

More Employers Are Taking a Closer Look at Pooled Employer Plans

What's driving growing interest—and what to consider before adopting a PEP

Pooled employer plans (PEPs) have gained increased attention in recent years as a new way for employers to offer workplace retirement benefits.

Introduced under the original SECURE Act—passed in late 2019—PEPs expanded on the concept of multiple employer plans (MEPs), which historically required some level of commonality among participating employers, such as shared ownership or industry affiliation.

By contrast, PEPs allow unrelated businesses to participate in a single plan, significantly broadening access. The structure became operational beginning in 2021, but the market is still relatively early in its development.

For many employers, offering a retirement plan is not just about compliance or cost—it is also a key part of attracting and retaining talent. Employees increasingly expect access to workplace retirement savings options, and employers are often competing not just on salary but on the strength and accessibility of their benefits.

PEPs were designed to address several long-standing challenges associated with offering retirement plans. Specifically, they aim to:

- expand employee access to retirement plans, especially among small and mid-sized employers
- reduce administrative complexity
- create cost efficiencies through shared scale
- and allow employers to rely on experienced providers for day-to-day plan administration and investment oversight

Each PEP is overseen by a pooled plan provider, which serves as the named fiduciary responsible for administering the plan and coordinating its overall operation.

While employers retain fiduciary responsibility for selecting and monitoring the plan, the pooled plan provider typically handles many of the ongoing administrative and operational functions. This helps reduce the employer's involvement in day-to-day plan management while still requiring oversight at a higher level.



As awareness of PEPs has increased, so has employer interest. **According to Cerulli Associates, 82% of plan sponsors report being at least moderately familiar with PEPs**, and nearly half say they are very interested in exploring them.¹

That growing familiarity—combined with practical considerations around cost, efficiency, and oversight—has positioned PEPs as a meaningful option for employers evaluating how to deliver retirement benefits in a more sustainable way.



¹ Cerulli Associates, *U.S. Defined Contribution Plan Sponsor Survey*, latest available data.

What's Driving Adoption

For many employers, the appeal of a pooled employer plan comes down to how much complexity it can help to remove from an already demanding responsibility.

Managing a retirement plan involves more than selecting investments. Employers are typically responsible for:

- coordinating service providers
- maintaining compliance with regulatory requirements
- overseeing plan operations and reporting
- and fulfilling ongoing fiduciary obligations

For organizations that lack dedicated internal resources focused solely on retirement plan oversight, those responsibilities are often handled alongside broader HR, finance, or operations roles, making them more difficult to manage over time.

PEPs are designed to streamline much of that work within a single structure. This often includes:

- a more coordinated service model
- centralized administration and reporting
- and fewer day-to-day responsibilities falling on the employer

At the same time, pooling assets across multiple employers can create pricing efficiencies and access to service models that may not be available to smaller plans on a standalone basis.

These practical benefits align closely with what employers say matters most. Plan sponsors consistently prioritize:

- quality of service and support
- reducing the time and effort required to manage the plan
- and keeping overall costs reasonable²

Just as importantly, many employers are looking for ways to offer a strong retirement benefit without increasing internal burden or operational risk, which helps explain why the PEP model continues to gain traction.

Changing Employer Priorities Are Shaping Plan Decisions

As PEP adoption grows, it also reflects a broader shift in how employers evaluate retirement plans.

In the past, plan decisions often focused heavily on investment menus or provider selection. Today, employers are placing more weight on how the plan operates in practice—especially when it comes to administration, service experience, and internal workload.

Several factors are driving this shift:

- retirement plan responsibilities are often managed alongside other business functions rather than by dedicated specialists
- compliance requirements have become more complex
- and expectations from employees—and the broader labor market—around workplace benefits continue to shift

For many employers, the question is no longer just what plan to offer—but how to offer it in a way that is manageable over time, and that's also competitive in attracting and retaining talent.

Employers are increasingly addressing these challenges by moving to plan structures—such as PEPs—that provide more coordinated support and oversight. As employers gain experience with the PEP model, many are also taking a closer look at how different plan structures align with their specific operational needs and workforce expectations.



² Cerulli Associates, *U.S. Defined Contribution Plan Sponsor Survey*, latest available data.

A Market That's Still Taking Shape

As employers become more intentional in how they evaluate retirement plan structures, those decisions are beginning to influence the market's evolution.

Early adoption data suggests that while many firms are exploring PEP opportunities, PEPs currently represent a relatively small portion of new retirement plan sales for many providers.³

This suggests a market that is gaining traction but has not yet fully matured.

At the same time, recordkeepers and service providers continue to invest in PEP solutions, and industry expectations point to continued growth as more employers become familiar with the model and its potential benefits.



As the market evolves, increased adoption tends to bring greater clarity—not only around the advantages of PEPs, but also around how they function in practice across different organizations.

Looking Ahead: From Adoption to Evaluation

That shift in perspective has important implications.

As employers spend more time operating within a PEP, they begin to evaluate not just the initial benefits, but how well the arrangement continues to support their goals, their workforce, and their broader business structure.

In some cases, the PEP continues to meet those needs effectively. In others, employers may find that their priorities have shifted—prompting a closer look at whether their current plan structure remains the best fit.

The Bottom Line

Pooled employer plans have created new opportunities for businesses to offer retirement benefits in a way that is more efficient and more widely accessible than traditional standalone plans.

For many employers, the value is obvious. But as the PEP market continues to mature, some employers are beginning to take a more thoughtful approach to how these arrangements fit into their long-term strategy.

Understanding both the advantages of PEPs and the considerations that come with them can help employers make more informed decisions as their needs—and the needs of their workforce—evolve.

³ Industry data based on provider and recordkeeper reporting.

