



The Importance of Providing a
401(k) Plan to Your Employees

isolvedTM

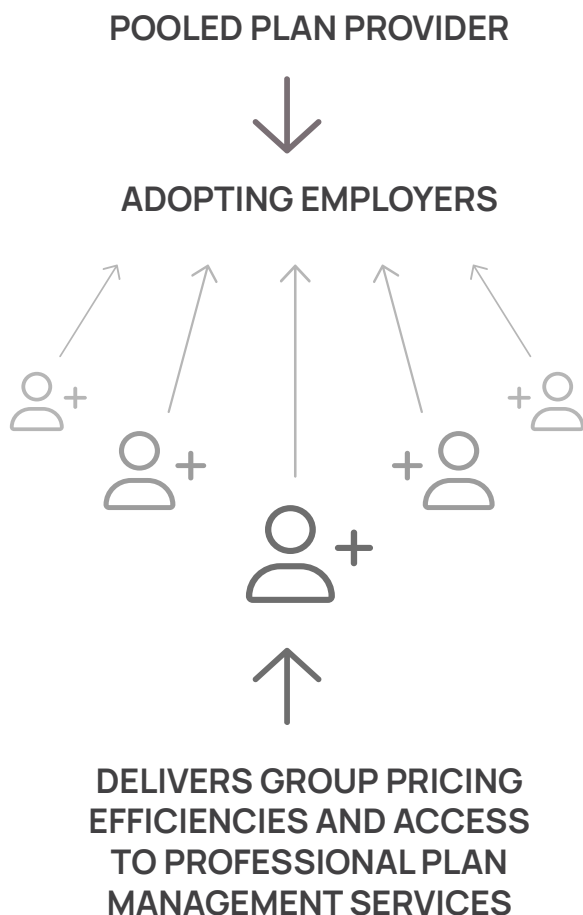
isolved 401(k) Pooled Employer Plan (PEP)

The isolated 401(k) PEP offers a unique retirement plan structure that can help you attract and retain talented employees while maximizing plan management efficiencies.

WHAT IS THE PEP?

The PEP is a type of multiple employer plan consisting of a collection of unrelated single-employers. A professional pool plan provider, plan sponsor, named fiduciary, and trustee are specified for the plan.

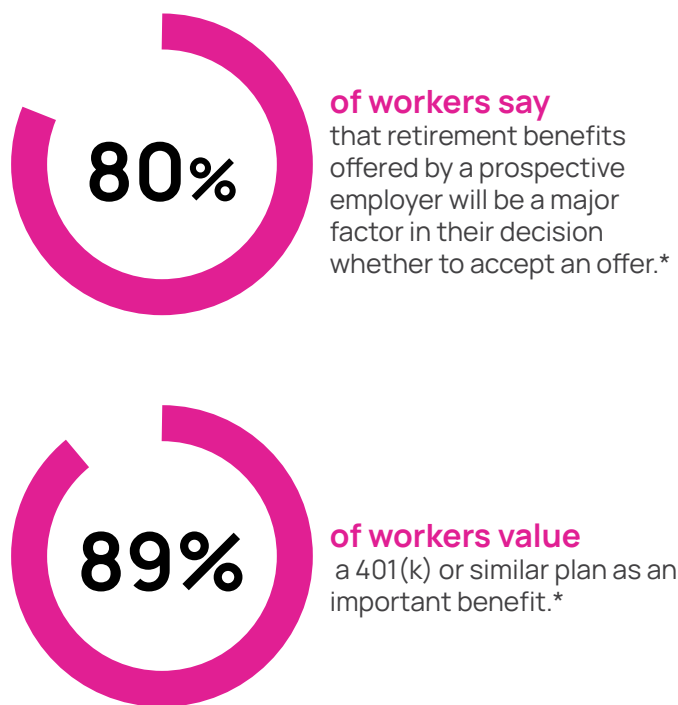
HOW IT WORKS



WHAT ARE THE BENEFITS OF JOINING THE PEP?

When you adopt the PEP, your employees gain access to a valuable retirement benefit. And you may gain the benefits that come with economies of scale as well as receive federal tax credits, if you qualify.

The PEP is designed to satisfy state retirement plan mandates and provides a key benefit that employees consider when deciding to join your company.



