A View from the United States

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Open Multiple Employer Plans (MEPs)

- The Art of the Possible
- Coverage gap is pronounced amongst small employers
  - 89% of workers at larger firms have access to workplace retirement plans\(^1\)
  - 50% of workers at small employers do not have access to a plan\(^1\)
- Obstacles for small employers to sponsor retirement plans
  - Cost
  - Administrative burden
  - Fiduciary concerns
- Current law prevents unrelated employers from participating in multiple employer plans

Open Multiple Employer Plans (MEPs)

• Open MEP legislation encourages unrelated employers to participate in a single plan
• Pools resources to operate efficiently like large employer plans
• Model plan would deploy best practices*
  – Auto enrollment @ 6%
  – Automatic contribution increases of 1% to 10%
  – Employer contributions permitted but not mandatory
  – No loans; Hardship withdrawals only
  – Target date funds
  – Lifetime income annuity option

*Source: PFI. “Multiple Employer Plans: Expanding Retirement Savings Opportunities.” For illustrative purposes only.
Open Multiple Employer Plans (MEPs)

- Real bi-partisan support
  - Obama administration
  - US Chamber of Commerce
  - American Association of Retired Persons (AARP)
  - Legislation jointly sponsored by leading Democrats and Republicans
  - Passed US Senate Finance Committee unanimously in September
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