangements may be appropriate for services rendered, they should be properly disclosed in writing and fully transparent to the adopting employer and plan participants. Employers should ensure that these compensation structures are clearly documented and do not compromise the objectivity of the advisor's recommendations.



²⁷ For illustrative purposes only — not meant to capture all potential conflicts of interest. See U.S. Government Accountability Office (GAO). (2024). "RETIREMENT INVESTMENTS — Agencies Can Better Oversee Conflicts of Interest between Fiduciaries and Investors."

In some instances, PPPs may rely on internal capabilities or existing partnerships for convenience, rather than properly considering alternative solutions. Some examples include:

- **Proprietary Fund Offerings** — PPPs or affiliated service providers may offer their own investment products, which may not always align with participants' best interests when scrutinizing performance and fees.
- **IRA Solicitations** — Terminated participants may be encouraged to roll over assets into proprietary IRA products, which could result in higher fees to the participant.
- **Financial Wellness Solutions** — Proprietary financial wellness tools may generate additional revenue streams for the PPP or affiliated providers.
- **Managed Account Offerings** — Additional compensation to call center representatives may encourage aggressive sales tactics, and the ability to include proprietary funds in portfolio allocations may raise potential conflicts in fund selection.²⁸

It is important to note that these potential conflicts of interest are not unique to PEPs; many apply to Single Employer Plans as well. However, with PEPs and the PPP relationship, participating employers may not have any control over these conflicts. It is also important to understand that not all conflicts are bad. In fact, they may provide comparable or streamlined services to participants at lower costs. The point is to be aware that conflicts exist and to understand who is making the decisions about them.



28 Adams, Nevin E. (2025). "Managed Account Fines Levied by SEC Against Vanguard, Empower." Plan Sponsor Council of America (PSCA).

PEP Growth and Market Evolution

Measuring the size of the PEP marketplace is challenging because the most recent publicly available data is as of December 31, 2024. To estimate the market size, 2024 plan year Form 5500 filings on the DOL’s EFAST website were reviewed, focusing on plans with Characteristics Code 2W^{29,30} and those with “Pooled Employer Plan” or “PEP” in their names. Plans where Code 2W was inadvertently included or where “Pooled” or “PEP” was part of the company name, but unrelated to a pooled employer plan, were excluded.³¹

As shown in **Table 3**, PEPs have experienced significant growth in assets, participants, and the number of adopting employers from 2021 through 2024.

As of December 31, 2024, we identified \$20.1 billion in assets in 288 PEPs with assets greater than \$0, covering 51,158 adopting employers. In 2024 alone, PEP assets increased by \$9.1 billion, participant counts grew by 533,739 and the number of adopting employers rose by 11,681.

Insights from the Top 25 PEPs

To better understand the growth of the PEP marketplace, we analyzed the Top 25 PEPs ranked by asset size, which collectively accounted for \$14.1 billion, or 70% of the total \$20.1 billion PEP assets as of December 31, 2024. By analyzing Form 5500 data, we determined the majority of PEP assets originated from Single Employer Plans that have transferred into a PEP over the past four years, along with the subsequent contributions that would have otherwise been made to legacy plans.

We identified one PEP among the Top 25 that accumulated assets primarily from new contributions from adopting employers that did not previously sponsor a retirement plan.

Another PEP in the Top 25 reported \$0 incoming transfers since inception, so its accumulated assets are exclusively the result of new contributions from adopting employers that did not previously sponsor a retirement plan. As a result, we concluded the assets in these two PEPs are mostly the result of employers adding a new workplace retirement benefit. Their growth to \$1.95 billion in assets, covering 42,939 adopting employers and 635,528 participants, mostly represents an expansion of retirement plan access. In addition, two PEPs in the Top 25 are former MEPs with accumulated assets of \$920 million among 536 adopting employers with 24,918 participants.

The 10 Largest PEPs, by Assets

The 2024 plan year Form 5500 data reveals that the largest PEPs cater to distinct market segments, as detailed in **Table 4**. For example:

- **Aon PEP** — primarily composed of adopting employers that previously offered Single Employer Plans. Incoming plan mergers accounted for 76% of the \$3.1 billion in assets as of December 31, 2024. This means that the majority of contributions would have been made to legacy Single Employer Plans had the employer not joined the Aon PEP.
- **Paychex PEP** — accumulated assets primarily through new contributions. This growth reflects an expansion of retirement plan access for more than 650,000 participants among more than 40,000 employers.³² **Table 5** highlights such differences across the Top 10 PEPs when examined by average adopting employer.

The Standard Pooled Employer Plan and AGC Select 401(k) PEP joined the Top 10 PEPs in 2024 but were not included in the Top 10 PEPs in 2023, which demonstrates that the PEP marketplace is still evolving at a rapid rate.

Table 3
Growth in PEP Marketplace (2021 to 2024)

Plan Year	Assets	Total Participants	Adopting Employers
2021	\$1.8 billion	185,738	8,021
2022	\$4.5 billion	600,151	24,266
2023	\$11.0 billion	1,102,007	39,477
2024	\$20.1 billion	1,635,746	51,158

Source: U.S. DOL. EFAST (2021–2024) “Form 5500 filings for plan years ending in 2021–2024.” Total participants include active employees with a balance, eligible – non-participating employees, and separated employees with a balance.

29 Form 5500 characteristic codes for line 8a include 2W, which identifies a multiple-employer pension plan that is a Pooled Employer Plan that meets the definition under ERISA Section 3(43).

30 U.S. Department of the Treasury, Internal Revenue Service (IRS); U.S. Department of Labor, Employee Benefits Security Administration (EBSA). (2023). Instructions for Form 5500.

31 Code 2W, but indicated a MEP (not a PEP), no Form PR, or other inconsistencies.

32 The Paychex Pooled Employer Plan’s net transfers were -\$122.4 million in 2024; -\$20.0 million in 2023; +\$26.8 million in 2022; and +\$29.8 million in 2021. The resulting total net transfers were -\$85.8 million for 2021–2024 plan years. Data as of December 31, 2025, using data from 2024 plan year Form 5500 filings.

Table 4
The Top 10 PEPs – Based on Assets as of December 31, 2024

Top 10 PEPs by Assets	Assets	Total Participants	# Participants with a Balance	# Adopting Employers	Net Plan-to-Plan Transfers	Total Contributions
Aon Pooled Employer Plan	\$3,138,698,069	87,813	51,344	95	\$2,497,368,380	\$771,160,435
Paychex Pooled Employer Plan	\$1,768,512,554	661,036	255,088	41,876	(\$85,787,821)	\$1,876,621,622
SuccessWise Pooled Employer Plan	\$1,471,432,710	77,246	33,953	101	\$1,064,596,779	\$387,714,199
Thrivewise Pooled Employer Plan	\$996,903,363	9,840	7,772	19	\$787,477,359	\$322,062,509
Principal Ease 401(k) Plan	\$650,877,712	163,960	27,194	519	\$346,876,341	\$346,725,158
Buildwise	\$650,180,984	16,629	11,503	51	\$382,523,345	\$313,942,361
AGC Select 401(k) PEP	\$610,534,700	19,193	10,079	187	\$16,833,343	\$63,483,861
The Standard Pooled Employer Plan	\$610,342,496	44,452	20,750	248	\$468,809,140	\$154,308,828
iSolved 401-k Plan	\$465,689,331	51,743	24,264	1,117	\$299,231,898	\$188,911,276
SaveWise™ Pooled Employer Plan	\$431,139,330	26,638	13,911	108	\$278,932,015	\$177,372,983

Source: U.S. DOL. EFAST (2021–2024) “Form 5500 filings for plan years ending in 2021–2024.” Net Plan-to-Plan Transfers are combined for the 2021, 2022, 2023, and 2024 plan years; AGC Select 401(k) PEP is 2024 only. Total contributions are combined for the 2021, 2022, 2023, and 2024 plan years; AGC Select 401(k) PEP is 2024 only.

Table 5
The Top 10 PEPs – Average Adopting Employer

Top 10 PEPs by Assets	Assets by Employer	Total Participants	# Participants with a Balance	Participation Rate	Average Participant Account Balance
Aon Pooled Employer Plan	\$33,038,927	787	540	51%	\$61,131
Paychex Pooled Employer Plan	\$42,232	15	6	35%	\$6,933
SuccessWise Pooled Employer Plan	\$14,568,641	686	336	38%	\$43,337
Thrivewise Pooled Employer Plan	\$52,468,598	433	409	75%	\$128,269
Principal Ease 401(k) Plan	\$1,254,100	310	52	15%	\$23,935
Buildwise	\$12,748,647	271	226	63%	\$56,523
AGC Select 401(k) PEP	\$3,264,891	83	54	41%	\$60,575
The Standard Pooled Employer Plan	\$2,461,058	161	84	41%	\$29,414
iSolved 401-k Plan	\$416,911	43	22	42%	\$19,193
SaveWise™ Pooled Employer Plan	\$3,992,031	210	108	40%	\$33,137

Source: U.S. DOL. EFAST (2021–2024) “Form 5500 filings for plan years ending in 2021–2024.”

The 10 Largest PPPs, by Assets

Recognizing the diversity in PEP structures, we also analyzed the largest PPPs by total assets, as detailed in **Table 6**. Notably, seven of the largest PPPs sponsored 10 or more PEPs, including three among the top five PPPs:

- **NPPG — Plan Professionals, LLC:** sponsored 19 PEPs with assets greater than \$0, accumulating \$4.2 billion in assets among 1,897 adopting employers.
- **Standard Retirement Services, Inc.** — sponsored 22 PEPs with assets greater than \$0, accumulating \$1.9 billion in assets among 553 adopting employers.
- **Newport Group (an Ascensus company)** — sponsored 28 PEPs with assets greater than \$0, accumulating \$1.9 billion in assets among 792 adopting employers.

Anticipated Growth through December 31, 2025

Considering that the first PEPs were launched in January 2021, growth to more than 50,000 adopting employers within four years is significant. For context, during the same time, the total number of 401(k) plans increased by 112,993.³³ Based on accelerating annual growth trends, PEPs have likely grown to over \$30 billion in assets by the end of 2025.³⁴

Several PEPs reported significant growth in 2025, illustrating the rapid evolution of the marketplace. Aon announced that their PEP reached \$5 billion in assets, serving 130 employers and more than 100,000 participants as of August 2025.³⁵ WTW filed their initial Form 5500 for the 2024 plan year, listing \$27 million in assets in three adopting employers, with an additional \$620 million in incoming transfers through October 10, 2025. New PEP entrants, such as Fiducient Advisors 401(k) and Open PEP 2, both established in 2023, entered the Top 25 PEPs in 2024. These examples illustrate the fluidity of PEP market share and the potential accelerated growth, but also underscore the importance of monitoring long-term stability and performance.³⁶

Despite this growth, however, PEPs still represent less than 1% of the \$44.1 trillion in U.S. retirement assets as of December 31, 2024, leaving significant room for expansion in the future.

The 10 Largest Recordkeepers in the PEP Market, Based on PEP Assets

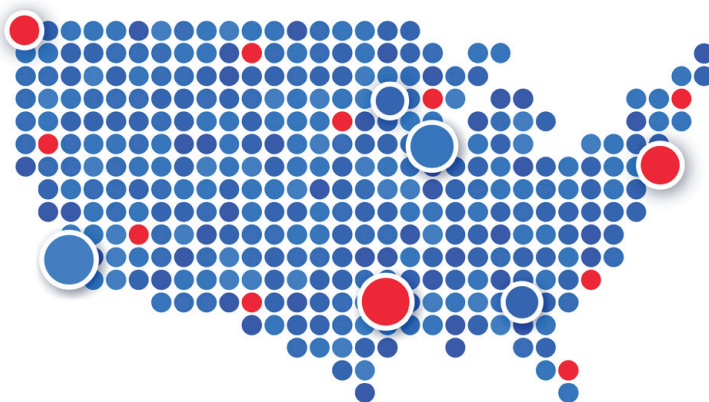
Another important perspective is to identify the leading recordkeepers in the PEP market, as provided in **Table 7**. For the first time, PLANSPONSOR included a summary of the Top 10 Recordkeepers based on PEP assets in their 2025 DC Recordkeeper Survey. Notably, this data is based on respondents only, and it is important to note that Paychex, which would have been ranked #6 with \$1.8 billion, was not listed as a participant in this survey.

