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The “PEP talk” retirement plans may need

Could PEPs help close the retirement access gap while easing oversight?



As employers continue balancing retirement plan access, administrative demands, and long-term oversight responsibilities, interest in pooled employer plans (PEPs) continues to grow

Pooled employer plans bring multiple employers into a single plan, with many administrative and fiduciary responsibilities managed in one place.

For some employers, particularly those with limited internal retirement resources or those seeking additional support, that structure may help simplify plan administration. It can also help reduce barriers for employers that may otherwise hesitate to offer a retirement plan.

As of early 2026, Cerulli Associates estimates that nearly 51,000 employers have joined pooled plans, with approximately half of these being first-time 401(k) providers.[1]

PEPs are another way to support clients while continuing to deliver value where it matters most.

The defined contribution system continues to evolve

Over the past two decades, innovations like target date funds (TDFs) and managed accounts have helped improve outcomes and made retirement investing more accessible for millions of people.

Those solutions continue to help address a critical need. Many individuals want help making long-term investment decisions, and built-in investment solutions make that easier. Today, they remain central to how retirement plans are designed and delivered.

How the industry has evolved

PERIOD	INDUSTRY SHIFT	IMPACT
1990s	Growth of participant-directed DC plans	More responsibility shifted to workers
2006 Pension Protection Act	TDFs became mainstream through qualified default investment alternative (QDIA) safe harbor	Simplified investing and automatic enrollment acceleration
2019 SECURE Act	PEPs authorized	Simplified plan sponsorship for employers
2021 – Today	Rapid PEP expansion	Growing focus on simplifying plan access, fiduciary support, and administration

Where the next opportunity is emerging

Even with strong investment solutions in place, retirement outcomes may still depend on how plans are managed over time.

Plan design, fee oversight, fiduciary responsibilities, and administrative processes all play a role. These typically sit with employers and require consistent attention over time.

At the same time, many plan sponsors are balancing competing priorities as they look to improve participant outcomes while managing cost and operational demands.

Maintaining oversight over the long term can be challenging, especially as teams change and priorities shift. In some cases, particularly smaller organizations or those seeking additional support, that level of management may create barriers to offering or maintaining a retirement plan.

› Key takeaway

Plan sponsors rank increasing participant savings rates and managing employer cost among their top five-year priorities, with cost (especially cost variability) as the #1 barrier to change.[2]

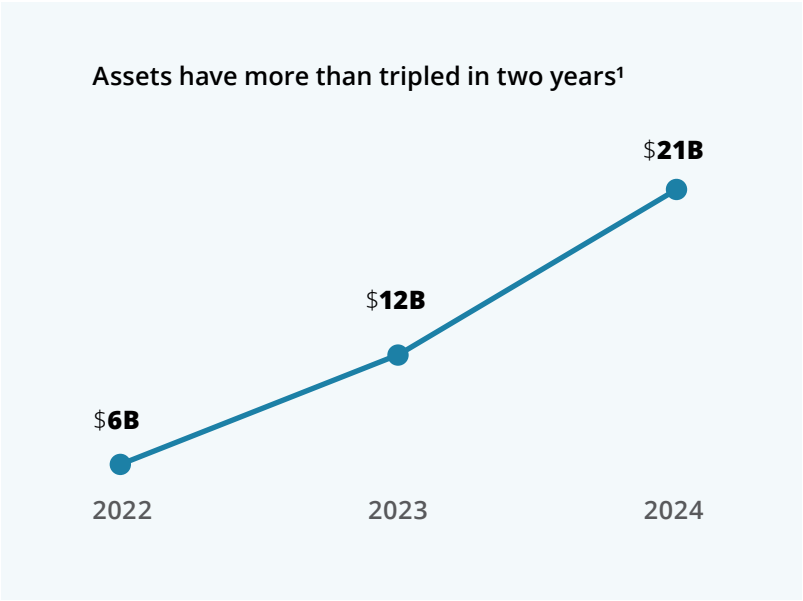


Building on what already works

For employers looking to add a retirement benefit or streamline administrative and fiduciary responsibilities, PEPs centralize many plan oversight functions in one place. That can help create more consistency and reduce administrative burden while still allowing employers and advisors to stay closely involved.

Just as target date funds brought professional management into a default investment option, PEPs apply a similar concept to how retirement plans are managed and overseen. They don't replace what works today. They build on it.

PEP adoption is accelerating



50,000+

employers now participate in PEPs[1]

339

PEPs in 2024, up from 109 in 2021[1]

What will shape adoption

As with earlier innovations, adoption will likely come down to practicality. Target date funds became widely used because they were easy to implement, accessible, and aligned with fiduciary expectations. They streamlined plan design and participant outcomes while preserving flexibility. PEPs may follow a similar path as employers continue looking for ways to streamline plan management and provide top-tier benefits to their employees.

The models that gain traction will be the ones that reduce complexity, clarify roles, and fit naturally into how advisors and employers already work together.

How advisor roles may continue evolving

As the retirement system continues to evolve, the role of advisors remains central. PEPs give advisors another way to support clients.

By helping simplify plan oversight, advisors can keep the focus on participant outcomes while creating new opportunities to deliver value across plan design, participant engagement, and long-term strategy.

Looking ahead

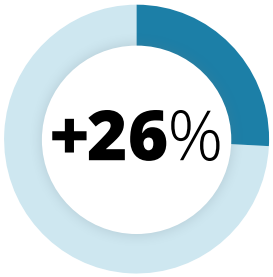
The retirement system has always evolved in response to real-world needs. Each step has built on what came before it.

PEPs are part of that progression. They offer another way to bring consistency, scale, and support to a system that continues to grow and improve over time.

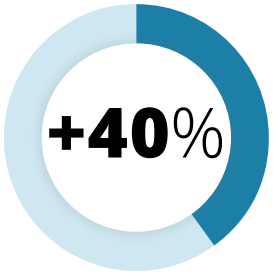
Three considerations for evaluating PEP opportunities

- Develop a deeper understanding of how PEPs may support evolving retirement plan needs
- Identify which employers and plan scenarios may be the right fit for a PEP structure
- Reassess how fiduciary oversight, administrative demands, and long-term plan management factor into retirement plan decisions

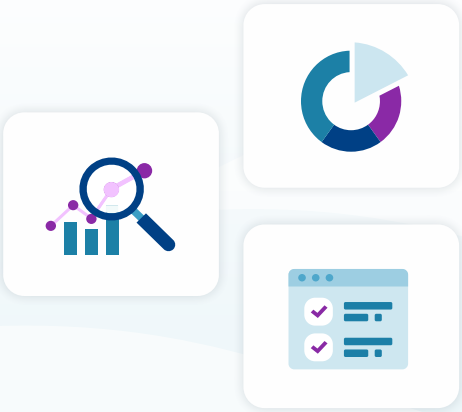
Research suggest that shift may already be taking shape. Employers participating in a PEP reported:



retirement plan satisfaction[3]



advisor satisfaction[3]



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Contact your Empower representative to learn more about how PEPs may fit into your strategy

1 U.S. Retirement Markets 2025 – Cerulli Associates

2 Empowering America's Financial Journey™ 2026. Empower data as of December 31, 2025.

3 PLANSPONSOR, "Planned Employer Plans Lead to Higher Adviser, Plan Satisfaction: Report," April 2025.

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