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How PEPs change the advisor's role and what they must know

What the rise of PEPs means for retirement plan advisors



Overview

Since pooled employer plans (PEPs) were first introduced in 2019, plan adoption and assets have grown significantly, and all signs suggest continued momentum. Although PEPs were originally designed to help "close the coverage gap" and encourage plan formation, they've gained traction with organizations of all sizes and industries. Plan advisors and consultants have watched PEPs emergence with great interest, and some are beginning to question their role in a landscape where many plan features are standardized and require less advisor oversight.

This report will show that rather than challenging the advisor's role in the retirement plan ecosystem, PEPs can serve as an important tool for advisors as they look to make a shift in their role with the plan and its participants. Historically centered on the "three F's" — fiduciary, funds, and fees, retirement advisors today are increasingly evaluated on their ability to improve outcomes for plan sponsors and, perhaps more importantly, participants. By reducing administrative complexity, PEPs create space for advisors to reallocate time toward encouraging participant engagement, improving retirement readiness, and increasing overall plan health.

This report addresses three key questions:

1. How widespread are PEPs today and what are future expectations?
2. How do PEPs change the role of the retirement plan advisor?
3. How can advisors take advantage of these changes to evolve their practice?

This white paper was written by Retirement Leadership Forum (RLF). Content and testimonials are based on interviews conducted with RLF during the research process.

rlf retirement leadership forum

The rapid growth of PEPs

PEP growth has accelerated each year since the structure was introduced as part of the SECURE Act in 2019. Estimated assets at the end of 2025 were $28 billion, up from $15 billion at the end of 2024. *(See appendix: Figure 1).*

Expectations are for continued PEP growth in 2026. Factors contributing to this include the continued expansion among existing PEPs at large retirement aggregators, as well as the anticipated launch of new PEPs by large broker-dealers and human capital management (HCM) providers.[1]

PEP adoption is especially strong among several market segments that are particularly well positioned to benefit from a PEP's unique structure:

- **Audit or near-audit eligible plans.** Plans subject to an audit can reduce costs significantly within a PEP structure.
- **Private equity sponsors.** Private equity firms are forming PEPs for their portfolio companies, which can result in time and cost savings.
- **Any large or small plan looking to reduce fiduciary risks.** Because the pooled plan provider (PPP) takes on much of the plan's risk, organizations looking to off-load their fiduciary burden are an ideal fit for PEPs.

Given the rapid growth of PEPs, many retirement advisors currently use or plan to use PEPs with their clients. In a recent survey, 41% of specialized retirement advisors already had one or more clients in a PEP, and 48% of those advisors planned to use PEPs in the future. However, 52% of this group had "no plans" to utilize PEPs, highlighting the hesitancy among many in the retirement advisor community.[2]

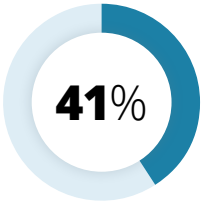
Much of that reluctance is driven by advisors' concerns about their evolving role with clients that want to adopt a PEP. PEPs can be disruptive to the "three F's" model: If advisors aren't selecting funds, acting as a 3(38) fiduciary, or negotiating fees, what is their function? It's a legitimate question, and one that has two answers:

1. In the PEP world, advisors continue to have an important (albeit different) role in **vendor selection and management**.
2. PEP efficiency gives advisors the opportunity to evolve into a more **participant-centric practice**. As we'll see, this evolution is already well underway and, in our view, is critical for future growth for retirement plan advisors.



"Private equity groups are sophisticated and realize the value in transferring liability of each portfolio company to a single PPP."

— MICHAEL SALERNO
is the Founder and CEO of National Professional Planning Group, Inc., a PPP and a retirement planning consulting business based in New Jersey.
January 2026



of specialized retirement advisors already had one or more clients in a PEP

The importance of vendor selection and management



"The advisor's role in a PEP is critical but different. They need to advise clients on which PEP is best. The need to ensure the investment lineup is appropriate. And they should be advocating for any changes to the PEP that they believe are in clients' best interests."

