

Modernizing the 403(b) Plan

November 2021





The Power of a Good Idea

Multiple Employer Plans (MEPs)

A MEP is a single 403(b) plan with multiple “adopting employers”

Key characteristics include:

- Single plan document
- One Form 5500 / one plan audit
- Centralized governance
- Pooled assets and administration



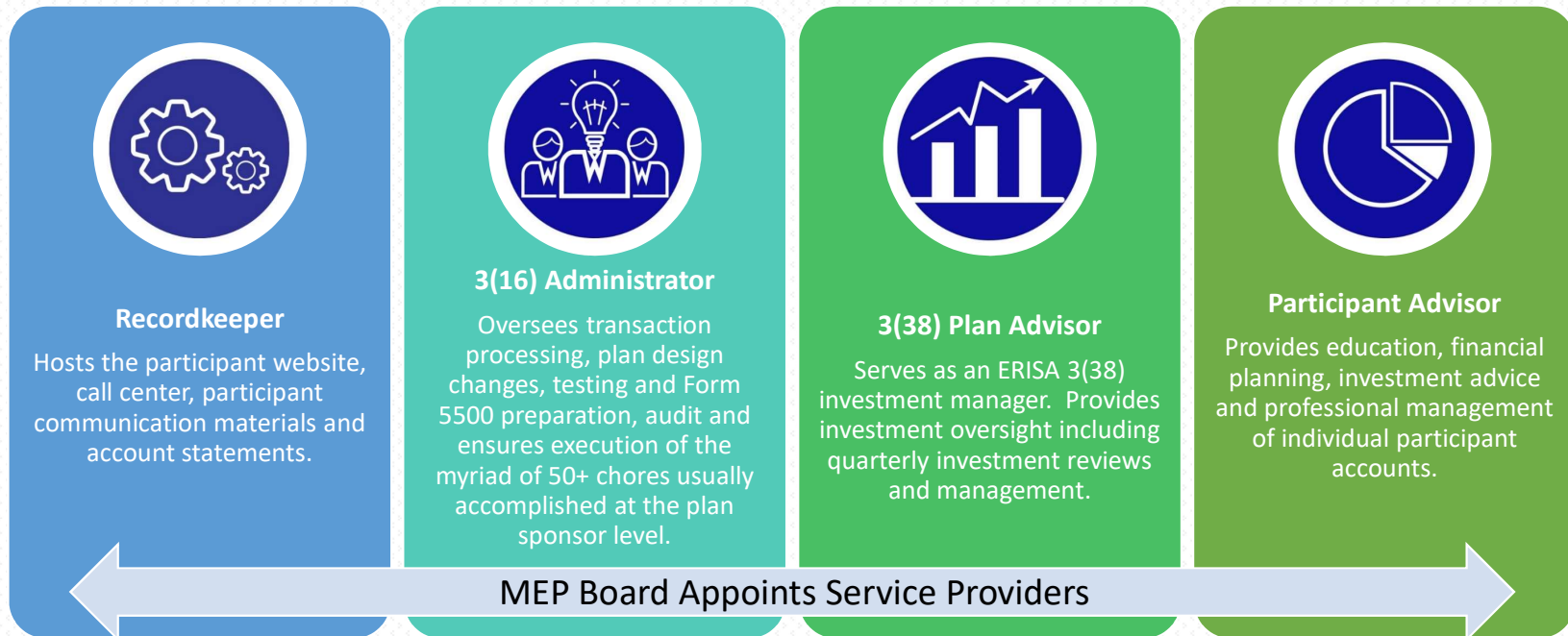
Addressing 403(b) Plan Sponsors' Most Significant Concerns

- **Fiduciary Plan Administration and Investment Support**
- **Managing Costs Through the Combined Buying Power of the FICU Members**
- **ERISA Counsel Support for the MEP and its Member Institutions**
- **Enhancing Plan Participant Outcomes Through the Addition of an Independent Advisory Firm**