After adding Paychex's assets to the Top 10 DC Recordkeepers, we noted the top 11 PPPs account for \$17.9 billion of assets, based on PEP assets, representing 89% of the PEP marketplace.

In the same survey, PLANSPONSOR pointed to an increased concentration among the largest DC recordkeepers over the past five years with the Top 5 recordkeepers accounting for the majority of market share in the following measurements:

- By Assets: 69%
- By Number of Plans: 54%
- By Participants: 60%

It is worth noting the Top 5 DC recordkeepers varied among these measurements, demonstrating that different providers are serving the smaller and larger segments of the DC recordkeeping marketplace.



33 For plan years ending in 2020, there were 603,658 Form 5500 filings for plans with characteristic code 2J and assets greater than \$0 compared to 716,651 for plan years ending in 2024.

34 Gallagher's \$30 billion asset estimate is based on the trend of increasing incoming assets from plan transfers and contributions in each of the first four years, 2025 calendar year market returns, the commencement of the SECURE 2.0 Act's automatic enrollment mandate, and updated PEP assets from press releases and other publicly available sources.

35 Aon. (2025). "Aon Pooled Employer Plan Surpasses \$5B, Redefining Scale And Outcomes in U.S. Retirement Benefits."

36 Newport Group serves as the PPP for Fiducient 401(k), and NPPG-Plan Professionals serves as the PPP for Open PEP 2.

Table 6
The Top 10 PPPs – Based on Assets as of December 31, 2024

Top 10 PPPs by Assets	Assets	Total Participants	# Adopting Employers	# PEPs with >\$0 as of 12/31/2024
NPPG – Plan Professionals, LLC	\$4,236,980,689	232,660	1,897	19
Aon Consulting, Inc.	\$3,138,698,069	87,813	95	1
Standard Retirement Services, Inc.	\$1,905,710,784	114,011	553	22
Newport Group, Inc. (an Ascensus company)	\$1,855,561,340	66,108	792	28
Paychex Retirement LLC	\$1,768,512,554	661,036	41,876	1
Principal Life Insurance Company	\$1,708,792,131	174,411	542	3
American TCS Fiduciary Services, LLC	\$723,235,176	29,128	427	34
The Finway Group	\$522,151,421	15,942	227	16
Pentegra Services, Inc.	\$337,989,315	17,773	139	10
Plan Compliance Services, Inc.	\$334,844,012	20,114	224	19

Source: U.S. DOL. EFAST (2024) “Form 5500 filings for plan years ending in 2024.”

Table 7
The Top 10 PEP Recordkeepers — Based on PEP Assets

Top 10 PEP Recordkeepers by Assets	PEP Assets (\$ Millions)	Total DC Plan Assets (\$Millions)
Voya Financial	\$3,863	\$585,669
Principal Financial Group	\$3,138	\$566,440
Transamerica	\$2,409	\$205,915
The Standard	\$1,957	\$51,073
Ascensus	\$1,841	\$313,359
Empower	\$1,290	\$1,596,321
Ameritas	\$938	\$18,159
Alerus Retirement and Benefits	\$292	\$35,000
PCS Retirement, LLC	\$242	\$29,813
Fidelity Investments	\$182	\$4,047,915

Source: PLANSPONSOR (2025) “Defined Contribution Recordkeeping Survey – Provider Rankings.”

State Auto-IRA Programs and New PEP Creation

Beginning with the 2023 plan year, PEPs are required to list their adopting employers on Form 5500 – Schedule MEP. We reviewed the 2023 Form 5500 filings to determine whether we could find evidence of higher new PEP adoption rates from employers in states with an Auto-IRA mandate.³⁷

We focused on the following two PEPs, which are mostly composed of employers that did not previously offer a Single Employer Plan:

- **Paychex Pooled Employer 401(k) Plan.** Most of the adopting employers did not previously offer a Single Employer Plan; the PEP accumulated the majority of assets from contributions and incoming transfers that were less than 5% of inflows for 2021–2023.³⁸
- **Fidelity Advantage 401(k).** This PEP did not accept any incoming transfers from Single Employer Plans from 2021–2023.³⁹

In the states with an Auto-IRA mandate in effect as of December 31, 2023, the combined percentage of PEP adopting employers was 26% for the Paychex PEP and 31% for the Fidelity PEP, based on our samplings. These figures closely align with the percentage of Single Employer Plan 401(k)s in the states listed in **Table 8**, which accounted for 31% of all 2023 401(k) plan filings in the U.S.⁴⁰

The geographic distribution of employers adopting PEPs appears to track closely with existing 401(k) market patterns. We could not draw a definitive conclusion about whether state programs had a direct impact on PEP adoption as a component of overall new plan adoption in these states. The additional employer information provided on newer Schedule MEP may allow EBSA to provide additional insight into the adoption rates of PEPs in states with a mandate in the future.

Table 8
Number of 401(k) Plans by State in 2023

States with Mandated Auto-IRAs in 2023	# of Plans with Characteristic Code 2J	% of all US Plans with Code 2J
California	124,570	16.8%
Connecticut	17,200	2.3%
Colorado	12,058	1.6%
Illinois	30,443	4.1%
Maryland	16,698	2.2%
Oregon	11,832	1.6%
Virginia	19,459	2.6%
Total	232,260	31.3%

Source: U.S. DOL. EFAST (2023) “Form 5500 filings for plan years ending in 2023.”

³⁷ The analysis in this section is based on 2021–2023 Form 5500 filings.

³⁸ The Paychex PEP listed \$71 million in transfers out to other plans compared to \$108M of incoming transfers from 2021–2023, compared to \$1,053M in contributions.

³⁹ The Fidelity PEP listed \$0 incoming transfers from 2021–2023.

⁴⁰ Data as of February 1, 2026, using the data from 2023 plan year Form 5500 filings.

PEP Fees

Fees are among the most important factors for employers evaluating whether to join a PEP, yet they are also among the most difficult to compare. This section examines the key components of PEP fee structures, and analyzes how pricing models affect plans and plan participants, drawing from Form 5500 filings as of December 31, 2024. It also addresses the fiduciary responsibilities that adopting employers bear in evaluating, negotiating, and documenting PEP fees on an ongoing basis.

Types of Fees

PEP fees vary based on structure, employer size, and services offered. Employers should ask PEP providers for a clear, apples-to-apples fee comparison against their current or prospective stand-alone plan when contemplating joining a PEP.

- **Audit costs.** Plans with more than 100 participants must file an annual independent audit, typically costing \$11,000–\$15,000 per year if they have a straightforward design.⁴¹ This is a cost that can be shared among PEP adopters, benefiting employers just over the 100-participant threshold, although smaller employers below that threshold may see little or no savings.
- **Investment management fees.** Pooling assets gives PEPs more leverage to negotiate lower investment management fees, including institutional-class or low-cost index funds that small plans cannot obtain on their own. However, the reduction can also be achieved independently by shifting to low-cost index funds, and the ability to negotiate breakpoints to lower costs also can be done by Single Employer Plans with delegated or advisory arrangements.⁴²

- **Administrative fees.** Fixed costs like plan documents, Form 5500 filings, and compliance work are spread among employers. However, payroll processing and census updates remain the responsibility of each employer, and tasks once handled by internal staff become a cost of services in the PEP.
- **Investment Advisor Fees — Size Matters.** Advisory fees for small plans have remained high even as fees for large plans have decreased. For example, **Table 9** shows that plans with \$1 million in assets pay an average fee of 50 basis points (bps), and plans with \$5 million in assets pay an average fee of 37 bps. By contrast, plans with \$100 million in assets pay an average fee of 7 bps (or seven times less as a percentage, relative to small plans). By pooling assets, a PPP can negotiate lower advisory fees, particularly for very small plans that would otherwise face higher costs.⁴³

Employers Need to Evaluate and Document PEP Pricing

While many have pointed to the potential cost savings of PEPs, others have questioned whether transitioning to a PEP will result in cost savings for adopting employers and their participants. Research from Boston College Law School found that Professional Employer Organization (PEO) MEPs and Association MEPs had meaningfully higher administrative expenses in 2016 than Single Employer Plans.⁴⁴ Among 401(k) plan types, PEO MEPs carried the highest average fees at 0.86%, followed by Association MEPs at 0.53% and Other MEPs at 0.35%, while Single Employer Plans had the lowest fees at 0.32%, meaning employers in PEO MEPs paid nearly three times the fee rate of those in Single Employer Plans.

Table 9
Advisor Fees by Plan Size

Assets	\$1M	\$5M	\$10M	\$50M	\$100M
Average Advisor Fee (%)	0.50%	0.37%	0.28%	0.17%	0.07%
Average Advisor Fee (\$)	\$5,000	\$18,500	\$28,000	\$85,000	\$70,000

Source: *InvestmentNews* (2024). “Data Shed Light on How Much 401(k)s Pay Advisors.”

41 PriceKubecka. (n.d.). “What Your 401(k) Audit Will Cost You.”

42 Registered Investment Advisors can typically aggregate assets for clients where they have been delegated authority to make changes to the investment lineup, rather than simply provide advice. In some cases, the investment manager may permit the RIA to extend discounts to their advisory clients, but this must be done on a case-by-case basis.

43 Employers in PEPs where the PPP also serves as the 3(38) Investment Manager should monitor the total PEP assets carefully to determine whether 3(38) fees remain reasonable, given the potential conflict of interest for the PPP to monitor its own fees.

44 Shnitser, Natalya. (2020). Boston College Law School Legal Studies. “Are Two Employers Better than One? An Empirical Assessment of Multiple Employer Plans.”

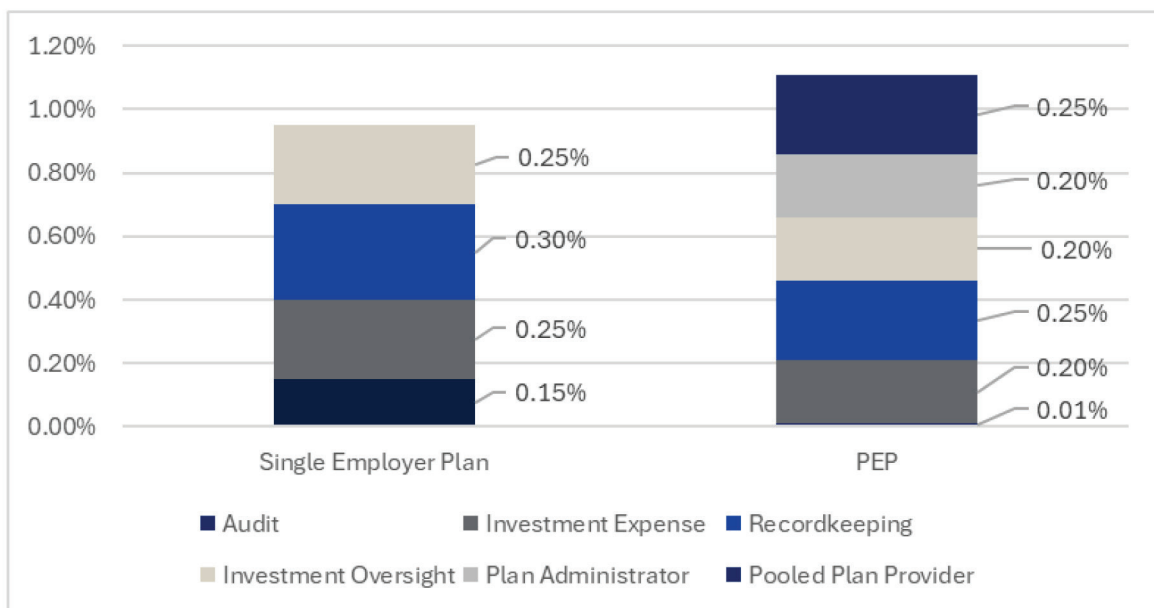
Chart 4 illustrates that while the PPP may be able to reduce some costs through economies of scale, there are additional costs for the professional management of the PEP that would otherwise be the responsibility of the employer in a Single Employer Plan. PEPs may have higher fees due to the additional services paid from plan assets. At the same time, there also may be offsetting savings to the employer because tasks and responsibilities are outsourced to the PPP, these are not factored into this illustration.