— TED KEY
is a National Business Director at National Professional Planning Group, Inc., a PPP and a retirement planning consulting business based in New Jersey.
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In a PEP, advisors continue to play a central — though evolving — role in evaluating the vendors that support the plan. Even though the PPP assumes primary fiduciary responsibility for plan administration, advisors must conduct thorough due diligence across recordkeepers, custodians, investment managers, and administrative partners to ensure the PEP's structure aligns with the needs of the adopting employer and their employees. This includes assessing service models, participant and sponsor technology, cybersecurity and fraud protections, pricing transparency, and the vendors' experience operating a PEP.

While the initial assessment of the vendors within a PEP is important, ongoing oversight is an equally important function that helps ensure the integrity of the PEP's vendors over time.

A shift in model from process driven to participant centric

Historically, retirement plan advisors have devoted significant time to plan operations and oversight responsibilities, which can limit the time available for participant engagement. In a single-plan environment, that emphasis made sense because advisors were often responsible for coordinating multiple service providers, monitoring investments, supporting fiduciary oversight, and helping manage plan compliance.

The advisor's attention was very much on plan-level factors, and their success was often measured through plan-level metrics, such as:

- Investment performance
- Overall fees
- Fiduciary support
- Vendor management

Three trends are shaping the advisor value proposition:

1

Employers are increasingly focused on participant outcomes

Employers are placing greater emphasis on their employees' financial well-being *(see appendix: Figure 2)* and are looking to benefits providers for help. For 401(k) or 403(b) plans, this means that plan sponsors are including more participant factors in their evaluation of plan effectiveness that go well beyond plan participation and include factors like retirement readiness and employee financial stress. The conversation is shifting from "Is the plan compliant?" to "Are employees prepared for retirement?"

2

Investment selection is becoming commoditized

The emergence of model portfolios, managed accounts, and target date funds has reduced the importance of investment selection. At the same time, centralized 3(38) providers can offer similar fiduciary protection at a fraction of what the typical advisor charges.

3

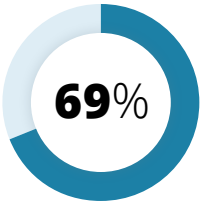
The convergence of retirement and wealth management

As fee pressures increase, advisors are looking to participant assets (rollovers, wealth management) as important new sources of revenue. To win this business, advisors must spend more time engaging participants and less time managing administrative processes.

PEPs play an important role in facilitating the participant-focused shift

"For advisors, their role in a PEP is really about participant engagement and holding the PPP accountable rather than coordinating all of the service providers."

— DUSTIN MORROW
is a Sales Manager with Finway Group, a PPP and a retirement plan consulting and administration firm based in Iowa.
January 2026



of advisors reported spending less time on administrative and client service activities when clients are in a PEP

PEPs can play an important role in helping advisors shift to a more participant-focused model because they free up the time needed to drive deeper participant engagement. In many PEP structures, the PPP assumes responsibility for:

- Coordinating service providers.
- Managing administrative oversight.
- Preparing Form 5500 filings.
- Supporting annual audit requirements.
- Overseeing compliance functions.

This time reallocation is critical. When advisors are not consumed by things like audit coordination, vendor disputes, or compliance corrections, they can focus on participant engagement.

PEPs ability to save advisors time is more than just theoretical. In a 2024 survey, 69% of advisors reported spending less time on administrative and client service activities when clients are in a PEP. In addition, 59% reported that they were able to offer a better overall client experience for their PEP plans. *See appendix: Figure 3.*

The role of PEPs in building a more participant-centric model goes beyond time savings. PEPs are an ideal platform for delivering advice "at scale" that goes beyond simple asset allocation (e.g., managed accounts or advisor managed accounts). In a PEP structure, a single implementation of managed accounts can reach hundreds of plans and thousands of participants. Because of this size, PEPs can potentially demand better pricing on managed solutions, as well. PEPs' ability to offer participant advice broadly at a reduced price can further position advisors as having a participant-focused value proposition.

So what does a more participant-focused model look like in practice?

- **Outcome-focused metrics.** Advisors report on-track percentages, income projections, and plan health as critical plan-success metrics.
- **Personalized engagement.** Advisors position managed accounts, income planning, participant education, and personalized consultations as central to their value proposition.
- **Financial wellness programs.** Advisors offer programs to assist with budgeting, debt management, emergency savings, and student loan repayment.
- **Executive wealth integration.** Advisors provide financial planning and wealth management services to key executives and highly compensated employees.