*"Emerging from the COVID-19 Pandemic: The Employer's Perspective," nonprofit Transamerica Institute, August 2022.

Why the PEP Might Be Right For You

The PEP offers key benefits to adopting employers by bringing together a team of professionals to help you manage your plan and to help your participants achieve brighter retirement outcomes.

MULTIPLE BENEFITS

SIMPLIFIED ADMINISTRATION

The support team structure of the PEP allows you to offload the majority of administrative tasks, such as managing a plan audit, distributions, participant enrollment/communications, eligibility tracking, payroll remittance, and compliance testing as well as reporting.

REDUCED FIDUCIARY LIABILITY

Adopting employers will no longer be the named ERISA Plan Sponsor responsible for administering their 401(k). NPPG, the PEP's Pooled Plan Provider (PPP), is the Plan Sponsor accepting the responsibilities and associated liabilities of overseeing the plan's administrative as well as investment fiduciary duties. In addition to protection afforded by NPPG, the PEP has also engaged 3(38) investment fiduciaries, further reducing fiduciary liability for adopting employers.

FLEXIBLE PLAN DESIGN

When joining the PEP, you'll have the flexibility to tailor your plan based on your employees' needs; e.g., eligibility, vesting schedule, loans, custom profit-sharing and match calculations.

POTENTIAL COST SAVINGS

Economies of scale allow for group pricing and potentially lower-cost investment options, audit, compliance, document preparation, Form 5500 filings and discrimination testing. Furthermore, employers with 100+ employees will not be required to perform an annual plan audit.

EASY ADOPTION PROCESS

Whether you are starting a new plan or transitioning an existing plan, you'll receive hands-on guidance throughout the process. A dedicated service team is available to answer questions for you and your employees, ensuring seamless integration of your plan

RELIEF FROM BAD APPLE RULE

Relief is available if certain requirements are met so that the actions of any adopting employer shall not negatively impact the other adopting employers within the PEP.

STATE RETIREMENT PLAN MANDATES

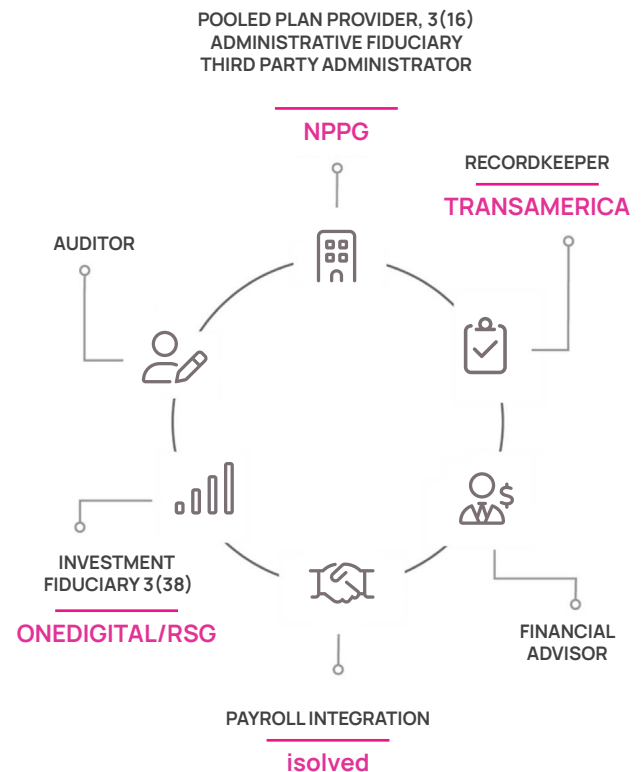
As more and more states are requiring employers to adopt a retirement plan, the PEP is designed to comply with such mandates (where applicable).

FEDERAL TAX CREDITS

Effective for tax years, beginning after December 31, 2022, small business employers from 1 to 50 employees will receive a tax credit for up to 100% of startup costs for the first three years of the plan. Employers between 51 and 100 employees will receive a tax credit of 50% of startup costs. An additional credit will also be available for small business employers that provide employer contributions, during the first five years of the plan. An employer is eligible for this tax credit if they had no more than 100 employees, making at least \$5,000, in the prior year. The maximum credit is the lesser of the employer contribution or \$1,000, for each employee making \$100,000 or less in FICA wages.