The MEP Roles





Pros and Cons of a 403(b) MEP

Pros	Cons
Increased Buying Power/Lower Costs	Limited Control over Service Provider Selection (MEP Board of institution leaders selects and monitors service providers)
Additional Fiduciary Services and Protections	
Reduced Administration Workload and Risk	Reduced Control over Plan Investments (MEP Board provides input on investment structure; ERISA 3(38) advisor selects funds)
Access to Lower Cost Investment Share Classes	
Unlimited Education Sessions for IL Wesleyan Plan Participants	Some Limitations on Plan Design, but Requirements are Minimal*

* Illinois Wesleyan will retain control over core plan design features including eligibility guidelines, employer contribution formula and other key provisions. Some minor provisions are dictated by the MEP such as requiring the force-out of small terminated participant balances to maintain plan efficiency.



FIICU MEP Responsibilities

Illinois Wesleyan	FIICU MEP Board	FIICU MEP Advisors/Service Providers
Plan design oversight, including Eligibility and Employer Contribution Formula	FIICU MEP Board will include representatives from all participating institutions	TIAA – Maintain recordkeeping and provide participant services, including on-line and phone support
Ensure timely submission of payroll files and plan contributions	Selection and ongoing oversight of MEP advisors/service providers	Administrator – Deliver participant education and advice, acting in participants’ best interest
Oversee day-to-day plan management, and address participant questions and concerns	Ensure all participating institutions and their participants are fairly represented	Plan Advisor – Select and manage plan investments, seeking to maximize long-term outcomes for participants
Raise issues and concerns to the FIICU MEP Board , as appropriate	Address and resolve issues/concerns raised by MEP institutions	Participant Advisor – Serve as plan administrator, ensuring all plan rules are followed
Ensure the FIICU MEP arrangement continues to meet the needs of IWU, and provides a good overall fit for IWU plan participants	Coordinate with PRM Consulting to negotiate service provider pricing on behalf of participating institutions and their plan participants	ERISA Counsel – Establish formal plan governance, address plan legal matters, and mitigate plan risks
		PRM Consulting – Conduct ongoing service provider due diligence



FIICU MEP Cost Comparison – IL Wesleyan

Service	Estimated Current Cost	Estimated Cost in the MEP*	Notes/Instructions
Recordkeeping	\$223,249.57	\$63,851.00	
Third Party Administration (3(16) fiduciary administrator to the MEP)	\$0.00	\$17,930.00	MEP Pricing = \$43 per active participant and \$16 per terminated participant without a valid email
3(21) Co-Fiduciary or 3(38) / Full Fiduciary Advisor	\$25,000.00	\$39,892.80	MEP Pricing = \$8,000 + 2bps on plan assets
Employee Education / Advice (participant advice provider to the MEP)	\$0.00	\$8,688.00	MEP Pricing = \$24 per active participant
MEP Consulting /Vendor Vetting	\$0.00	\$3,000.00	The MEP cost assumes a flat fee of \$3,000 per institution.
Legal Fees and Insurance	\$0.00	\$5,000.00	The MEP cost assumes a flat fee of \$30,000 for legal fees and \$15,000 for insurance.
Accounting / Audit (include 5500 prep)	\$14,250.00	\$2,500.00	The MEP cost assumes a flat fee of \$30,000, but this cost is TBD.
Total in dollars:	\$262,499.57	\$140,861.80	
Total bps:	16.46	8.83	

* Estimated costs based on projected FIICU 403(b) MEP plan assets, participant counts, and other assumptions



Participant Impact

- TIAA will continue to provide online and phone support and send out participant statements
- Unlimited 1-on-1 counseling sessions with Participant Advisor for all Illinois Wesleyan participants
- Participant Advisor will provide financial planning and investment advice for participants seeking this level of assistance
- Investment line-up will include many of the same investments, with custom target date models managed by Plan Advisor (ERISA Investment Manager)
- Lower costs for participants under the FICU MEP structure



Next Steps

- **Non-Binding Letter of Intent January 2022**
- **Formal Establishment of the MEP**
 - MEP board will then begin to select Advisors
- **IWU Board of Trustee Approval**
- **Officially join the MEP**
- **IWU transitions to MEP 2023 or later.**