Like those of Single Employer Plans, PEP fees typically consist of a combination of an annual retainer, asset-based fees, per-capita fees, and transactional fees. However, the structure of the PEP — more specifically, the entity serving as the PPP — can significantly influence the fee composition. For example, investment management fees are generally asset-based, whereas recordkeeping fees are more likely to include an annual retainer combined with per-capita fees. Consequently, PEPs where the ERISA 3(38) Investment Manager is also serving as the PPP tend to have a larger portion of asset-based fees. Conversely, PEPs where the recordkeeper serves as the PPP often have higher annual base fees or the per-capita fees. While this distinction is not surprising, it can unintentionally affect pricing for different-sized plans and the allocation of fees to participants, making fee comparison among PEPs more challenging.

PEP fee structures may also include tiered pricing based on assets and participant counts,⁴⁵ with PPPs having some discretion to offer different pricing to different employers adopting the same PEP. This underscores the fiduciary responsibility of adopting employers to negotiate fees in good faith and conduct a formal Request for Proposal to solicit bids from various PPPs. Employers must determine that fees are reasonable and services align with participant needs, and should document the process.



Chart 4
Hypothetical Example of Fee Components of Single Employer Plans vs. PEPs
 (Does not account for any offsetting cost savings)



Source: Authors' illustration.

45 Droblyen, Eric. (2022). "Pooled 401(k) Plan Fees — A Case Study."

To illustrate the impact of fee structures on different populations, **Table 10** compares hypothetical pricing models for three PEPs with varying assets and participant counts.⁴⁶

As **Chart 5** illustrates, the fee structure of a PEP can significantly influence the competitiveness of solutions, depending on the demographics of the adopting employer. While many PEPs offer tiered pricing or discounts for larger plans,⁴⁷ disparities in pricing levels remain. Adopting employers should also consider how changes in participant counts and expected net cash flow may

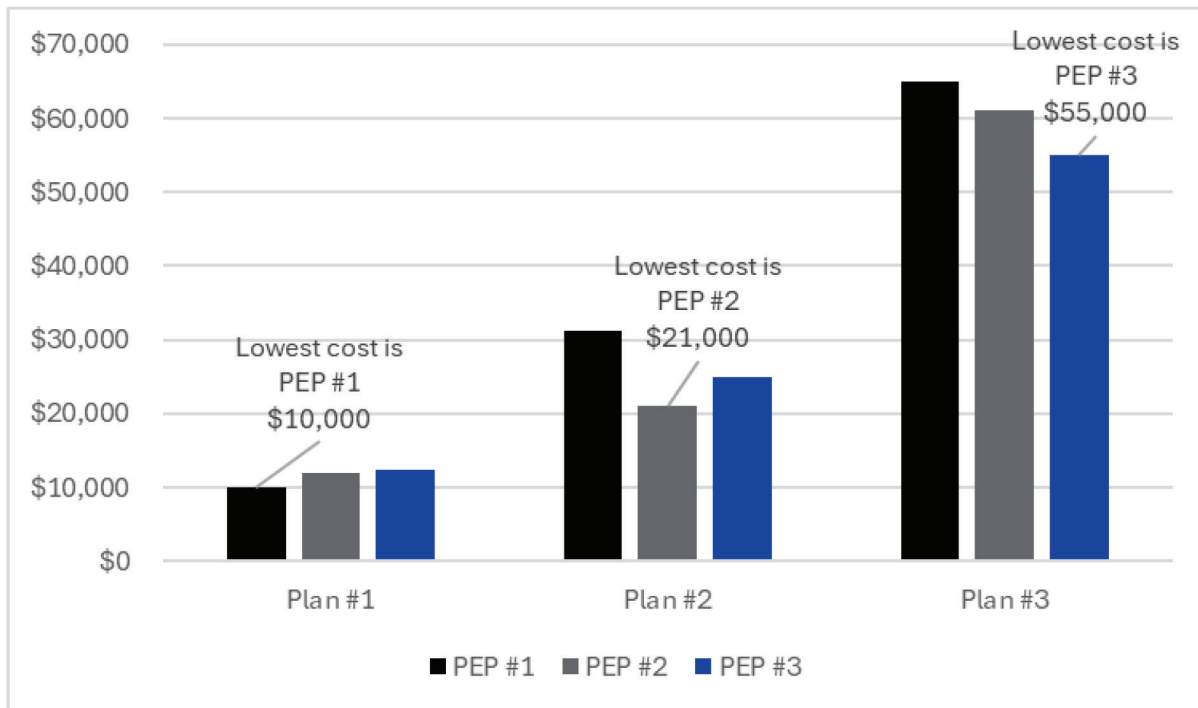
affect fees over time. Projecting costs over a three- to five-year period can provide valuable insight into the reasonableness of long-term costs of a PEP. While adopting employers retain the responsibility for monitoring fees, which will vary based on changes in assets and participant counts, it is neither practical nor in the best interest of participants for adopting employers to make frequent changes by moving from one PEP to another simply based on the current “point-in-time” fees.

Table 10
Hypothetical Pricing Models for 3 PEPs

	PEP #1	PEP #2	PEP #3
Fee Components			
Base Fees	\$2,500	\$1,000	\$5,000
Asset-Based Fees	0.50%	0.10%	0.25%
Per-Capita Fees	\$50	\$200	\$100
Estimated Annual Fees			
Employer #1: \$1M with 50 participants	\$10,000	\$12,000	\$12,500
Employer #2: \$5M with 75 participants	\$31,250	\$21,000	\$25,000
Employer #3: \$10M with 250 participants	\$65,000	\$61,000	\$55,000

Source: Authors’ illustrations.

Chart 5
PEP Cost Illustrations



Source: Authors’ calculations.

46 For this illustration, we are focusing on non-investment fees.

47 The asset levels required for discounted investment management fees are commonly referred to as “breakpoints.”

Table 11 provides an overview of the different populations of plan participants and how the benefits of different fee structures affect each group. For example, newer companies and organizations with younger workers are more likely to have lower accumulated assets and experience rapid growth from new contributions. In contrast, mature workforces may see distributions offset or exceed new contributions, which can influence fee allocation and overall cost structure. PPPs are likely to tailor their pricing models to attract adopting employers with specific workforce characteristics that align with their fee structures.

By carefully evaluating fee structures and documenting the rationale behind pricing decisions, employers can ensure they fulfill their fiduciary responsibilities while selecting a PEP that aligns with their workforce demographics and long-term goals.

How Pricing Models Apply to Individual Plan Participants

In addition to evaluating the overall fees of a PEP, adopting employers should understand how the PEP's pricing structure affects different groups of participants. While the methodology of allocating plan fees is typically determined by the PPP, the adopting employer may have the option to subsidize a portion of fees directly, thereby reducing the costs borne by plan participants. Modeling the PEP's fees at various participant asset thresholds, as demonstrated in **Chart 6**, can help employers determine whether subsidizing fees is a prudent decision.

Table 11
Fee Component Analysis: Populations Who May Benefit

Fee Component	Populations Who May Benefit
Base Fees (Employer paid)	<ul style="list-style-type: none"> • All participants benefit as the employer absorbs a portion of costs • Employers with a large number of small accounts • New companies and spin-offs from larger employers • Employers accustomed to paying advisors or accountants directly may prefer this structure
Asset-Based (Participant paid)	<ul style="list-style-type: none"> • Newer and younger workers with small account balances • Part-time or lower-income employees • Employers with high-turnover or seasonal workforces (e.g., restaurants, retail, and hospitality)
Per-Capita (Participant paid)	<ul style="list-style-type: none"> • Longer-tenured employees and older workers nearing retirement • Skilled workforces requiring advanced training, certifications or formal education • Professional services firms (e.g., financial services, law firms, engineering)

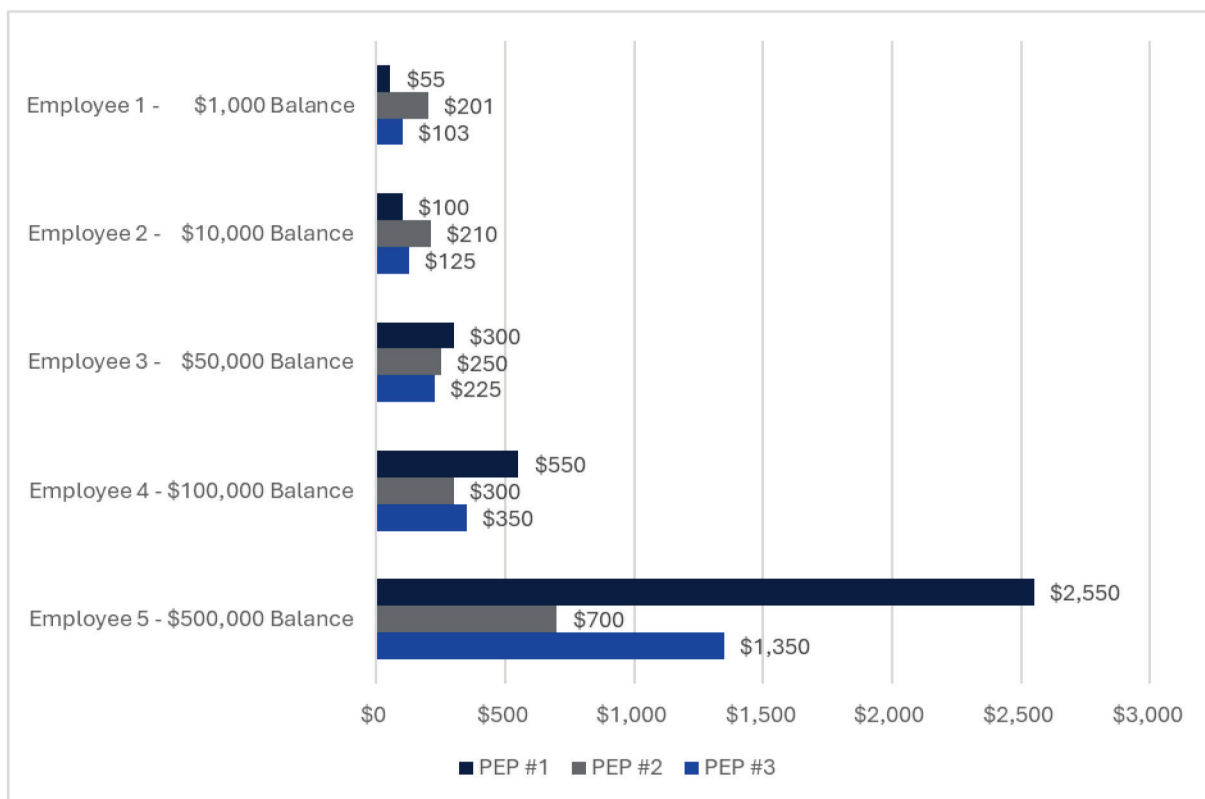
Estimating PEP Fees from Form 5500 Data

To frame the cost of PEPs, we revisited the average total costs of small Single Employer Plans of 84 basis points (bps), or 0.84%, referenced in Pooled Employer Plans: Big Plans for Small Business.⁴⁹ This figure was in a Morningstar article from March 2024⁵⁰ but was actually the average total costs of all 401(k) plans, regardless of size based on a study from ICI/ISS leveraging 2020 data from BrightScope which also included fees based on plan size. The most recent version of this report, using 2023 data, indicates the average total fees for 401(k) plans of all sizes was 74 bps in 401(k) plans of all sizes, but fees varied widely by plan size, as listed in **Chart 7**.⁵¹

Using a higher base fee may be attractive in situations where the PEP’s fee structure differs significantly from the legacy Single Employer Plan or when the adopting employer previously absorbed a portion of plan expenses, such as the cost of a registered investment advisor or the accountant’s fees for the annual audit. In the illustration in **Chart 6**, participants with smaller account balances benefit from the low per-capita fee in PEP#1, since asset-based fees are not significant for these participants. For balances between \$20,000 and \$66,667, participants would incur the lowest fees under PEP#3. PEP#2 offers the lowest cost for participants with an account balance exceeding \$66,667, due to its minimal asset-based fees.

