

How MEP, PEP Growth Influences Retirement Industry Roles

As pooled plans become less niche, recordkeepers, advisers and TPAs have started working together more than ever before.



When pooled employer plans were authorized under the Setting Every Community Up for Retirement Enhancement Act of 2019, much of the attention focused on how PEPs could expand retirement access for small employers.

But several years into their growth, a different story is coming into focus: Pooled plans are not just changing who gets coverage—they are quietly influencing competition.

The PEP market continues to grow at a rapid pace, with assets more than doubling to \$12 billion in 2023, then rising to \$21 billion in 2024, according to Cerulli. The number of PEPs has also expanded, rising to 339 in 2024 from 109 in 2021. The number of active and retired participants with balances in PEPs increased 49% from 2023 to 2024, while more than 50,000 employers now participate in a PEP,

according to Cerulli. Despite the growth, PEPs remain only a small part of the more than of \$12 trillion defined contribution market.

Still, as multiple employer plans and PEPs continue to gain traction, recordkeepers, advisers, third-party administrators, asset managers and fintechs are forced to think differently when they enter the MEP and PEP business. The rise of scale-driven retirement platforms has rewarded firms able to aggregate assets efficiently, while pressuring smaller and midsize players. The rise has also created collaborations between parties that, in other segments of the market, might be rivals.

"Recordkeepers, advisers and consultants are rethinking their roles, from pure service providers to platform partners within a broader ecosystem," says Holly Tardif, director of retirement defined contribution strategy at WTW. "We're seeing more collaboration

between firms that have historically competed, ... because that structure really requires that coordinated delivery across fiduciary investment, recordkeeping and participant experience functions."

Recordkeeper Test Case*

About one year ago, in February 2025, Equitable Holdings Inc. launched Equitable Retirement Access, a PEP that provides retirement plan services primarily to small and midsize employers. After building out the plan's pipeline, approximately 70% incoming proposals are "takeovers"—meaning employers are looking to move from their current provider into the PEP, according to Jim Kais, Equitable's head of group retirement. The remaining 30% of the proposal pipeline consists of startups, he says.

"Employers aren't just shopping for a new vendor—they're looking for a different operating and fiduciary model," Kais says.

Kais adds that when he first worked with MEPs, more than a decade ago, the breakdown was closer to 50/50. He believes the increase in takeovers signals that plan sponsors want to join a PEP for more than just retirement access.

"PEPs are meant to enhance coverage in the small business community," Kais says. "We're finding that existing plans are finding a lot of value in having professionally outsourced fiduciary support, full outsourcing administration and then—ideally—better cost structure through pooling and aggregation of plan assets."

Ecosystem Shift

As firms like Equitable look to tap into PEPs, industry experts note that advisers and TPAs remain critical.

TPAs have invested heavily in technology, they say, especially full payroll integration that provides complete access to client payroll systems. The integration reduces noncompliance risk within a retirement plan and streamlines plan operations for plan administrators.

For advisers, PEPs enable more efficient service to smaller employers. The central concern advisers raise is how to balance workload and compensation across different employer sizes within a PEP structure, Kais says.

But according to WTW's Tardif, the shift to PEPs is not about one specific player—instead, it is about which parts of the ecosystem experience the greatest impact. Tardif says the biggest disruption is to traditional stand-alone service models, in which providers relied on each employer maintaining separate governance and administrative structures.

Recordkeepers are adapting to a fundamental change: Instead of thousands of separate employer plans, PEPs create a pooled structure with centralized administrative oversight. The PEP model reshapes pricing, service models and relationships. Many recordkeepers have acknowledged this shift, with some launching their own PEP solutions or participating in the PEP ecosystem, Tardif says.

The adviser role is also transforming. Advisers who once focused primarily on vendor coordination and plan mechanics are now having broader, strategic, workforce-focused conversations, Tardif says.

"They're now evolving from being a plan-by-plan quarterback to a strategic adviser," she says.

Tardif adds that PEPs are pushing firms that once competed head-to-head into closer collaboration, as pooled structures demand

coordinated delivery across investments, fiduciary oversight, technology and participant experience.

"Scale has become a differentiator, not just for pricing, but for governance, cybersecurity and innovation," she says. "That's changing how everyone thinks about their place in the ecosystem."

Winners, Pressure Points

The shift is also creating clear winners and pressure points. Kevin Crain, executive director of the Institutional Retirement Income Council, says large, traditional recordkeepers—once reluctant to serve small plans individually—are benefiting from the efficiency created by pooled plans. At the same time, fintech firms built around streamlined, stand-alone plans may face headwinds if more small employers opt into pooled structures, instead of a technology-driven option.

State-facilitated retirement mandates are also adding momentum in favor of MEPs and PEPs. According to Georgetown University's Center for Retirement Initiatives, 20 states have some form of state-run retirement program for employees whose private employer does not offer a retirement plan, with 17 of those states adopting automatically enrolled individual retirement accounts.

As more states require employers to offer a retirement option, many businesses are weighing private sector pooled plans against defaulting into state programs, giving MEPs and PEPs a powerful tailwind, Crain says.

Crain cautions that standardization in pooled plans can limit employer customization and, despite recent growth, PEPs remain a small fraction of the defined contribution market. Yet Crain—a skeptic just a year ago—now believes momentum is strong enough that further PEP expansion is likely.

"We are approaching an inflection point, in a good way, that momentum will become reality," he says. ■

**The Equitable Retirement AccessSM defined contribution program consists of a custodial account offered through Benefit Trust Company, as well as a group fixed annuity contract issued by Equitable Financial Life Insurance Company (Equitable Financial). Distributor: Equitable Distributors, LLC and Equitable Network, LLC (Equitable Network Insurance Agency of California, LLC; Equitable Network Insurance Agency of Utah, LLC; Equitable Network of Puerto Rico, Inc.). Equitable Financial and Equitable Distributors, LLC: 1345 Avenue of the Americas, NY, NY 10105. Equitable Network, LLC: 8501 IBM Drive, Suite 150, Charlotte, NC 28262. Pension Plan Specialists, PC, Benefit Trust Company serves as custodian. Pension Plan Specialists, PC acts as the pooled plan provider and plan sponsor, 3(16) plan administrator, named fiduciary and entity responsible for performing all administrative duties. SWBC Retirement Plan Services. Advisory services offered by SWBC Investment Advisory Services, LLC, d/b/a SWBC Retirement Plan Services, an SEC-registered investment adviser. Pension Plan Specialists, PC; Benefit Trust Company; and SWBC are not subsidiaries or affiliates of Equitable Holdings, Inc. The subsidiaries of Equitable Holdings, Inc. do not endorse or represent the accuracy, completeness or appropriateness of any part of any non-Equitable website content linked to from this article. Equitable is the brand name of the subsidiaries of Equitable Holdings, Inc., including Equitable Financial and Equitable Distributors, LLC. GE-8757796.1(02/26)(exp.02/30)*