

## Virginia colleges form 403(b) multiple employer plan

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While the for-profit retirement world tries to hash out how to organize multiple employer plans, a group of private not-for-profit colleges and universities in Virginia are moving forward with the launch of their own multiple employer 403(b) retirement program.

The 14 colleges and universities that have committed to participating in the multiple employer plan are all members of the Council of Independent Colleges in Virginia, or CICV: Appalachian College of Pharmacy, Averett University, Bridgewater College, Edward Via College of Osteopath Medicine, Emory & Henry College, Ferrum College, Hollins University, Lynchburg College, Mary Baldwin University, Randolph-Macon College, Shenandoah University, Southern Virginia University, Sweet Briar College and Virginia Wesleyan University.

It's an innovative effort: MEPs are popular in the corporate world but are not commonplace in higher education. "What is happening right now in Virginia will likely reshape how small and mid-sized colleges and universities approach retirement planning for their employees," says Ben Lewis, senior managing director of Institutional Financial Services at TIAA.

The group has been working on the program for at least five years, according to CICV President Robert Lambeth. His organization has worked on creating a number of opportunities for collaboration between its 28 member schools, including a health insurance program that was adopted by 16 of the group's members.



Bloomberg News

"That paved the way for the MEP project by showing many college presidents and CFOs the significant advantages of collaboration, particularly in back office administrative functions," he says.

They formed a small executive committee of CFOs and human resources directors to conduct research and work to find the best way to organize a plan. The MEP will cover 9,500 employees to begin with and Lambeth says he is confident other CICV colleges and universities will join the MEP in the future.

"We decided early on to unbundle all functions of retirement programs," Lambeth says. "One of the key things we have done that is different is we decided to have competitive bidding in each of the categories of services needed for a successful retirement program."

They hired a consultant in Washington, D.C. to handle their request for proposals and invited the "best and brightest firms in the country to compete for the work. We ended up selecting firms in each category," he adds.

Pentegra is the 3(16) plan administrator for the plan, meaning it is in charge of plan administration and compliance. SageView handles the plan's 3(38) plan level investment oversight, acting in a fiduciary capacity; TIAA is the record keeper and Millennium is in charge of employee education and investment advising. They provide employees from top to bottom strong financial planning advice, Lambeth says.

Because of the partnership, employees at the member colleges will have access to lower cost share classes and will have access to educational financial planning advice, "so there are a lot of advantages to employees," he says.

The colleges and universities themselves will benefit because they can hand off the administrative responsibilities for the retirement plan to outside vendors, which will free up their time to work on other projects.

"Before the MEP, each college did everything 14 times," Lambeth says. "Now we just do it one time on behalf of the MEP. In the past there were multiple investment advisers, now we just need one investment adviser. There are efficiencies and cost savings and streamlining."

does and which ones would be the best choice for them individually.

Some for-profit MEPs encountered problems early on with member organizations not pulling their weight or fulfilling the necessary requirements to participate in the plan. Lambeth says that the Virginia MEP's governing committee is tasked with overseeing not just the member institutions but the vendors as well to make sure everyone is complying with the provisions of the MEP.

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If the vendors don't perform as they should, the MEP will get rid of them and hire someone else.

Lambeth says the group was hard pressed to find other not-for-profit organizations who have formed multiple employer plans. They did research what corporations and industry groups have done, but "we're paving some new area here. This is a new approach. I don't know why. It makes so much sense. Other private college associations like CICV are looking at replicating what we're doing. I think it is going to change the approach for many nonprofits in the future."



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