What advisors must understand about PEPs

To leverage PEPs effectively, advisors need to understand that the landscape is quickly evolving as PEP assets grow. What was true in the early days of PEPs may not be true today. It's important that advisors monitor changes and adapt their strategies accordingly.

PEPs are not one-size-fits-all. Structures vary significantly, including bundled versus unbundled approaches and open versus advisor-branded arrangements. PPPs and recordkeepers also differ in their philosophies around plan design, governance, and customization. As a result, due diligence and provider selection remain important advisor responsibilities.

The value of PEPs varies by plan segment. While cost savings — especially in the form of reduced audit costs[3] — are possible for plans with greater than 100 participants, smaller plans may not see a reduction in fees. However, smaller plans may benefit from reduced fiduciary responsibility and lower administrative complexity. Teaching sponsors the value of PEPs is a crucial new type of "advice" that advisors deliver. *See appendix: Figure 4.*

PEP flexibility continues to expand. Multiple fund lineups within a single PEP are an emerging trend along with multiple 3(38)s and even multiple TPAs. But advisors must understand that these customizations come with added fiduciary complexity and risk. Balancing the tradeoff between flexibility and risk is important to an advisor's overall PEP strategy.

Advisor firms are instituting more home office control over PEPs. Large aggregators and broker-dealers are launching proprietary PEPs, which may restrict advisor flexibility related to which PEPs they use. Some home offices are encouraging advisors to use firm-sponsored PEPs rather than open PEPs and are discouraging the creation of practice-branded PEPs. PPPs and recordkeepers are following a much more measured approach to launching new PEPs as the marketplace matures.



"PEPs' inflexibility is a myth. Things like multiple investments lineups are [here]. Everything you see in a single employer plan will be available in a PEP."

— CARLO GUERRERA
is a Vice President, Sales and Key Accounts, from Pentegra, a PPP and a retirement plan and fiduciary outsourcing provider based in New York.
January 2026

From insight to action: Building a PEP strategy

PEPs are becoming an increasingly important part of the advisor toolkit. Advisors without a clear strategy risk losing clients to competitors who already offer PEPs. In our research, we found that top advisors take a step-by-step approach to launching their PEP strategy.

1

Getting started: Selecting the right PEP partners

- Assess the quality of the PPP and understand their capabilities and governance processes.
- Evaluate recordkeeping partners based on participant experience, digital tools, payroll integration, service model and responsiveness, and conversion support.

2

Transitioning plans to a PEP

- Move existing audit-level or complex plans first as they may benefit most from the PEP structure.
- Build experience with the PEP structure before prospecting new clients. Advisors must be able to clearly explain the PEP narrative to employers.

3

Making PEPs a part of your growth strategy

- Advisors who embrace a consistent PEP strategy often position it as a core part of their retirement practice.
- PEPs enable a more scalable retirement practice. Just as wealth investment advisors scaled their businesses using model portfolios, retirement plan advisors should think of PEPs as using "model plans."
- Less successful advisors treat PEPs as occasional solutions rather than a core strategy.

As advisors execute on this three-step strategy, these actions can help support the transition. Empower can help advisors:

- Segment their book and identify PEP candidates.
- Build a short list of go-to PEPs.
- Develop a formal PEP due-diligence framework.
- Redesign client meetings to focus on outcomes, not fund reports.
- Document a clear and compelling participant-engagement strategy.
- Assess the opportunity for offering wealth-management services.

Conclusion

Industry research suggests that PEP growth continues to accelerate while advisor adoption increases. At the same time, the retirement advisory industry is evolving from a plan-centric model toward a more participant-focused approach. The emergence of PEPs clearly makes the shift in focus to participants much easier for advisors looking to embrace this future.

By reducing administrative and fiduciary complexity, PEPs create capacity for advisors to spend more time focused on participant outcomes and personalized engagement. Advisors that make this shift may improve participant outcomes, tap new revenue sources, and deepen relationships with plan sponsors that are worried about participant financial well-being.

However, advisors also need a clear PEP strategy — one that includes selecting the right partners, identifying appropriate plans for migration, and defining how PEPs fit within the firm's advisory model.

"To be successful, advisors have to be all in on the PEP story and be able to tell it well."

