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Changes Coming Soon to MEPs, Other Legislative Developments Anticipated

[BENEFITS, ERISA](#)

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Subsequent to its October 2018 proposed directive, the Department of Labor (DOL) revealed a final ruling on July 29 that will expand access to multiple employer plans (MEPs). The new declaration went into effect September 30.

The DOL had been tasked with formation of the broadened retirement options in the wake of President Donald Trump's executive order of August 2018 that sought to clarify and expand the circumstances under which small- to mid-sized U.S. employers may provide workplace retirement options for their employees. Specific to MEPs, intended benefits include using economies of scale to lower costs, reduced administrative workload and reduced fiduciary liability. When evaluating affordable, high-quality retirement offerings, however, many businesses have been turned off by MEPs due to their accessibility constraints and complexities.

MEPs were previously limited to businesses who shared a measure of congruity, such as those functioning in the same industry, which created a dilemma for specialized and/or geographically isolated entities. Under the new DOL regulation, the availability of MEPs is expanded to associations of employers in a city, county or state (also known as association retirement plans), and allows businesses to join plans sponsored through Professional Employer Organizations, outsourcing firms that provide services to small- to mid-sized companies.

Although the DOL ruling broadens the overall availability of MEPs, many small businesses are feeling more optimistic when it comes to [legislation](#) that recently came through the U.S. House of Representatives. With overwhelming bipartisan support, the House passed the Setting Every Community Up for Retirement Enhancement (SECURE) Act this past May. Among other retirement plan-related features and revisions, SECURE includes a further expansion of MEPs, allowing "open" MEPs, which would permit businesses not sharing the same geographic location, common trade, industry or profession to be administered by a financial services firm. This fall, the Senate is expected to consider their own bill – which includes many of the same conditions of the SECURE Act – named the Retirement Enhancement and Savings Act (RESA), the SECURE Act, or a combination thereof.

According to the 2018 Bureau of Labor Statistics' National Compensation Survey, 29% of all civilian workers do not have access to an employer-sponsored defined benefit (DB) or defined contribution (DC) plan. Given that those plans are by far the primary vehicles through which individuals prepare for retirement, it's no surprise that Washington has moved relatively quickly to pass regulatory guidance that expands the access of employer-sponsored retirement plans.

Whether your company is evaluating potential participation in a MEP, or if you're continuing to assess your current retirement offerings, the DOL's ruling – as well as the anticipated legislation coming from Congress – should be reviewed thoroughly and strategically prior to any undertaking. As you look to navigate through those often murky waters, feel free to contact contactsd@schneiderdowns.com and visit the [Schneider Downs Employee Benefit Plan Group](#). For more detail on the MEP DOL ruling, see our [companion article](#).

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