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Pooled Employer Plan: Big Benefits for Private Equity Firms

A Pooled Employer Plan (PEP) is a multiple-employer plan designed to reduce administrative burdens for employers.

PEPs offer benefits to both employers and employees, including streamlined administration, reduced costs and improved retirement outcomes.

However, private equity firms may find the benefits of PEPs very impactful to their business.

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PORTFOLIO INTEGRATION, ACQUISITION AND VALUE CREATION

• A PEP may support future integration or roll-up strategies, making the businesses easier to merge, manage or sell. Standardizing employee benefits across portfolio companies can increase operational synergy and valuation at exit.

• New portfolio companies can quickly onboard to the plan, reducing setup time and avoiding the need to establish standalone 401(k) plans.

• A PEP reduces the fiduciary risk and the time required to run a plan allowing the portfolio company leadership to focus on operations and growth, not retirement plan logistics. A PEP is managed by a pooled plan provider (PPP) who relieves portfolio companies of the day-to-day burden of administering the retirement plan.

• A PEP substantially reduces or eliminates the annual independent audit requirement and cost for the portfolio companies. The average time required by a plan sponsor to support an audit is 20 hours, however with a PEP the PPP handles much of the administrative work associated with the audit. Eliminating the time and cost of a 401(k) audit can save the portfolio companies hours of time and thousands of dollars.

• Offering a competitive, streamlined retirement plan can help attract and retain talent creating more value for the portfolio companies.

Offering a PEP is a strategic move for private equity firms that want to optimize their portfolio companies' operations and reduce cost and risk. It's a modern solution aligned with how PE firms think about scale, integration and growth. Learn more about how a PEP may benefit your PE firm.

Let's talk.

For more information email
info@americantcs.com.

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