

# Pooled employer plan services



Charles Schwab Trust Bank and Schwab Retirement Technologies® are ready to support pooled employer plans. Here's how we can help.

## Introduction

The SECURE Act of December 2019 created a new type of multiple employer plan (MEP): the pooled employer plan (PEP). Historically, MEPs required that participating employers be, among other things, related through a common nexus. PEPs do not require this commonality, making them accessible to a broader segment of employers. By reducing barriers to entry, this new plan type is designed to make economies of scale more widely available and encourage participation from smaller employers who have not previously offered their employees a retirement savings plan.

PEPs are overseen by a new type of plan administrator called a pooled plan provider (PPP). The PPP serves as the PEP's plan fiduciary and administrator and is responsible for all aspects of administration and service provider selection, including investment oversight, recordkeeping, and trust and custody services. This structure is anticipated to simplify adoption by employers and offer additional risk mitigation.

PEPs became available in January 2021.

## Trust and custody services

Charles Schwab Trust Bank (CSTB) is prepared to offer directed trustee services to PEPs; the plan documents must list CSTB as the trustee of the plan. CSTB services a PEP through a single account on our trust system. Directions either from the PPP or participants through a recordkeeper for activity within the PEP are all directed to the one trust account. CSTB does not have a direct service relationship with the underlying employers who adopt the PEP. Instead, the plan's PPP is the plan fiduciary with whom our services are contracted.

## Establishing a PEP with CSTB as directed trustee

CSTB must receive the following documents in order to open a trust account for a PEP:

- **Plan documents** listing Charles Schwab Trust Bank as the trustee.
- **DOL Form PR.** A copy of the Form PR the PPP filed with the DOL.
- **CSTB PEP Trust Agreement.** This is similar to our standard trust agreement, but the executing party is a PPP rather than an employer sponsoring a single-employer plan.

Once a PEP has been established at CSTB, the trading and maintenance work as they do with a single-employer plan.

## Recordkeeping support

Schwab Retirement Technologies® (Schwab RT) recordkeeping software has supported MEPs for many years, and we are ready to support PEPs as well. Our system has been enhanced to support the unique needs of PEP recordkeeping:

- Manage participating employers as members of a PEP plan group.
- Track when employers join and leave the PEP.
- Allocate income received in the omnibus account at CSTB across the many employers in the PEP.
- Reconcile investment positions at CSTB with the PEP's positions in Schwab RT.
- Automate the creation of a monthly contribution report to fulfill regulatory requirements.
- Produce reports for each participating employer or consolidate reporting across the PEP to prepare a single Form 5500 for the PEP.

## Contribution monitoring

Schwab RT and CSTB have created a report to help fulfill the requirement for contribution monitoring. The recordkeeper can schedule this report to be generated in Schwab RT automatically each month.

### Tracking overdue or irregular deposits

The report shows posted and overdue contribution deposits based on each employer's payroll schedule in the PEP. It also compares the current month's deposit against the previous month's and the 12-month average for each employer to help the PEP's designated fiduciary identify anomalies.

## Next steps

For more information, please contact your Schwab or Schwab RT Relationship Manager or Client Service team, or contact Schwab Retirement Network at 877-702-6498.

### Resolving irregularities

If the PEP's designated fiduciary identifies a contribution anomaly when reviewing the contribution report, the designated fiduciary or the PPP may use this report to help resolve the issue or take further appropriate action as determined by the designated fiduciary or the PPP.

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