DEDICATED TEAM

By joining the PEP, you gain access to a professional service team that surrounds you with plan management support so you can focus less on managing your plan and more on running your business.



What does the isolated 401(k) PEP mean for you?

Less work

- Integrate payroll & 401(k)
- Audit & 5500 prepared and filed for you annually

Less Liability

- Managed fiduciary responsibilities
- Relief from plan sponsor and trustee duties

Lower Cost

- Economies of scale reduce cost of administration for your staff and cost of participation for your employees
- Receive support from NPPG, isolated, Transamerica and your Financial Advisor saving time & money



Comparing Plans from an Administrators Perspective

Pooled Employer Plan (PEP)

- During implementation, you will need to provide some information to help set up the plan.
- You will be required to keep employee's data up to date in the isolated system.

Single Employer Plans

- **Plan expenses based on plan size**
 - Administrative burden
 - Required notice delivery
 - Payroll updates and submission
 - Year -end census
 - Plan audit 5500 filing
 - Forms 945, 1096, and 1099 preparation
 - Correct fidelity bond coverage
 - Loans & Qualifying hardship withdrawals
- **Fiduciary liability**
 - Investment selection & monitoring
 - Administrative oversight
 - Monitor pending legislative actions
- **Trustee duties**
- **Education/enrollment**
- **Potential Plan IRS or DOL Audits**
- **Annual Census collection**
- **Processing distributions after termination**

Plan Options

2024 Contribution Limits:
 Under 50 –\$23,000
 Over 50–\$30,500
 (pre-tax or post tax)

Target Date Options

BlackRock Lifepath Index

Income 2035
 2040
 2045
 2050
 2055
 2060

Real Estate

TA Vanguard Real Estate Index
 S&P United States REIT

Stable Value

Invesco Stable Value Trust
 Ret USTREAS Treasury Bill
 Constant Interm./Long Term
 Bond

Passive Core Options

Target Risk

TA Vanguard LifeStrategy Income TA
 Vanguard LifeStrategy Conservative
 TA Vanguard LifeStrategy Moderate
 TA Vanguard LifeStrategy Growth

Large Cap Equity

Transamerica Partners Stock Index

Mid Cap Equity

BlackRock Mid Cap Growth
 Russell Mid Cap Growth Small I Cap

Equity

ClearBridge Small Cap Growth
 Russell 2000 Growth

Active Core Options

Cash Equivalents

Invesco Stable Value Trust
 Retirement Account

Diversified Fixed Income

Western Asset Core Plus Bond
 PIMCO Income

World / Foreign Bonds

Neuberger Berman Strategic
 Income

Large Cap Equity

JPMorgan US Equity (blend)
 JPMorgan Large Cap (growth)
 MFS Value (value)

Mid Cap Equity

Hartford Mid Cap (growth)
 MFS Mid Cap Value (value)

Small Cap Equity

Franklin Small Cap (value)
 Janus Henderson Triton (growth)

World Stock

American Funds New Perspective
 Fidelity Advisor International
 MSCI ACWI Growth
 MSCI ACWI Ex USA Growth

International Emerging Markets

American Funds New World **Balanced**
 American Funds Balanced



Tax Credit

SECURE 2.0 Act of 2022

Tax Credit Incentives Available for Establishing a New 401(k) Plan



Up to \$5,000 annual tax credit
for administrative costs of starting retirement plans



Up to \$1,000 tax credit per employee for eligible employer contributions



Tax Credit if Starting a New Plan:
\$500 tax credit for having the retirement plan automatically enroll eligible employees

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How does it affect employees?

Here are ways the SECURE 2.0 Act of 2022 is making it easier than ever for your employees to save for retirement:

- Annual catch-up limits
- Auto-escalate elective deferrals
- Increased deferral limits
- Permitting long-term, part-time employees to participate in retirement plans
- Permitting employees to choose to have employer match contributions be post-tax (Roth)



What are the next steps?

Estimated 8-10 weeks for a start-up plan, 12 weeks for a conversion plan.

1

Return the completed DocuSign document

2

Your advisor will schedule a kick-off call to guide you through your plan options

3

Look forward to a hands free 401k plan!

Get started with an isolated 401(k) Pooled Employer Plan today.

Contact your Account Manager or call 800.733.8839