Beyond recordkeeping and fiduciary fees, differences in investment management fees, managed account fees, and transaction fees can also have a significant impact on the total costs for participants. While these fees are not emphasized in this paper, they need to be carefully evaluated to ensure the PEP aligns with the needs of the adopting employer’s workforce.⁴⁸

Chart 6
Illustration of Annual Fees
For participants with a \$10,000, \$50,000, \$100,000 or \$500,000 balance
(Assumes Employer Pays Base Fees Directly)



Source: Authors’ calculations. Assumes Employer A is invoiced for the following base fees: PEP #1: \$2,500; PEP #2: \$1,000; PEP #3: \$5,000.

48 U.S. Department of Labor, Employee Benefit Security Administration (EBSA). (2019). “A Look at 401(k) Plan Fees.”

49 U.S. Department of Labor, EBSA. (2025). “CFR Parts 2510, 2520, 2550 — Pooled Employer Plans: Big Plans for Small Businesses.”

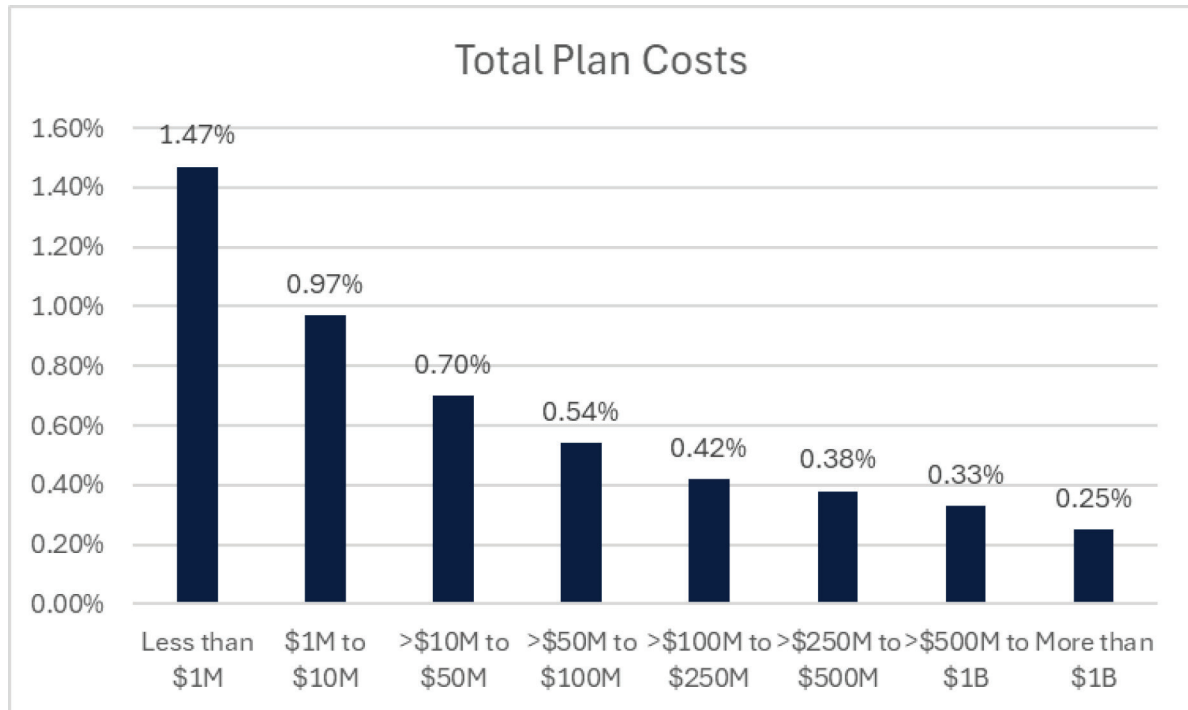
50 Rekenhaller, John. (2024). “No, 401(k) Funds Do Not Cost 2% Per Year.” Morningstar.

51 ICI & MarketPro Retirement — Powered by BrightScope. (2026). “The ICI/ISS MI Defined Contribution Plan Profile: A Close Look at 401(k) Plans, 2023.” ICI.

To estimate the fees associated with PEPs, we analyzed the 2024 plan year Form 5500 filings for the Top 25 PEPs ranked by assets as of December 31, 2024.⁵² Recognizing that many PEPs are experiencing rapid growth, simply dividing the total fees by the

ending total assets would understate the fees as a percentage of assets and on a per-capita basis. Instead, dividing the total fees by the average assets provides a more accurate approximation of fees for a growing PEP, as illustrated in **Table 12**.

Chart 7
Total 401(k) Plan Costs in 2023 by Assets



Source: ICI/ISS & MarketPro leveraging data from Brightscope.

Table 12
Illustration of BPs Fees Paid in Arrears
(PEP growing from \$1 billion to \$2 billion)

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024 Full Year
Beginning balance	\$1.00B	\$1.25B	\$1.50B	\$1.75B	\$1.00B
Ending balance	\$1.25B	\$1.50B	\$1.75B	\$2.00B	\$2.00B
Average annual fee rate	0.20%	0.20%	0.20%	0.20%	0.20%
Quarterly fees	\$500,000	\$625,000	\$750,000	\$875,000	\$2,750,000

Source: Authors' illustration.

⁵² The methodology we used to estimate fees was based on the total fees listed on Schedule H – Part II – i (12), divided by the average of the beginning and ending assets for asset-based fees. Following a similar approach, we divided total fees by the average of the beginning and ending participants with a balance for per-head fees. For average total fees by adopting employer, we divided total fees by the number of adopting employers as of 12/31/2024.

In this example, the total fees paid from the PEP for the 2024 plan year in the amount of \$2,750,000 would be detailed on Form 5500. However, without knowing the average annual fee rate of 0.20%, estimating fees based solely on the ending balance would result in a significant understatement. For instance:

- **Dividing by the ending balance**
 $\$2,750,000 \div \$2,000,000,000 = 0.1375\%$
 (Understates fees by more than 30%)
- **Dividing by the average balance**
 $\$2,750,000 \div \$1,500,000,000 = 0.1833\%$
 (Provides a more accurate estimate)

Many PEPs offer tiered fee structures based on a combination of participant counts and assets, which further complicates fee estimation. While we did not have access to sufficient data to estimate fees at the individual adopting employer level, we were able to approximate fees for the average adopting employer in each PEP in the Top 25 ranked by assets.⁵³

When examining the administrative and fiduciary fees of the Top 25 PEPs for the 2024 plan year, we observed the following trends.

- 1. Higher Fees and a Wider Range of Fees for Smaller Adopting Employers.** PEPs with smaller average adopting employers (i.e., under \$10 million in assets) tended to have higher fees as a percentage of assets, as illustrated in **Chart 8**.
- 2. Lower Fees for Larger Adopting Employers.** Conversely, the five PEPs with average adopting employers exceeding \$10 million in assets had administrative and fiduciary fees below 40 bps. This suggests that larger employers benefit from economies of scale and more favorable pricing structures.

3. Flat Trendline for Per-Capita Fees. When measuring fees on a per-capita basis, the trendline in **Chart 9** remained relatively flat, regardless of the average assets of adopting employers. However, for plans under \$10 million, there was significant dispersion in per-capita fees, which could often be traced back to adverse underwriting characteristics and may also be a result of differences in annual base fees billed directly to the employer.

The fees listed on Form 5500 do not include investment management expenses, which the ICI/ISS & MarketPro study included in total fees. To provide an appropriate comparison, we added the 28 bps average investment expense cited by ICI/ISS & MarketPro, leveraging 2023 data from BrightScope for the PEPs, in **Table 13**. Like Single Employer Plans, the investment fees will vary depending on the investments offered in the PEP, with the primary factor being whether an active, passive, or hybrid target date fund is used as the Qualified Default Investment Alternative.

These findings highlight the importance of competitive forces in the PEP market, which help to ensure that adopting employers have access to PEPs with appropriate services at a market-competitive cost.

The insights presented here are the result of extensive research on the PEP marketplace conducted over the past two years, requiring significant expertise and resources that may not be readily available to most employers. Given the ERISA standard of care, which requires fiduciaries to act as prudent experts, employers may need to engage third-party professionals to conduct this level of analysis, which may add significant additional costs to evaluating and monitoring a PEP.

Table 13
Comparison of Plan Weighted Fees Between Single Employer Plans and the Top 25 PEPs

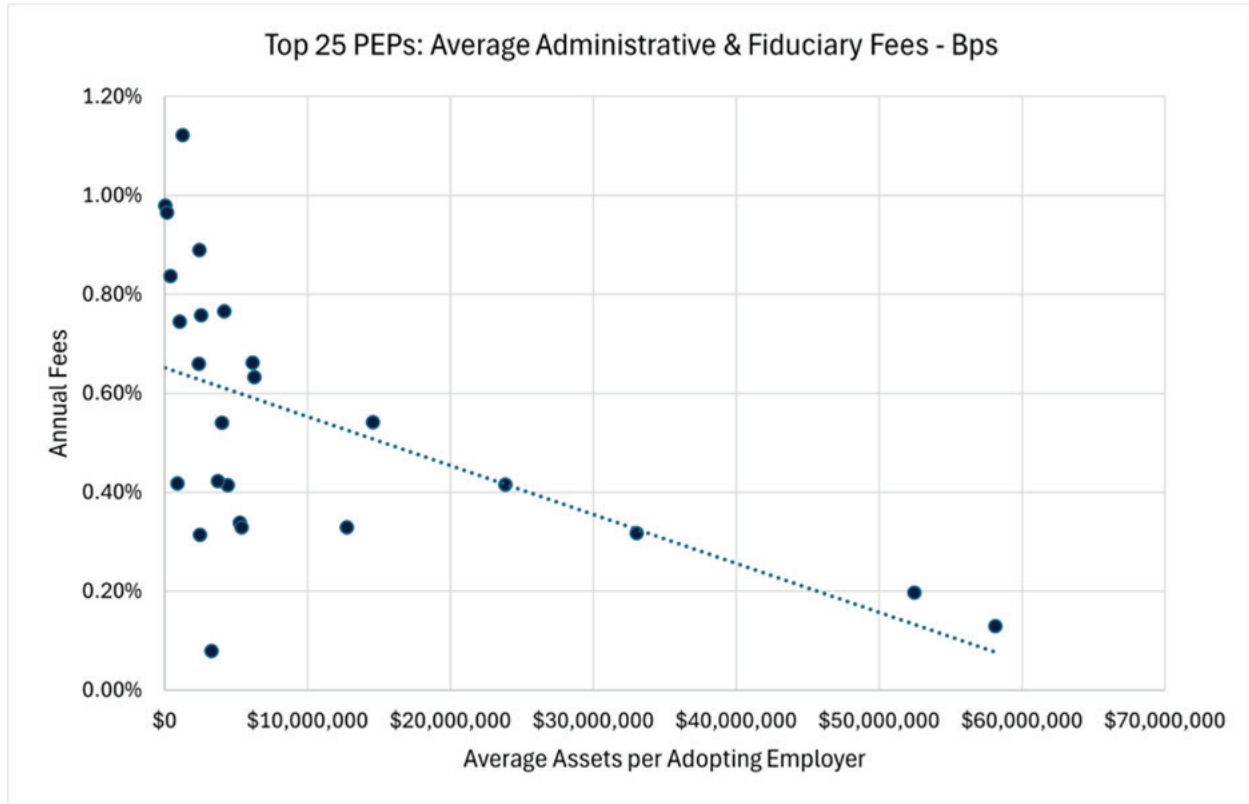
	Average 401(k) Costs	Average PEP Costs	Range of PEP Costs
Less than \$1M	1.47%	1.08%	0.70% - 1.26%
\$1M to \$10M	0.97%	0.86%	0.36% - 1.40%
>\$10M to \$50M	0.70%	0.68%	0.60% - 0.82%
>\$50M to \$100M	0.54%	0.44%	0.41% - 0.48%

Source: Authors' calculations

53 It is important to note that only fees paid from plan assets are reported on Form 5500. Thus, any fees for the PEPs that were paid directly by the adopting employers are not captured. This would also be the case for a Single Employer Plan where the employer pays certain fees directly.

