

## What is a Multiple Employer Plan (“MEP”)?

The 401(k) Tech Collective offers a Multiple Employer Retirement Plan. A MEP serves many employer groups through a standardized feature set that includes:

- One pricing model
- Base plan design with flexible design options
- Investment menu
- Plan fiduciary: a member governance board that oversees performance
- Curated service team: advisor, record keeper, TPA, and relationship manager
- In-person, webinar and phone investment advice for participants
- Audit, 5500 and other compliance reporting

## How is a MEP different than a stand-alone 401(k) plan?

A stand-alone 401(k) plan serves one employer group, does not contain many MEP features, and the employer is the fiduciary. The employer must design the plan, select the service team, and comply with all reporting and annual audit (if applicable) requirements.

## Why chose a MEP over a stand-alone plan?

The MEP’s multiple value propositions include:

**Active management:** We employ an in-house program manager who serves as your point person and walks you through plan design, participant enrollment, reminds you of important deadlines, supports you through compliance filings, and answers administrator and participant questions.

**Cost effective:** The MEP is affordable for all employer sizes and very cost effective for groups over 100 employees. As an example, the MEP saves large employer groups (>100 employees) between \$10,000 - \$25,000 in annual audit costs.

**Turnkey solution:** The MEP comes pre-built with some ability to customize.

**Rich feature set:** The MEP includes an administrator and investment advisor for your employees.

**Relief from fiduciary responsibility:** The MEP has an active member governed board that assumes investment liability and reviews investment performance. The MEP is also responsible for paying the fiduciary bond and insurance.

## What companies are eligible to participate?

The MEP can serve technology companies in the U.S. that have 2 or more employees.

## Is the MEP the right solution for you?

The MEP best serves tech employer groups with over 25 employees, or small tech employers who are willing to offer a 4% safe-harbor match. However, we do have plenty of groups smaller than 25

who don't offer a match and we'll assist with compliance issues that can arise without offering a safe harbor match.

### What are the monthly plan costs and who pays them?

<b>Base Fee:</b>	\$375
<b>Asset Based Charge:</b>	0.15 – 1.0%

For example, an employer with 10 participants and \$1m in assets would pay \$708.33 per month.  $(\$375) + (1,000,000 * .04\%) / 12$ .

Plan costs can be paid by the employer, participants, or a combination of both. It is most common for employers to pay the entire cost or base fee only.

### What is the size of the 401(k) Tech Collective MEP?

As of June 30, 2020, the plan had 25 members and ~\$20 million in assets.

### Who serves as the MEP's registered investment advisor?

SCS Retirement, a Bellevue-based firm, performs two core services – manage the investment menu and provide investment advice and guidance to participants. SCS and the MEP have a unique relationship, as compared to stand-alone plans, in that:

- The MEP's member governance board reviews SCS's performance every quarter
- SCS provides investment guidance to participants either in-person or by phone
- SCS is a registered investment advisor (RIA), is local, and executes the investments directly, rather than simply serving as a sales advisor implementing recommendations from an out-of-state team

### What investments are available to MEP participants?

The MEP has a diverse menu of investment options. These include, target date funds, low cost index funds, and mutual funds. For a complete list of these options log into your account.

### How do I contact the plan's service providers?

- 401(k) Tech Collective Program Manager: [401k@washingtontechnology.org](mailto:401k@washingtontechnology.org)
- Northwest Plan Services (Administrator): (888) 700-0808
- SCS Retirement: (425) 454-4015

### How do you join the MEP?

The 401(k) Tech Collective will guide you through the following steps:

1. Plan design
2. Form signing
3. Sending a sample payroll file and establishing a portal link
4. Signing the ACH Form and establishing EFT with the MEP's asset custodian, Charles Schwab Bank
5. In-person or webinar enrollment presentation (If requested)

If you have an existing plan, we will also review your current plan document, investments, and vendor contracts to ensure a smooth transition from your current record keeper to Northwest Plan Services.

### **Can we customize our plan design?**

The MEP has been structured to meet the core needs of tech employers. We have a base plan design with certain features that can't be altered. This ensures a clear streamlined enrollment experience.

The MEP offers several flexible design options including, eligibility, participant loans, matching contributions, vesting, safe harbor, and auto-enrollment. These options provide you the flexibility to manage your business objectives and employee population while realizing the benefits of streamlined plan design.

### **How long does it take to join the MEP?**

A new plan set-up generally takes 6-8 weeks to complete. This includes a plan design consultation, signing paperwork, establishing a payroll portal, and conducting a participant enrollment meeting. We have monthly entry points for new plans that join the MEP.