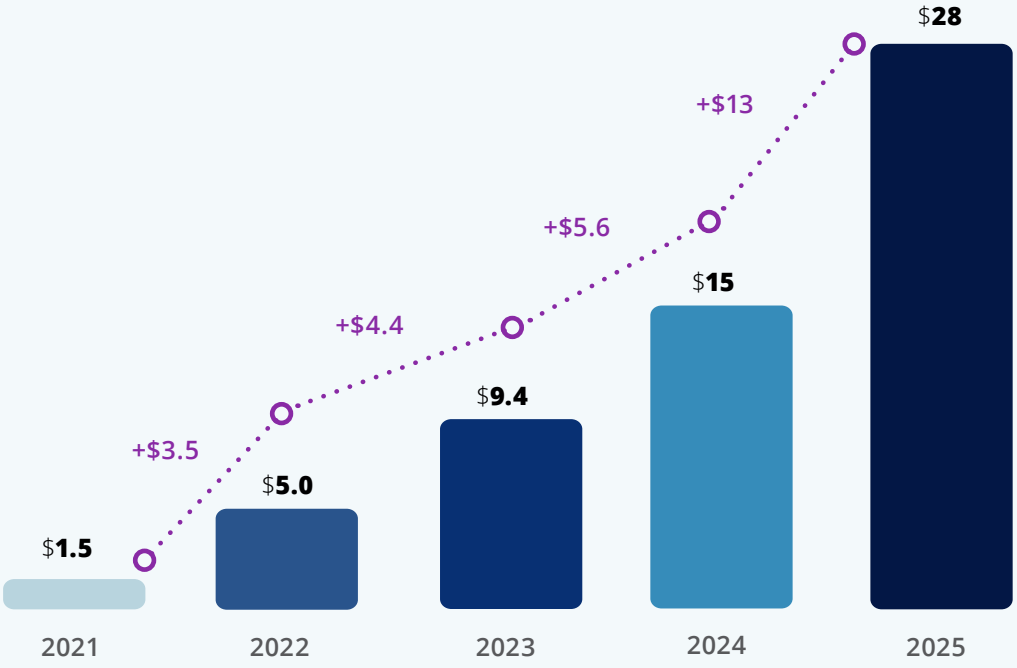
— JEFF ATWELL
is a Senior Vice President, Fiduciary Services, at AmericanTCS, a PPP and a fiduciary outsourcing business based in Iowa.
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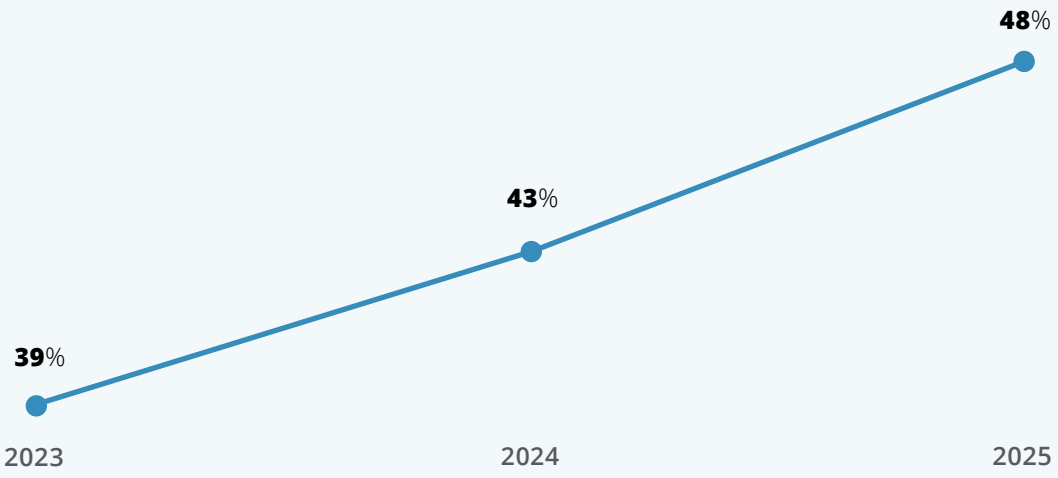
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Figure 1: Estimated assets in PEPs 2021-2025 in the billions



Sources: Empower Form 5500 data, Arthur J. Gallagher & Co. estimates, and RLF estimates as of January 2026.