Chart 8

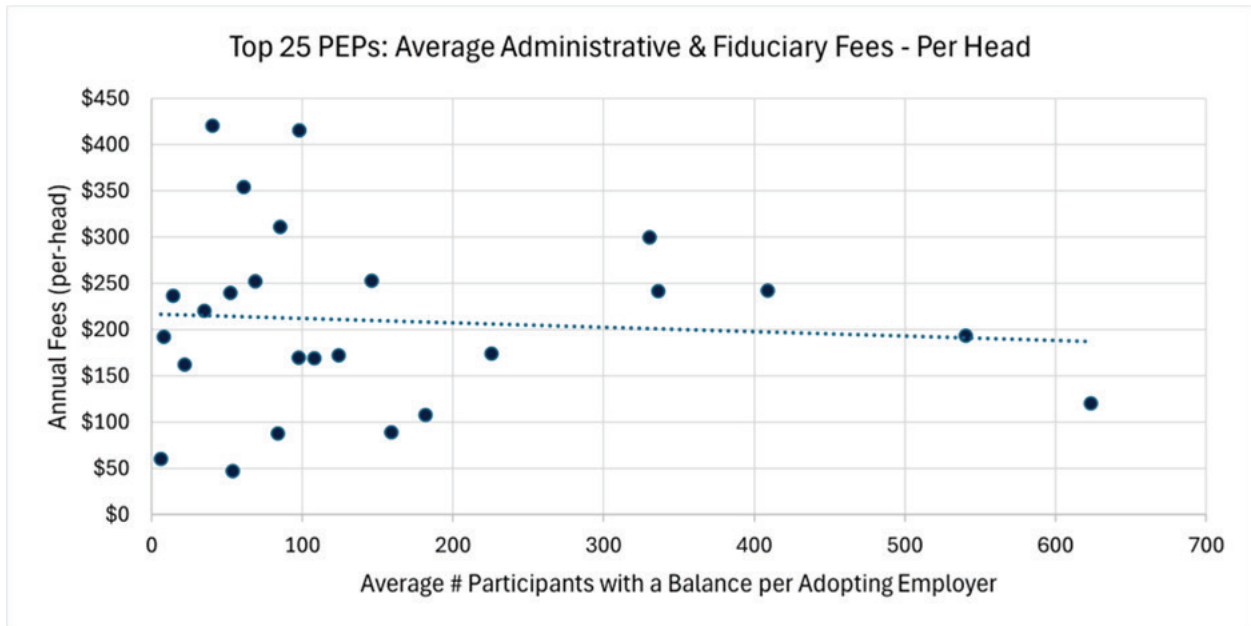
Average Administrative and Fiduciary Fees in the Top 25 PEPs — Annual Fees Measured in Basis Points by Average Assets of Adopting Employer (Excluding expenses of the investment offerings)



Source: U.S. DOL. EFAST (2024) “Form 5500 filings for plan years ending in 2024.”

Chart 9

Average Administrative and Fiduciary Fees in the Top 25 PEPs – Annual Fees Per-Participant Measured in Dollars by Average Number of Participants per Employer (Excluding expenses of the investment offerings)



Source: U.S. DOL. EFAST (2024) “Form 5500 filings for plan years ending in 2024.”

The PEP vs. Single Employer Plan Decision: Factors, Responsibilities, and Adoption Patterns

According to Cerulli Associates’ most recent survey data, the top reasons companies with existing retirement plans choose to join a PEP vary depending on the size of their existing Single Employer Plan, as shown in **Table 14**.⁵⁴ Small and mid-sized plan sponsors cited “lowering administrative costs” as the leading factor for joining a PEP, while large plan sponsors placed a higher priority on simplification of plan administration and compliance.

When deciding whether to retain a Single Employer Plan or participate in a PEP, employers are likely to weigh several factors. Larger employers often have greater leverage to negotiate competitive services and fees for customized solutions, including the ability to outsource fiduciary responsibilities while maintaining a Single Employer Plan. This means that the primary consideration for larger employers may be freeing up internal staff time for other initiatives, rather than additional cost savings.

Employers may be more likely to retain a Single Employer Plan under the following circumstances:

- **Ability to Negotiate Competitive Services and Fees** — large employers with significant leverage to secure customized solutions at competitive rates.
- **Experienced Benefits Staff** — employers with skilled benefits professionals capable of managing plan administration responsibilities effectively.
- **Strong Fiduciary Committee** — senior leaders available to form a robust fiduciary committee and oversee plan governance.

- **Comfortable Managing Risk** — employers who are confident about maintaining reasonable levels of fiduciary risk through formal governance structures, prudent policies, and thorough documentation of decisions.
- **Business Needs Dictate Specific Features** — organizations requiring investment offerings, plan provisions, or other features not available in a PEP structure.



Table 14
Primary Factor for Selecting a PEP

Decision-Making Factors	Small Plan Sponsors (<\$25M)	Midsized Plan Sponsors (\$25M-\$250M)	Large Plan Sponsors (>=\$250M)	All Plan Sponsors
Lowering administrative costs (e.g., recordkeeping fees)	30%	40%	27%	34%
Simplification of plan administration and compliance	23%	21%	30%	24%
Simplification of investment selection and monitoring	16%	24%	16%	20%
Lowering investment costs (e.g., access to institutional share classes)	16%	9%	14%	12%
Outsourcing fiduciary liability	14%	6%	14%	10%

Source: Data from Cerulli for PLANSPONSOR.

54 Lin, Natalie. (2024). “Pooled Employer Plan Assets Reach \$10B, Cerulli Reports.” PLANSPONSOR.

Employers may be more likely to consider joining a PEP under these circumstances:

- **Limited Service Provider Options** — difficulty securing services at reasonable fees or limited availability of competitive providers.
- **Lean Benefits Staff** — employers with minimal benefits staff or those relying on other departments to manage plan administration responsibilities, particularly when this has led to operational defects requiring corrective action.
- **Limited Senior Leadership Availability** — turnover or competing responsibilities limiting the availability of senior leaders to serve on a fiduciary committee.
- **Preference to Outsource Liability** — desire to minimize fiduciary risk by outsourcing responsibilities to a PPP.
- **Comparable Plan Structure** — plan investment structure and service offerings unlikely to differ materially between a Single Employer Plan and a PEP.

These factors vary even among small-, medium-, and large-sized employers, meaning that the decision about which type of retirement vehicle to offer will depend on a variety of factors, not just company size.

Employer Responsibilities After Adopting a PEP

Transitioning to a PEP does not eliminate all the governance responsibilities for adopting employers. It is critical for employers to maintain their governance structure, because they remain responsible for key decisions, including the selection and ongoing monitoring of the PPP and, potentially, other PEP fiduciaries.

Depending on the specific PEP structure, adopting employers may retain decision-making authority for certain aspects of the investment lineup, such as optional provisions like managed accounts or self-directed brokerage accounts. In addition, employers should confirm the PPP is adhering to IRS and ERISA regulations to maintain tax-qualified status, including timely deposits of contributions; filing the annual Form 5500 filing and audit on time; reviewing the annual nondiscrimination testing for accuracy; and ensuring any necessary corrections are processed promptly.

Even after adopting a PEP, an employer should maintain a fiduciary committee to oversee their responsibilities. Key responsibilities include:

- **Selection and Monitoring of the PPP** — Ensure the PPP continues to meet the needs of the plan and its participants.
- **Annual Fund Performance Review** — Meet at least annually to evaluate the performance of the investment lineup and the PPPs oversight of the 3(38) Investment Manager.

- **Stay Informed about PEP Offerings** — Remain updated about the PEP's investment options, financial wellness services, and other participant-focused products.

Adopting employers should actively monitor the PPP and other service providers to ensure they are fulfilling their responsibilities and delivering value to participants. Key considerations include:

- **Process Adherence** — Confirm that the PPP and service providers are following their stated processes and meeting service standards.
- **Participant Success Metrics** — Track key metrics such as participation rates and participant savings levels to assess the plan's effectiveness.
- **Evaluate New Services and Features** — Consider optional services and features as they become available, including those introduced with a negative election (or opt-out) structure.
- **Compliance Reviews** — Regularly review System and Organization Controls (SOC) 1 & 2 reports,⁵⁵ nondiscrimination testing results, the Form 5500 filing, and the auditor's report to ensure compliance with regulatory requirements.
- **Benchmarking Services and Fees** — Periodically compare the PEP's services and fees against the broader marketplace to confirm they remain competitive and reasonable. This is especially important because the pace of PEP market growth is significant.

While the PPP assumes many fiduciary responsibilities, adopting employers still retain certain liabilities and should ensure they have appropriate insurance coverage. Key considerations include:

- **Payroll and Contribution Responsibilities** — Adopting employers remain responsible for ensuring timely and accurate payroll contributions.
- **Impact on Insurance Premiums** — The PPP's assumption of fiduciary liability may reduce, but does not eliminate, the employer's fiduciary liability insurance premiums.
- **Separate Policies** — Adopting employers should maintain their own fiduciary liability insurance and fidelity bond coverage in addition to the PPP's coverage.
- **Annual Review of Coverage** — Revisit insurance coverage at least annually and adjust as needed to reflect changes in plan size, structure, or risk exposure.

55 Hemmer, Nicole. (2023). "What is the Difference Between a SOC 1 and a SOC 2 Report?"

Size of Employers Adopting PEPs

In conducting recordkeeper searches for Single Employer Plan 401(k)s, there are differences in provider capabilities in different market segments. While participant-facing technology, such as websites and mobile apps, is often consistent among plans of different sizes, smaller employers may encounter limitations in certain areas, such as plan design customization, communications, and fee structure flexibility. Consequently, employers with Single Employer Plan 401(k)s under \$10 million are less likely to experience significant limitations compared to Single Employer Plans when transitioning to a PEP.

To better understand the size of adopting employers in PEPs, we analyzed the 2024 plan year Form 5500 filings and compiled a summary of the 51,162 adopting employers by their assets in the PEP, as detailed in **Table 15**. While the majority of adopting employers in PEPs had assets under \$10 million, we identified 350 adopting employers with assets of \$10 million or more as of December 31, 2024.

Adopting employers with assets of \$10 million or more account for roughly half of total PEP assets, but represent less than 1% of the total number of adopting employers. This disparity highlights the concentration of assets among a small subset of larger employers in PEPs, while most adopting employers are smaller organizations with assets under \$10 million.

