



# A New Business Perspective on 401(k)s

## Advantages of joining a Multiple Employer Aggregation Program

- Not a deposit
- Not FDIC-insured
- Not insured by any federal government agency
- Not guaranteed by any bank or savings association
- May go down in value

Insurance products issued by:  
The Lincoln National Life Insurance Company  
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RETIREMENT PLAN SERVICES

Overview

# What is a Multiple Employer Aggregation Program?

A Multiple Employer Aggregation Program (MEAP) is a qualified retirement plan adopted by multiple employers through their association with the sponsoring organization, which acts as the lead sponsor. The MEAP is designed to gather the plan's important administrative, recordkeeping and fiduciary services to be overseen by a third party, which allows the plan sponsors who participate to outsource many responsibilities that come with running a retirement plan, and often, helps reduce costs.

## Why consider joining a MEAP?

Because every business owner tells us the same thing: They want a retirement plan solution that ...

1



Is easy

**Situation:**

They want to focus on their business — they don't want to be a 401(k) expert.

**Solution:**

The MEAP can become their 401(k) department, performing most of the administrative tasks for their plan, including handling their regular contribution files.

2



Protects them

**Situation:**

They don't want to be at risk of paying fines or penalties.

**Solution:**

By joining a MEAP, employers can avoid much of the compliance concerns that come with offering their own plan. While their role as plan fiduciary still exists, many specific tasks transition to the program. The employer's ongoing role is to oversee the various parties dedicated to the plan to ensure it operates as expected.

3



Is cost competitive

**Situation:**

They don't want to overpay.

**Solution:**

The MEAP delivers more value and services — potentially at similar or less cost than they're likely already paying. And, as plans grow, they're reviewed regularly for price reductions.

## Reducing work, responsibilities and liabilities

When you are the sponsor of your own, individual retirement plan, you manage the plan's administrative and fiduciary tasks. In a group structure, third parties handle administrative tasks and certain fiduciary liabilities on your behalf — taking responsibilities off your plate. Here's what that could look like in each scenario.

### 401(k) responsibilities when you manage your own plan

#### Plan sponsor duties

- Design plan document
- Maintain qualified status
- Assign and oversee all other plan fiduciaries

#### Plan investment fiduciary duties

- Appoint and monitor plan investment fiduciary duties for all other plan fiduciaries
- Produce, maintain and follow an Investment Policy Statement (IPS)
- Select and monitor an investment platform meeting ERISA “prudent person” standards
- Conduct and document quarterly Investment Committee meetings
- Review and document investment returns, fees, expenses and comparisons to peer group
- Monitor the status of all investment options and remove or replace them as appropriate

#### Operational plan administrator duties

- Submit payroll files for upload and deposit contributions on a timely basis
- Complete annual ownership and census verification for testing purposes
- Oversee annual census reconciliation with a third party administrator (TPA)
- Oversee and manage the annual Form 5500 filing process in conjunction with a TPA
- Determine participant eligibility
- Conduct enrollment and educational meetings
- Address specific participant requests in compliance with the 404(a)(5) participant fee disclosure regulation
- Administer participant loans in compliance with statutory requirements
- Verify termination dates and vesting, and send out participant termination packets
- Administer distribution and rollover requests for terminated employees
- Administer hardship withdrawals in compliance with the hardship rules
- Review and validate compliance testing

- Send out required year-end notices to participants [that is, safe harbor, summary annual report (SAR) and so forth]
- Send out enrollment packets, including summary plan description (SPD), 404(c) compliance information, Qualified Default Investment Alternative (QDIA) and annual participant fee disclosure 404(a)(5)
- Comply with DOL Regulation Section 2550.404(a)(5) provisions for participant communications, including but not limited to:
  - Notice to participants of intention to comply with 404(c)
  - Description of investment alternatives
  - General description of the investment objectives and risk-and-return characteristics of each alternative
  - Explanation of transaction fees and expenses that affect the participant's account balance
  - Details about the plan fiduciaries
  - Description of annual operating expenses of each designated alternative
  - Copies of prospectuses, financial statements and reports provided to the plan

### 401(k) responsibilities in a group plan

#### Initial choices

- Sign initial paperwork agreement
- Select customized plan design options to meet your business needs

#### Ongoing duties

- Submit payroll files for upload and deposit contributions on a timely basis
- Periodically monitor the program and any third parties managing administrative and fiduciary tasks to ensure plan provisions are being carefully administered
- Complete your annual ownership and census verification for testing purposes



Find out how much easier sponsoring a 401(k) plan can be when you join a Multiple Employer Aggregation Program (MEAP).

For more information, please contact:

David Lardinois  
Investment Designers, Inc.  
Financial Planner  
david@investmentdesigners.com  
Office: 920-738-3244  
4311 N. Lightning Dr., Suite 2 | Appleton, WI 54913

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