

To: Syracuse Builders Exchange Member Employers

From: Earl R. Hall, Executive Director

Date: October 12, 2022

RE: New Membership Benefit - Multiple Employer Pension Plan

The Syracuse Builders Exchange (SBE) is pleased to announce a Multiple Employer Pension Plan (MEP) for construction industry employers will be available to all SBE member employers later this year or early 2023. The MEP will be offered to all construction industry Associations' members throughout New York State, including SBE, via the Building Industry Employers of New York State (BIE NYS) in their capacity as Plan Sponsor.

Background Regarding NYS Law Mandating Retirement Programs

On October 21, 2021, Governor Kathy Hochul signed the New York State Secure Choice Savings Plan into effect, in a move to join other states nationwide which are establishing mandatory state-run retirement plans for private sector workers. When the enrollment window opens (TBD but most likely in 2023), employers with ten or more employees who do not currently offer a qualified retirement plan must automatically enroll their employees in the NYS plan within nine months. 3% mandatory contributions will be made to Roth (after-tax) Individual Retirement Accounts (IRAs) - investment options and costs are currently unknown.

Retirement Reality Check

Employers of all sizes have faced significant challenges when it comes to offering a retirement plan to their employees. In fact, there are an estimated 55 million working Americans who do not have a retirement plan available from their employer. Recent New York state legislative and executive actions have delivered new ways to help employers deliver effective and efficient retirement plan solutions to their employees, enabling them to save for retirement. The challenges these employers face include:

- Plan costs associated with offering a retirement plan
- Fiduciary duties, responsibilities, obligations, and liabilities
- Limited resources to manage the plan daily
- Reduced focus on growing the revenues and profits of the company

The Solution – Multiple Employer Plan (MEP)

Rather than establishing a plan of its own, a business can choose to join with other employers in a Multiple Employer Plan (MEP). The entity that establishes the MEP is its sponsor, which typically designs the basic features of the MEP. These include the provisions that determine any waiting periods that employees must satisfy to participate, which types of contributions can be made to the MEP, when and in what form participants can take distributions from their account balances, whether other optional features are available, etc. Adopting employers have flexibility with respect to plan design for their participating employees.

The MEP sponsor also generally serves as the official plan administrator—the primary administrative fiduciary for the plan. It is the MEP sponsor that appoints the trustee and other

service providers for the plan, communicates with participants regarding plan benefits, ensures compliance with regulatory rules, decides claims disputes and other plan issues, and determines available investment menus, among other duties. Certain fiduciary responsibilities are often delegated to hired professionals.

Costs are lower for participating employers because the MEP sponsor can negotiate lower fees from service providers based on larger participant numbers and account balances. Much of the fiduciary and legal risk is transferred to the MEP sponsor, administrator and hired professionals. Employees who participate in the MEP have access to the same low-cost investment funds that large employers can offer. Smaller employers can more easily compete with larger companies in recruiting and retaining workers.

A “closed MEP” covers employers within the same geographical region who meet certain commonality requirements (i.e., members of an Association). They are treated as a single retirement plan, file a single Form 5500 report annually, undergo a single audit and determine ERISA (Employee Retirement Income Security Act) bonding requirements on aggregate MEP assets.

The Syracuse Builders Exchange is pleased to offer our member employers a MEP solution via the BIE NYS (plan sponsor). Stay tuned as the BIE NYS continues to perform due diligence on a MEP plan solution for all construction industry employers, and your employees, that may be available before the end of 2022.