For smaller employers, a PEP may provide access to economies of scale and streamlined administration without sacrificing participant-facing technology or service quality. Larger employers may find that their ability to negotiate customized solutions and fee structures in a Single Employer Plan remains advantageous, particularly if their assets exceed \$100 million. As stated earlier, fees are typically not the primary factor for larger employers that influence a company's decision to join a PEP.

By understanding the distribution of adopting employers by asset size, stakeholders can better evaluate the role of PEPs in serving different market segments and assess whether PEPs align with their organizational needs and goals.

Table 15
PEP Use by Adopting Employer Asset Size

PEP-Adopting Employers as of December 31, 2024	# Adopting Employers	Assets
Under \$10M	50,812	\$10.4 billion
\$10M to <\$25M	257	\$3.7 billion
\$25M to <\$50M	54	\$1.8 billion
\$50M to <\$100M	25	\$1.7 billion
\$100M to <\$250M	10	\$1.4 billion
\$250M to <\$500M	4	\$1.2 billion
\$500M or greater	None	None

Source: U.S. DOL. EFAST (2021–2024) “Form 5500 filings for plan years ending in 2021–2024.”

Noteworthy PEP Market Developments in 2025

Accessing accurate and timely data about the PEP marketplace remains a challenge, due to limitations in publicly available information, such as Form 5500 filings with lagged data, incomplete data from industry surveys, and reporting inaccuracies. These gaps underscore the importance of supplementing historical data with real-time updates to better understand the evolving PEP landscape.

Key Developments and Trends

The dynamic nature of the PEP marketplace was evident in several structural changes and provider transitions during 2025. For example, the AGC Select 401(k), a former MEP, transitioned to a PEP in 2024 under NPPG Plan Professionals as the PPP and later to Empower as the recordkeeper in August 2025.⁵⁶ Similarly, Principal partnered with FuturePlan, a subsidiary of Ascensus, to serve as the PPP for its largest PEP, the Principal Ease 401(k) Plan.⁵⁷ Unlike Single Employer Plans, where changes to service providers are employer-driven, PEP transitions are dictated by the PPP and apply uniformly to all adopting employers. While PPP oversight can streamline transitions, employers and participants may face challenges such as payroll feed adjustments, staff training, and participant communication.

PEPs are also beginning to influence the more established PEO market. In December 2025, ADP launched the Save4Retirement Pooled Employer Plan with Pentegra as the PPP.⁵⁸ ADP, a leader in payroll and recordkeeping services, also sponsors the largest PEO MEP, with \$9.2 billion in assets and more than 346,000 participants as of December 2024.⁵⁹ The Tandem HR 401(k) Plan — a PEO sponsored PEP, with \$310 million in assets — transitioned from a MEP to a PEP in 2022. These developments suggest PEOs may increasingly consider PEPs, weighing trade-offs, such as outsourcing fiduciary liability to a PPP, versus the loss of control inherent in the PEP structure.

In June 2025, Vestwell became the PPP for a new PEP serving Amazon's Delivery Service Partner (DSP) program. This initiative aims to expand retirement savings access to tens of thousands of DSP employees; more than 4,400 owners and 390,000 drivers.⁶⁰ The PEP structure eliminates the need for sponsorship by a lead employer, which makes it appealing to industries with exclusive service providers or franchisee models, such as the food and beverage industry, service-related fields, and business support services.⁶¹

Over time, as the PEP marketplace matures, addressing delays in data updates and efforts to improve data quality for reporting will be helpful. For now, it is important for industry professionals, employers, and policymakers alike to keep abreast of the latest developments and innovation to ensure proper guidance when beneficial and intervention when needed.



⁵⁶ Boyle, Emily. (2025). "Empower to Recordkeep \$600M PEP." PLANSPONSOR.

⁵⁷ Principal. (2025). "Principal collaborates with FuturePlan to meet heightened demand for pooled retirement plans."

⁵⁸ ADP Media Center. (2025). "ADP's New Save4Retirement Pooled Employer Plan Cuts Cost and Complexity."

⁵⁹ U.S. Department of Labor. (2024). EFAST Form 5500 Series Search.

⁶⁰ Vestwell. (2025). "Vestwell Launches Retirement Solution for Amazon Delivery Service Partners (DSPs) Program." Tomay, Beryl. (2024). "Amazon is investing an additional \$2.1 billion in the Delivery Service Partner program — its biggest investment yet."

⁶¹ Frannet. (2024). "Top 3 Most Common Franchising Industries {And Why}."

PEP Opportunities

Unlock Advantages of Scale for More Small and Mid-Size Employers

PEPs offer small and mid-sized employers access to institutional-quality retirement benefits by pooling assets among multiple employers to achieve economies of scale. This scale lowers investment management and recordkeeping costs; unlocks more sophisticated investment options; and enables the PPP to integrate financial technology tools, strengthen cybersecurity protections, and implement auto-portability solutions that would be too costly or complex for some individual employers to manage on their own.

PEPs also support the introduction of retirement income products and private market assets in diversified investment lineups — innovations typically limited to large Single Employer Plans — by generating sustained liquidity as new employers join. Employers considering a PEP should evaluate the PPP's capabilities, governance structure, and transparency to ensure innovations are grounded in fiduciary prudence and deliver measurable participant outcomes. For the right employer, a PEP can lower costs, support new innovative products, reduce administrative burden, and transfer fiduciary responsibilities and risk. However, not every PEP delivers equal value, and employers need to exercise care to evaluate structure, pricing, and services carefully before joining one.

Mitigate Fiduciary Risk

One of the key advantages of PEPs is the transfer of some of the fiduciary responsibility and risk to the PPP and other fiduciaries. It is important to note, though, that adopting employers retain the responsibility and associated risk for selecting and monitoring the PPP that cannot be outsourced to a third party. Small employers with limited or no benefits staff may find they still need to seek external professionals to meet their fiduciary duties under a PEP, which adds costs.

In addition to their PEP offerings, several PPPs have introduced solutions that mirror the 3(16) Plan Administration and Investment Management services of their PEP with a Single Employer Plan. Commonly referred to as Group of Plans (GoP) solutions, these arrangements allow employers to retain their Single Employer Plan structure while benefiting from professionalized oversight and administrative support. This flexibility may appeal to employers who prefer to retain certain plan features or governance structures while reducing their fiduciary risk, or to employers with plans below the audit threshold.

Expand Participant Services

PEPs can give participants access to services that small employers often cannot offer on their own, such as financial wellness tools, managed account options, retirement income solutions, and more. Depending on the structure of the PEP, these solutions may be proprietary to the PPP, the investment advisor, or the plan recordkeeper, or may be supported by other third-party providers. For employers maintaining Single Employer Plans, the decision to offer additional participant services — whether in-plan or out-of-plan — can be daunting. By shifting responsibility for selecting and monitoring services to the PPP, PEPs can alleviate this burden for employers and provide participants with access to a broader range of solutions.

For example, while small and medium-sized companies maintaining Single Employer Plans are often limited to a single managed account solution offered by their recordkeeper,⁶² or may have no option at all, the PPP can leverage the aggregated assets of their PEP (or multiple PEPs) to attract independent managed account providers for consideration. Unlike Single Employer Plans, which may be constrained by the proprietary offerings of their recordkeeper, PEPs benefit from the PPP's ability to negotiate and select non-proprietary solutions tailored to the needs of participants.⁶³

The range of services varies widely among PEPs. Some prioritize simplicity and low cost over a full-service menu. Employers should be careful to look for conflicts of interest when a PPP's affiliated firms provide the plan's investment or wellness services.

Reduce Internal Administrative Work

Managing a retirement plan can take significant staff time, from drafting communication materials and notices⁶⁴ to overseeing compliance, working with auditors, and responding to participant questions. Under a PEP, the PPP, often acting as the 3(16) Plan Administrator, takes on most of these responsibilities, freeing up internal HR or benefits staff. Payroll processing and funding remain the adopting employer's responsibility, although PEPs may offer access to third-party payroll aggregation services to simplify data submissions. These services add cost, but the time savings can outweigh the expenses for employers without dedicated benefits staff.

62 U.S. Government Accountability Office. (2014). "401(k) Plans: Improvements Can Be Made to Better Protect Participants in Managed Accounts."

63 Employers in a PEP where the PPP also serves as the managed account provider, or in a PEP where the PPP has selected the recordkeeper's managed account solution, should ask for clarification about the process for selecting and monitoring these services, given the potential conflict of interest.

64 While the 3(16) administrator may be responsible for these notices, the preparation and fulfillment for hard copy mailings may be billed back to the plan sponsor, depending on the fee structure of the PEP.

PEP Challenges

PEPs hold considerable promise for reducing the cost and administrative burden of offering a workplace retirement plan, but realizing that promise depends on addressing a set of structural and operational challenges that have persisted as the market has grown. Importantly, many of these challenges are not unique to PEPs — they reflect broader difficulties that Single Employer Plans face as well — but they take on added complexity in the PEP context, given the centralized structure and the scale at which PPPs must manage compliance for dozens or hundreds of adopting employers. This section reviews these challenges.

Payroll and Data Sharing Challenges

Payroll and data sharing challenges remain a persistent problem. Keeping employee data current, including hire dates, address changes, employment status, and other data items, remains the employer's responsibility. Errors in the data can trigger compliance failures and disrupt enrollment, loans, and distributions.

Adopting employers are still responsible for submitting payroll, and evidence from Form 5500 filings suggests that late deposits are a recurring issue. Among the Top 10 PEPs for the 2024 plan year,⁶⁵ all 10 reported late deposits, averaging 2% of total contributions, and only two had fully corrected them to within \$500, while the majority listed late contributions that still require corrections for multiple plan years. Larger PEPs with more employers generally experienced a higher percentage of late deposits, except where the payroll provider or an outsourced human resources group served as the PPP.

Managing multiple payrolls in a PEP can exacerbate these challenges, because errors affecting small populations in the PEP may be more difficult to identify and resolve, particularly for PPPs managing thousands of data feeds from different payroll providers. To mitigate these issues, PEPs administered by payroll providers or outsourced human resources groups may offer advantages in reconciling payroll discrepancies and ensuring timely contributions.

Audit Filing and Form 5500 Reporting Issues

Auditing PEPs is more complex than auditing Single Employer Plans because it requires consolidated reporting for all adopting employers, including small employers that may never have been subjected to an audit before. Timely audit filing remains a challenge for some PEPs. For the 2024 plan year, 40 PEPs filed their Form 5500 without completing their audit by the October

15, 2025, deadline, and most had not filed an amended return by December 31, 2025. Five PEPs missed the October 15, 2025, deadline entirely, raising concerns about the PPP's ability to meet such regulatory requirements.⁶⁶

Form 5500 reporting compliance also is a growing problem. Efforts to improve the identification and oversight of PEPs have led to several changes in the form reporting requirements in recent years. These include the introduction of the 2W characteristic code in 2022 to distinguish PEPs from other MEPs, the requirement to include the PPP's Acknowledgment ID (ACK ID)⁶⁷ on Schedule MEP beginning in 2023, and expanded reporting in Schedule MEP Part II to include detailed participating employer information. Nevertheless, reporting errors persist. Some established PEPs omitted required codes (like the 2W code identifying them as PEPs), while some non-PEP plans included them incorrectly. Other common inaccuracies included omissions of codes such as 2S, which indicates the plan provides for automatic enrollment, and 2T, which indicates the plan allows for total or partial participant-directed accounts. Schedule MEP filings also often contain incomplete or inaccurate data, including incomplete employer lists, missing ACK ID, or outdated information. These errors complicate the identification process and may hinder regulatory oversight.