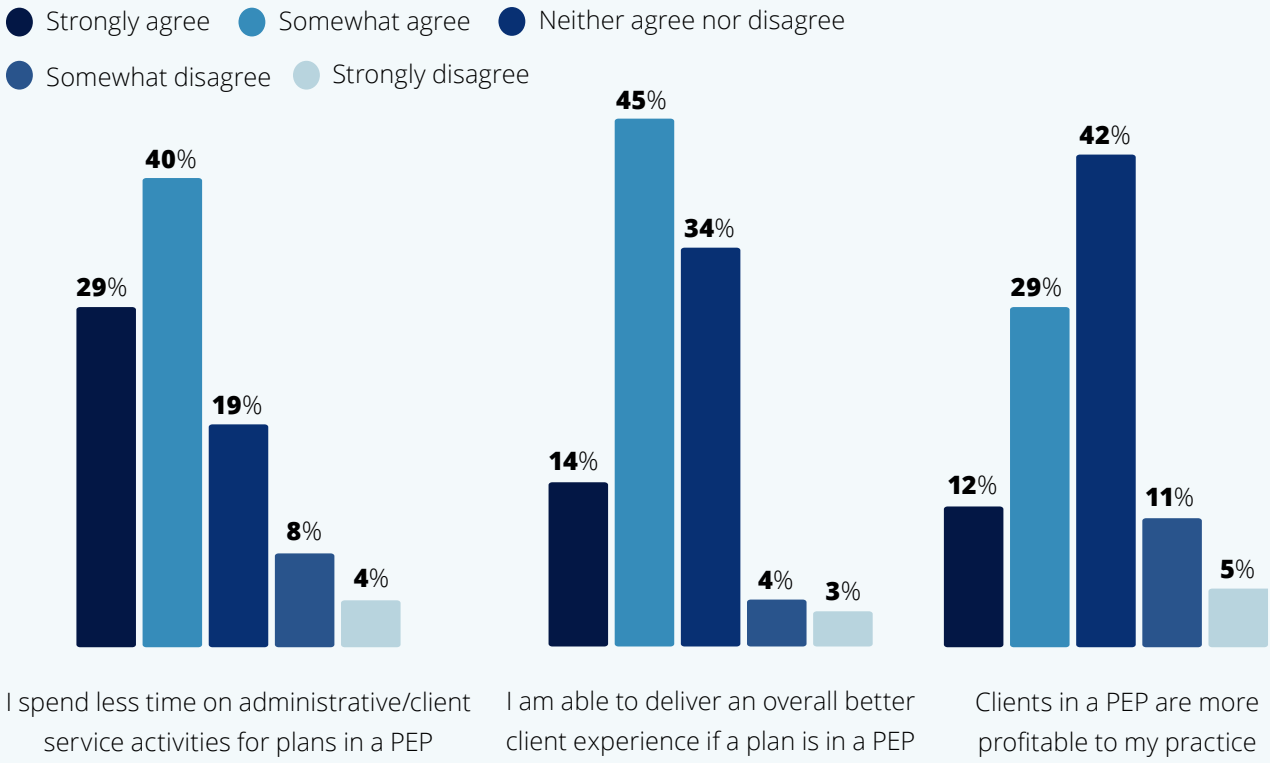
Figure 2: Percentage of employers highly concerned about employee financial well-being*



Source: Employee Benefit Research Institute (EBRI) research, January 2026.

*Percentage of employers rating their concerns about employee financial well-being as a 9 or 10 on a 10-point scale.

Figure 3: Advisors' views on how PEPs benefit their practices



Source: NAPA Advisor Research Institute Survey, December 2024.

Figure 4: Key value of PEPs to plan sponsors by plan segment

	Startups and plans under $1M	Plans $1M-$5M	Plans $5M-$25M	Plans $25M-$100M	Plans over $100M
Reduced costs			✓	✓	✓
Fiduciary protection			✓	✓	✓
Reduced administrative complexity	✓	✓	✓	✓	✓

Source: RLF PEP Recordkeeper Survey, 2024.

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

1 RLF research interviews with PPPs, January 2026.

2 NAPA Advisor Research Institute Advisor Survey, December 2024.

3 Audit and cost savings are major drivers. Moving audit-level plans into PEPs can reduce audit costs by 75% or more (often $12K-$20K annually) while also lowering administrative and governance burdens.

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