If you have an existing plan, the process takes a bit longer. The conversion process from your existing plan to the MEP can take up to 90 days as participants must be notified and there is a black-out period during the asset transfer. We have quarterly entry points to join the 401(k) Tech Collective retirement plan for those plans who are converting. The total time to set up a converting plan can take between 2-6 months.

### **Is there information that can help me manage my employee base?**

We have an FAQ that addresses participant specific issues and questions. We encourage you to distribute this to employees. This document is available on the 401(k) Tech Collective [website](#) .

### **Who do I contact if I want to join or want to learn more?**

If you would like to get a quote or learning more about the plan, please reach out to:  
[401k@washingtontechnology.org](mailto:401k@washingtontechnology.org)

### **What are my company's administrative responsibilities?**

While the MEP provides administrative relief, you are still responsible for submitting employee contributions in a timely fashion and meeting Department of Labor (DOL) discrimination requirements. Your company may also be selected for sample testing during the MEP's annual audit, and you would be required to provide payroll and other deliverables requested by the auditor.

### **What is considered timely remission of employee contributions?**

The DOL does not want you holding employee money and defines timely contribution remission “as soon as reasonably possible”. We encourage you to process your employee contributions in conjunction with your payroll.

### **What are discrimination tests?**

The IRS wants to ensure that companies who offer a 401(k) are treating their employees equitably. The IRS will apply one of three “discrimination” tests to determine whether benefits provided to higher paid employees are disproportionately more favorable than those provided to lesser paid employees. The three “discrimination” tests include:

- Average Deferral Percentage (ADP); and
- Actual Contribution Percentage (ACP); and
- Top Heavy test

### **How does the timeline work for ADP/ACP Discrimination tests?**

In late January, our program administrator, NWPS, will collect information from the prior year from each participating employer. Assuming NWPS receives the information timely, they will determine by the third week of February if the employer passes or fails these tests.

Employers that fail the testing have two options: (1) make an additional contribution to non-highly compensated employees (QNEC); or (2) return excess contributions to highly compensated employees. Employers can make a QNEC through the end of December 31<sup>st</sup>, but only have until March 15<sup>th</sup> to return excess contributions to highly paid employees. If the employer fails to meet these timelines, then they must file a Form 5330 and pay a filing fee and any penalties assessed.

### **How does the timeline work for Top Heavy Discrimination test?**

In late January NWPS will collect information for the current year from each participating employer. Assuming they receive the information timely, they will determine if the employer is Top Heavy by Q2 of the current year. A plan is Top Heavy when, as of the last day of the year, total value of the plan accounts of key employees is more than 60% of the value of the plan assets.

Employers that fail the Top-Heavy test will be required to make a contribution of 3% to the non-key employees by September 15<sup>th</sup> of the subsequent year. Failing to make this payment timely will result in fines, penalties and may result in termination from the program.

### **What happens if I struggle with my administrative responsibilities?**

The MEP will make every effort to help employers meet their administrative responsibilities and stay in the program. The MEP, legally, can terminate employers from the program for failing to perform its duties as a participating employer.

Failure to perform your responsibilities may result in additional costs to you, such as interest, penalties, and filing fees. Should the need arise to terminate an employer's plan, a termination fee of \$2,500 will be assessed to cover termination costs, in addition to other expenses that may be incurred.

### **Does 401(k) Tech Collective offer any ongoing educational support?**

401(k) Tech Collective offers ongoing educational support through SCS Retirement. Some of the ways your employees can be supported are as follows:

- Ongoing educational- On Call telephone/email advisory help, account review, specific recommendations (contribution/investments), rollover assistance
- Onsite presentations and/or 1:1 employee meetings (15 minutes per meeting)
- Virtual sessions via webinar

### **How much does educational support cost?**

- Ongoing Educational Support- Included with your plan participation
- Onsite or Virtual education:
  - Every plan can schedule one onsite or webinar meeting per year, included with your plan participation
  - Onsite education includes topical education presentations including a review of the company's 401(k) plan highlights and benefits. Sessions can be stand-alone or followed up with 1:1 employee meetings if desired (additional fee)
    - Employee meetings (15 minutes/meeting) include individual account review and personalized recommendations
- Additional Education:
  - Additional education sessions can be scheduled as desired for an additional fee
  - **\*\*Please contact 401(k) Tech Collective Program Manager (Angie) for specific pricing\*\***