What Needs to Improve

Addressing these challenges will require proactive efforts by PPPs, including:

1. Faster audit completion and timely amended filings when deadlines are missed.
2. Stronger quality controls on Schedule MEP and employer reporting.
3. Better payroll integration tools and error detection support for adopting employers.
4. Training to help employers understand their compliance obligations.

These challenges reflect the growing pains for a rapidly expanding PEP marketplace. By addressing these issues proactively, PPPs can strengthen the operational and fiduciary oversight of PEPs, ensuring delivery on their promise of cost-efficient professional plan administration and broader retirement plan access.

⁶⁵ The Top 10 PEPs as measured by assets on their 2024 Form 5500 filing as of December 31, 2024.

⁶⁶ Form 5500 filings are due seven months after the end of the plan year (i.e., July 31 for a calendar year plan) or can be extended an additional two and a half months on request by filing Form 5558.

⁶⁷ The ACK ID is a unique identifier issued by the DOL, confirming the successful submission and registration of the PPP, which demonstrates that the PPP has met the initial registration requirements of the SECURE Act.

Barriers to PEP Adoption

PEPs offer an additional way to expand workplace retirement savings, especially for small and mid-sized employers. By pooling employers together, PEPs can reduce administrative burdens and shift some fiduciary responsibility to a PPP. Nevertheless, PEP adoption has been slower than expected. A range of operational, compliance, and administrative complexities continues to create friction for employers and providers.

Limited Awareness and Education

PEPs are still relatively new. Many employers do not fully understand how they work, what responsibilities employers retain, or how PEPs compare to Single Employer Plans. This lack of familiarity can lead to hesitation, delays, or misinformed decisions. Clear, practical education about costs, fiduciary roles, and transition requirements is essential if PEPs are to gain broader traction. One of the main barriers for small employers is the lack of resources to gain access to the necessary information of different PEP offerings to make informed decisions, including the residual fiduciary responsibilities and risk they retain.

While there are several tax credits for employers under SECURE 2.0 to entice small employers to offer retirement plans, limited awareness remains a concern. These incentives help offset the costs associated with starting and maintaining administrative costs and employer contributions permitted for both Single Employer Plans and PEPs, as detailed in **Table 16**.



Table 16
SECURE 2.0 Tax Credits Summary

SECURE 2.0 Tax Credit	Who is eligible?	Amount	Duration	Purpose
401(k) startup tax credit	Employers who have not maintained another qualified plan in the past 3 years with 1–100 employees and at least one NHCE	Up to \$250 per NHCE, max 20 employees Max \$5,000 per year	3 years	Offset the cost of starting a new retirement plan
Employer 401(k) contribution credit	Employers with up to 50 employees (phased out for 51–100)	Up to \$1,000 per employee Phased: 100%, 75%, 50%, 25%, 0% over 5 years	5 years	Encourage employer contributions to employee retirement accounts
Auto-enrollment credit	Any employer that includes automatic enrollment in the plan design	\$500 per year	3 years	Encourage adoption of automatic enrollment to boost participation
Military spouse participation	Employers with ≤ 100 employees who offer immediate eligibility and vesting to military spouses	\$200 per military spouse plus up to \$300 in employer contributions Max \$500 per spouse, per year	Up to 3 years per spouse	Support retirement savings for military families

Source: ADP.

Transition and Liquidity Restrictions

Moving from a Single Employer Plan to a PEP can be complex. Capital preservation investments such as stable value funds, insurance general account products, and separate account products often include redemption restrictions. These may allow portfolio managers to delay redemptions for 12–24 months or impose Market Value Adjustments (MVAs), or multi-year redemption schedules requiring installments over five to 10 years. As a result, employers may need to retain legacy plans longer than anticipated, increasing costs and administrative work to avoid disruptions and ensure compliance.

Safe Harbor and Protected Benefits Considerations

Transitions for safe harbor plans also present timing challenges, because employers must align their transitions with regulatory constraints. Protected benefits, such as grandfathered provisions, must also be carefully accounted for to remain in compliance with anti-cutback requirements under ERISA.⁶⁸ Employers must also adopt any open amendments to their legacy Single Employer Plans after transitioning to a PEP.

After adoption, the final Form 5500 filing for the legacy plan must be completed, including a final audit if applicable. Since the Form 5500 filing is due seven months after the end of the plan year, the filing deadline will depend on the transition date. For mid-year transitions to a PEP, the end of the plan year for the legacy plan coincides with the transition. For example, a transition to a PEP on March 31, 2024, would mean the legacy Single Employer Plan's final Form 5500 is due October 31, 2024, or January 15, 2025, with an extension. Ensuring timely completion of this filing is critical to avoid penalties and maintain compliance.

Roth IRA Rollover Limitations

An employer participating in a state-facilitated auto-IRA program could decide to join a PEP or offer a Single Employer Plan due to changes in their workforce demographics or expansion across state lines. Under current IRS rules, Roth IRAs cannot be rolled over to a 401(k) — whether a Single Employer Plan or a PEP — or any other employer-sponsored retirement plan. Since the state IRA programs use Roth IRAs, employees would be required to maintain two separate accounts, resulting in duplicated costs and administrative complexity. This limitation may discourage employers from transitioning to a PEP or create confusion for employees managing multiple accounts. Roth IRAs should be made fully portable.

Spin-Off and Exit Challenges

Leaving a PEP can also be complicated. An adopting employer cannot simply terminate its portion of the plan. In certain situations, such as mergers or acquisitions, the employer may have to establish its own stand-alone employer-sponsored retirement plan to accept the assets from the PEP, which then can be terminated.⁶⁹ This creates additional costs and administrative burden, and extends the timeframe to terminate the plan after a change in ownership or unwinding of a business.

Establishing a new 401(k) plan is no small task, and this added step can easily add three to four months to the termination process. Even when the PEP's recordkeeper is used for the new plan, the process includes establishing a new plan document and summary plan description, building the new Single Employer Plan on the recordkeeping system, and creating the required disclosures and communications for plan participants. Depending on the investment lineup, the newly established Single Employer Plan may not qualify for the same investments offered in the PEP, not to mention that the employer is fully responsible for the selection and monitoring of investments in the new plan. While the new Single Employer Plan may only be needed for a short period of time, a Form 5500 filing will still be required, which adds additional time and expense. Simplifying spin-off processes would reduce friction and make PEP adoption less risky for adopting employers.

Audit Thresholds and Administrative Burdens for Frozen Assets

Participant counts are aggregated at the PEP level and can unintentionally subject small employers to costly audit requirements that they would not face with a Single Employer Plan. Employers transitioning frozen legacy plans into a PEP may face unnecessary administrative burdens, such as continued Form 5500 filings and audits. For example, a frozen capital preservation fund that is subject to redemption restrictions may have to be left in the legacy Single Employer Plan for a year, or longer in some cases. These all increase participant and employer costs.

68 The anti-cutback rule is designed to protect participants in tax-qualified plans, including 401(k) plans, from retroactive reductions in benefits that have already been earned or accrued under the plan's terms.

69 Droblyen, Eric. (2022). Employee Fiduciary. "Good Luck Escaping a Pooled Employer 401(k) Plan (PEP)."

2025 Pooled Employer Plan Bulletin

The DOL's Employer Benefit Security Administration (EBSA) published the 2025 *Pooled Employer Plan Bulletin* presenting data it receives about PPPs and PEPs.⁷⁰ The bulletin is based on Form PR filings submitted through December 31, 2023, and Form 5500 data for statistical years 2021 and 2022 (defined as plan years ending in 2021 and 2022). While the data sources used in the bulletin are the same as those referenced in this paper (Form 5500 and Form PR filings), the DOL's analysis was conducted independently and completed before the 2024 Form 5500 filings were available. Given the inconsistencies in the application of the 2W characteristic code and differences in methodology, it is not surprising that the totals we arrived at in our analysis differ slightly. For example, this paper excludes PEPs with an ending balance of \$0, which may account for some of the variation in the number of PPPs and PEPs.

The bulletin highlights that beginning in statistical year 2023, the DOL will be able to extract additional information about employers participating in PEPs from Form 5500, due to the requirement for PEPs to attach the new Schedule MEP. However, as noted in our analysis, inaccuracies in reporting, alternative submission formats, and missing information may result in gaps in the data. These issues underscore the importance of improving reporting accuracy to ensure reliable insights into the PEP marketplace.

Key Observations from the Bulletin

- 1. Pooled Plan Providers (PPPs):** As of December 31, 2023, there were 142 PPPs, with seven PPPs terminating between 2020 and 2023.⁷¹ This reflects the relatively small but growing number of entities operating in the PEP marketplace.
- 2. Challenges in Identifying PEPs:** The bulletin acknowledged challenges in relying on characteristic codes to identify PEPs, instead cross-referencing Form PR filings to ensure accuracy. The DOL's Form 5500 reporting compliance program determined that a high percentage of plans that used the 2W code had done so erroneously, without submitting a corresponding Form PR.⁷² This observation aligns with our findings about reporting inconsistencies and the need for improved oversight.
- 3. PEP Assets:** In statistical year 2022, PEPs held slightly under \$5 billion in assets, with the top 20% of PEPs accounting for 87% of total assets.⁷³ This concentration of assets among a small subset of PEPs is consistent with our analysis of the 2024 plan year data, where larger PEPs dominate the marketplace.

- 4. Participant Counts:** The bulletin reported 618,000 total participants, including 565,000 active participants and 53,000 retired or separated participants and 263,000 participants with a balance. This results in a participation rate of approximately 37.2%.⁷⁴ which aligns with our analysis of the 2024 plan year filings. Only three of the Top 10 PEPs by Assets had participation rates above 50% in 2024, and the participation rates ranged between 15% and 75%. This is surprisingly low, compared to Vanguard's plan-weighted average participation rate of 82%.⁷⁵ The low participation rate observed may improve in future years because auto-enrollment mandates under SECURE 2.0 took effect beginning January 1, 2025.
- 5. Active PEPs per PPP:** The percentage of PPPs operating more than eight PEPs increased from 2% in statistical year 2021 to 9% in statistical year 2022. Among the 142 PPPs that registered, a handful appeared to have a common affiliation. This suggests that an increasing number of PPPs are sponsoring multiple PEPs, and the PPP market may be more concentrated than it seems.
- 6. Products or Services Reported by PPPs:** Among PEPs, 77% reported offering additional products or services. The most common offerings included: (i) plan administration (65%); (ii) investment management (46%); (iii) other administrative, fiduciary, or other services (35%); and (iv) custodial or trustee services (34%). These findings highlight the multifaceted roles PPPs can play in and differences among PEP structures available in the marketplace and the need for employers to identify and vet potential conflicts of interest.
- 7. Adopting Employer Data:** The bulletin did not include information about adopting employers by state, which could provide valuable insights into geographical trends in PEP adoption and the impact of state-facilitated programs. Future analyses leveraging Schedule MEP data may help address this gap once the information becomes readily available.

Reflections on the Bulletin

While the 2025 *Pooled Employer Plan Bulletin* provides useful statistical insights, its observations are based on data that is dated, due to the timing of Form 5500 filings and reporting challenges that extend the necessary time to compile data. This differs from state-facilitated programs and government-sponsored programs abroad, where information is readily available on a monthly or quarterly basis. Additional reporting requirements for PPPs — including quarterly updates about assets and participant counts — could contribute to a better understanding of the adoption and growth of PEPs.

70 U.S. Department of Labor, Employee Benefit Security Administration (EBSA). (2025). *Pooled Employer Plan Bulletin*.

71 U.S. Department of Labor, Employee Benefit Security Administration (EBSA). (2025). *Pooled Employer Plan Bulletin* (p. 7–8).

72 U.S. Department of Labor, Employee Benefit Security Administration (EBSA). (2025). *Pooled Employer Plan Bulletin* (p. 9).

