# Not All Pooled Plan Providers Are Created Equal: Key Factors to Consider

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Following the passage of the SECURE Act of 2019, employers across all industries at any stage of maturity have most likely considered pooled employer plans (PEPs) to set up and manage a retirement plan for their employees. As of the end of 2025, the market for PEPs was expected to surpass $30 billion in assets.[1]

Given the recent proliferation of new PEPs, employers considering this option face two key fiduciary decisions. First, they must determine whether a PEP is the appropriate vehicle for their employees' retirement savings and consider factors such as fees, level of service and plan portability. Second, employers must select and monitor a qualified pooled plan provider (PPP) and other designated fiduciaries to run most of the PEP's administrative and fiduciary duties.

Under the provisions of the SECURE Act, a PPP may be an individual or a corporate entity such as a third-party administrator (TPA), an insurance company, mutual fund manager or financial professional. When employers choose to move into a PEP, they have an ongoing fiduciary duty to carefully evaluate a PPP's ability to set up and run a modern, flexible, compliant retirement plan.

In this article, we'll look at four key areas to consider when selecting a pooled plan provider. Other considerations beyond the scope of this article include benchmarking PEP costs against services provided, establishing a prudent process to monitor the PPP and maintaining documentation.

1. Georgetown Center for Retirement Initiatives, Pooled Employer Plans (PEPs): Five Years of Growth, Market Evolution, and The Opportunities and Challenges Ahead (June 2026).

## Liability and Accountability

As the PEP's plan sponsor, the PPP assumes significant fiduciary responsibility, except when specific tasks are delegated to employers or third parties through service agreements. Employers should understand the PPP's level of accountability and the amount of liability it will take for its actions. Employers should review the service agreement to understand:

- Which responsibilities the PPP will assume
- Whether the PPP will take responsibility for plan administration
- Whether the PPP will take responsibility for hiring the investment manager

Employers should consider the PPP's size, financial strength and ownership structure. If a PEP's recordkeeper is a major industry firm paired with a less established or less financially secure PPP, employers may want to understand why. For example, if a problem were to arise, would the recordkeeper step in and fulfill the obligations of the PPP? And why would such an arrangement be contemplated in the first place? Employers may also want to ask whether the PPP is owned by an entity, such as a private equity or venture capital firm, whose primary focus may not be qualified plan administration.

### A Word About Different PEP Structures

For PEPs where the PPP is separate from the recordkeeper, ERISA 3(16) fiduciary and TPA, employers should ask what systems and controls are in place to ensure that the PPP can monitor compliance. They should also ask about the governance process for hiring all parties and the documentation process used to support those decisions.

In PEP structures where the PPP also serves as the recordkeeper, ERISA 3(16) fiduciary and TPA, plan administration is part of the PPP's role, except for the responsibilities they delegate out through service agreements. To monitor this type of offering, employers should monitor the PPP and review the service agreements, so they understand which responsibilities remain with them.

## Strength and Expertise

An effective PPP must have deep knowledge of the retirement plan business and the ability to resolve issues as they arise. Consider asking questions such as:

- What is the institutional nature of your business?
- How strongly do you stand behind your decision to be a PPP?
- Do you have the systems and structure in place to be able to manage the 3(16) fiduciary, the recordkeeper and the investment manager? What is your governance process?
- How can you demonstrate the strength, scale and stability of your organization?

A capable PPP should demonstrate a core competency in recordkeeping, either directly or through the recordkeeper it selects. This competency can be proven by sharing proof it processes participant transactions and regulatory filings accurately and on time, and that it can accommodate most custom plan-design features. In addition, the provider should have a history of doing what's in the best interest of both employers and plan participants.

## Experience

Managing a retirement plan is complex and can expose employers to potential compliance risks. Employers evaluating a potential PPP should ask questions that help assess the provider's experience, such as:

- How many associates are dedicated to PPP-related work?
- Does the PPP have resources dedicated to regulatory compliance? If so, how many?
- What is the tenure of the PPP's account management and relationship management teams?
- How long has the PPP been involved in qualified retirement plan administration?
- What work falls outside the PPP's expertise and must be outsourced?
- Does the PPP administer plans all over the country?
- Does the PPP use an independent 3(38) investment manager, and does it give the manager access to an open architecture investment universe?

Asking the right questions can help employers demonstrate that they have met their fiduciary duty when engaging the PEP and PPP. This dialogue can also make employers more confident that their employees' plan rests in capable hands.

### Diving Deeper into a PPP's Experience

An employer should look for a PPP with hands-on experience monitoring and managing both standalone and pooled plan arrangements, whether traditional single employer plans or PEPs. A qualified PPP should be able to offer a flexible, consultative approach that meets the employer's individual needs and objectives, including the following:

**Access to well-vetted, suitable investment options with an open architecture universe** that provides employees with access to investment options from both internal and third-party providers.

**Fiduciary services** delivered by an ERISA 3(16) fiduciary to provide administrative outsourcing as well as help to ensure compliance with complex, evolving ERISA and Department of Labor regulations.

**Flexible plan design** that allows employers to continue to have a plan that best aligns with the goals and needs of their organization.

**Excellent customer service at all touchpoints** with staffing, expertise and ability to introduce new plan features and services smoothly.

## Third-party Outsourcing

An employer should understand how independent the PPP is from its contracted service providers and should carefully vet the PPP through a fiduciary lens.

Some PPPs partner with third-party service providers, asserting that such arrangements benefit from best-in-class solutions. Employers should ask the PPP how it ensures efficient coordination among the PPP, recordkeeper and the plan's ERISA 3(16) fiduciary. They should also confirm if the contracted service providers agree to act in a fiduciary capacity.

PPPs focused on administrative tasks that outsource non-recordkeeping functions, such as 3(38) fiduciary services to non-affiliated investment managers, should be able to ensure the delivery of independent advice without requiring the PEP to use any specific investment product.

> For many employers, the right PEP can vastly expand access to a professionally managed retirement plan. By choosing a pooled plan provider that aligns with the criteria outlined in this article, employers can ease their administrative and fiduciary responsibilities while freeing up more time and resources to focus on their core business goals.

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