73 U.S. Department of Labor, Employee Benefit Security Administration (EBSA). (2025). *Pooled Employer Plan Bulletin* (p. 12).

74 U.S. Department of Labor, Employee Benefit Security Administration (EBSA). (2025). *Pooled Employer Plan Bulletin* (p. 11–12).

75 Vanguard. (2025). "How America Saves" (p. 9).

DOL PEP Request for Information (RFI)

On July 28, 2025, the DOL's EBSA issued a public RFI soliciting comments and responses to questions aimed at determining whether additional guidance could facilitate small employers joining PEPs.⁷⁶ The RFI included 25 questions categorized into three areas: (i) General Questions; (ii) Conflicts of Interest and Mitigation; and (iii) Safe Harbor Considerations. Many of the General Questions focused on the types of organizations acting as PPPs, including other roles they may hold in the PEP structure and whether PEOs are offering PEPs.

Of the 25 questions, 11 were categorized under Safe Harbor Considerations. These questions explored the structure of PEPs, roles held by PPPs, permissible ranges of fees, and use of proprietary investment products. Notably, the final question in this section diverged from the others, asking whether offering a safe harbor to the PPP itself would encourage the formation of high-quality PEPs.

While the DOL has not commented about or issued additional guidance to the RFI since it closed on September 29, 2025, they posted the responses, which highlighted a range of perspectives, from strong support for expanding PEPs to concerns about potential shortcomings, consistency with congressional intent, and cautioning the DOL about potentially overreaching its authority to calls for safe harbor provisions for cost-effective Single Employer Plans instead. Many perspectives fell in the middle, advocating for consistency of safe-harbors, disclosures, and other requirements between Single Employer Plans and PEPs to ensure both remain on equal footing.

We reviewed the public comments that were received, which can be found on the DOL website.⁷⁷ The responses included comments on these topics:

1. Regulatory Approach and Market Neutrality. Many of these comments emphasized that DOL should not issue guidance that favors any particular PEP business model (bundled vs. unbundled; affiliated vs. independent service providers) over another, and should not characterize PEPs as the preferred plan structure relative to Single Employer Plans or other qualified plan options. One commenter pointed to SEC Rule 180, limiting the use of collective investment trusts in PEPs that permit self-employed individuals. This barrier was addressed by the SEC on May 4, 2026, with a statement that it would not object to a PEP that treats itself as a single employer to avoid registration as an investment company, provided that the pooled employer plan: (i) is subject to ERISA and (ii) meets all of the requirements of the relevant section of the Code referenced in Section 3(c)(11).⁷⁸

2. Fiduciary Responsibility Allocation. Almost all the comments reviewed addressed the question of how fiduciary responsibility should be allocated in PEPs, particularly with respect to investment management

oversight. Consumer advocates and researchers made the point that fiduciary oversight responsibilities should be strengthened and communicated more clearly to small employers, who often do not understand that selection and monitoring a PPP cannot be delegated.

3. Safe Harbor Considerations. Commenters provided a range of opinions about the need for and design of any safe harbor. Many industry groups cautioned against any safe harbor that would favor any particular plan model or a specific PEP model, impose fee caps, require unaffiliated investment managers, or mandate specific investment structures, arguing this would distort the market and limit employer choice. A smaller number of industry groups support a well-designed safe harbor that would give small employers certainty in meeting fiduciary obligations. Consumer advocates express concern that a safe harbor fee threshold would undermine ERISA fiduciary protections and stifle innovation. Others noted that a safe harbor focusing on small employers could be helpful, including requiring administrative fees to be paid directly by the employer, rather than assessed to plan participants, and extending the seven-business-day safe harbor for funding for small plans to adopting employers in a PEP.

4. Disclosures and Fee Transparency. Comments about disclosures and fee transparency varied, with industry groups generally making the case that existing disclosure requirements are sufficient and no additional requirements should be required for PEPs, while consumer advocates and researchers call for more standardized, comparable data while questioning the cost competitiveness of PEPs compared with other plan options available to small employers. Some industry groups argue that existing fee disclosure requirements are robust and any additional requirements would be redundant and undermine administrative simplicity goals.

5. Exemption from Audit Requirements. Several of the commenters called on DOL to advocate for Congressional action to exempt small-participant employers from the ERISA large-plan audit requirement when their own participant account is below 100, noting that the current rule triggers audit obligations based on total PEP size rather than the individual employer's workforce, which creates unexpected cost burdens for small businesses joining large PEPs. Conversely, one commenter pointed to the increased likelihood of errors in small plans and the complexity of the administration in a PEP as potentially increasing error as a rationale to not only retain the audit requirement but also expand the employer-level reporting.

⁷⁶ U.S. Department of Labor, EBSA. (2025). "Pooled Employer Plans: Big Plans for Small Businesses."

⁷⁷ U.S. Department of Labor, EBSA. (n.d.). "Pooled Employer Plans: Big Plans for Small Businesses." Public Comments.

⁷⁸ U.S. Securities and Exchange Commission. (2026). "Staff Statement Regarding Pooled Employer Plans."

6. Affiliated Service Providers and Fiduciary Responsibility.

This issue generated mixed reactions. Some respondents argued that PPPs should be allowed to hire affiliated investment managers or other affiliated service providers with certain safeguards in place since restrictions could increase costs, and limit flexibility and innovation in the PEP marketplace.

7. Procedures for Addressing Conflicts of Interest. There was broad agreement about the need for clear procedures to identify and mitigate common conflicts of interest in PEPs, particularly those involving proprietary investment products and affiliated service providers.

8. Protecting Exit Rights. Several commenters highlighted the importance of protecting exit rights for adopting employers, both in terms of investment liquidity and the ability to transition out of a PEP. Concerns were raised about the cumbersome process of moving from a PEP to a Single Employer Plan and subsequently terminating the plan, which could create barriers for employers seeking to exit.

The diversity of opinions in the RFI responses underscores the complexity of balancing regulatory oversight with the desire for flexibility that still supports innovation in PEP design. While some stakeholders view additional guidance and safe harbor provisions as critical to expanding access to PEPs, others caution against imposing requirements that could inadvertently discourage participation or limit solutions for employers. These insights provided by commenters will likely shape DOL's future regulatory actions and the evolution of the PEP marketplace.



Fiduciary Tips for Small Employers Selecting a PEP

Pending additional guidance, the DOL has prepared the following tips to assist small business owners in selecting a PEP. These tips, included in *Pooled Employer Plans: Big Plans for Small Business*,⁷⁹ emphasize the importance of careful evaluation and ongoing oversight to ensure the PEP aligns with the needs of the employer and its participants.

1. Consider what a PEP can offer you and your employees.
2. Make sure you understand the type of PEP under consideration.
3. Make sure you consider the experience and qualifications of the PPP.
4. Make sure you ask questions about the PEP's fees.
5. Make sure you understand the investment options.
6. Ask questions about your exposure to fiduciary liability for investments.
7. Ask questions about your exposure to fiduciary liability should you join the PEP.
8. Do not forget to monitor your PEP on an ongoing basis.
9. Make sure you fully inquire about the implications of exiting the PEP.

These tips highlight the importance of conducting a thorough due diligence process before adopting a PEP and maintaining active oversight after joining. By following these guidelines, small employers can make informed decisions that align with their fiduciary responsibilities and support the long-term financial security of their employees.



79 U.S. Department of Labor, EBSA. (2025). "CFR Parts 2510, 2520, 2550 — Pooled Employer Plans: Big Plans for Small Businesses."

Conclusion

When Congress created PEPs through the SECURE Act in 2019, the goal was to give employers — particularly small and mid-sized businesses — a professionally administered, lower-cost alternative to the traditional Single Employer Plan. More than five years into the PEP experiment, this paper offers an early but substantive assessment of how that promise is being fulfilled, and where important work remains to be done.

The growth trajectory is encouraging. PEPs accumulated more than \$20 billion in assets by the end of 2024, and total assets are expected to exceed \$30 billion when 2025 plan year data become available — a roughly 50 percent year-over-year increase. The number of PPPs and participating employers has grown steadily, and the top PEPs are beginning to achieve meaningful scale.

Yet, the composition of that growth matters. Most PEP assets to date reflect the migration of existing Single Employer Plans into PEPs, rather than a significant expansion of retirement plan coverage. PEPs are fulfilling an important part of their congressional mandate, professionalizing plan administration and realigning fiduciary responsibility, but their role in closing the retirement coverage gap remains modest.

PEPs can offer real advantages for some employers *if the conditions are right*. They may be right for some, but not for all. Like all other plan options, they are a valuable new tool in the toolbox intended to help expand coverage to all workers. By pooling unrelated employers under a single plan administered by a PPP, PEPs can reduce the time, cost, and complexity of plan sponsorship. They can give smaller employers access to institutional-quality investment options; financial wellness tools; and emerging solutions, such as lifetime income products and alternative investments, that would otherwise be out of reach. The transfer of significant fiduciary responsibilities to the PPP is a meaningful benefit, particularly for employers without dedicated benefits staff.

At the same time, employers must enter with clear eyes. Adopting a PEP does not eliminate fiduciary responsibility; employers retain the duty to select and monitor the PPP; a responsibility that cannot be delegated. Fee structures in the PEP market vary widely, and our analysis of Form 5500 data confirms that PEP fees are comparable to, but not always lower than, Single Employer Plans. Employers must scrutinize contract terms; understand what they are and are not outsourcing; and evaluate potential conflicts of interest, particularly where the PPP and affiliated entities provide multiple services to the plan. Transitioning into a PEP carries operational complexities, and exiting one can be even more difficult. Employers should approach the decision with the same rigor they would bring to any major benefits decision.

The structural and operational challenges documented in this paper are important to consider. Audit filings and Form 5500 reporting compliance remain problematic throughout the market, undermining the ability of regulators and others to

effectively monitor the PEP marketplace. Market concentration among Pooled Plan Providers and recordkeepers raises legitimate concerns about the pace of competition and innovation, and about the potential for conflicts of interest to affect plan outcomes. These are not insurmountable problems, but they require attention from PPPs, recordkeepers, and regulators alike. PPPs must invest in stronger payroll integration, audit quality controls, and compliance infrastructure. Recordkeepers and other service providers should prioritize transparency and standardized reporting. The DOL, in responding to its 2025 Request for Information, should use its regulatory tools to strengthen oversight without inadvertently favoring one PEP business model over another or disadvantaging Single Employer Plans that serve employers well.

Several specific policy actions would strengthen the PEP marketplace and protect employers and participants better. Congress should address the Roth IRA rollover limitation that prevents employees from consolidating their savings into another employer-sponsored plan — a gap that creates unnecessary complexity and discourages seamless retirement savings portability. Congress should also revisit the audit threshold rules that can subject small employers to large-plan audit obligations simply by virtue of joining a large PEP.

Several potential DOL regulatory actions would address some of the current barriers. Simplifying the spin-off and exit process for employers leaving a PEP would reduce a meaningful barrier to adoption. More timely and granular reporting from PPPs, including quarterly updates on assets and participant counts, would give regulators, researchers, and the market far better visibility into how PEPs are performing than the current annual Form 5500 data cycle allows. Greater fee transparency and standardization in disclosure formats would also help employers make more informed comparisons among PEP structures and between PEPs and their alternatives.

Ultimately, the success of PEPs will be measured not by assets under management or the number of adopting employers, but by whether they meaningfully improve retirement outcomes for workers. That is a high bar and one that will require the sustained commitment of everyone in the ecosystem. PPPs and service providers must continue to invest in innovation, operational excellence, and genuine transparency. Employers must engage as informed fiduciaries, not passive participants. Policymakers must ensure that the regulatory environment keeps pace with a market that is still finding its footing and one that supports high-quality PEPs while preserving robust protections for participants and maintaining a level playing field among all retirement plan options. Five years in, PEPs have demonstrated real promise. The work now is to make sure that promise is fully realized.

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