Improving multiple employer plans (MEPs) through legislation encourages private sector action

Open MEPs fill the retirement coverage gap by making it easier for small businesses and independent workers to access retirement savings plans

SMALL BUSINESSES AND INDEPENDENT EMPLOYEES KEEP AMERICA WORKING

UNITED STATES SMALL BUSINESS PERCENT OF EMPLOYMENT BY COUNTY

SMALL BUSINESS EMPLOYMENT
- 1% to 5%: 57.9 million small business employees
- 51% to 55%: 47.8% of U.S. employees

About 32 million workers in small businesses do not have access to a retirement plan

OFFERING RETIREMENT COVERAGE CAN BE COMPLICATED

Entering a multiple employer plan (MEP) can allow businesses to achieve economies of scale, simplify administration, offer better plans, and provide their employees and themselves with the coverage they need.

A SOLUTION FOR ALL WORKERS

ACCESS FOR SMALL BUSINESS AND GIG WORKERS

More than 40% of full-time private sector workers say they lack access to employer-based retirement savings plan

STUDIES PREDICT THERE WILL BE 55 MILLION INDEPENDENT OR "GIG" WORKERS BY 2020. These employees need a retirement solution that can be portable from gig to gig

ALL EARNERS ARE SEEKING COVERAGE

A SOLUTION FOR ALL

Among major occupational groups, access ranged from 42% for workers in service occupations to 82% for workers in management, professional, and related occupations

MORE THAN 12 million employees in the top two earning quintiles ($40,000+) did not have access to a workplace plan

SMALL BUSINESSES ARE MAJOR EMPLOYERS OF MINORITY WORKERS LOOKING TO SAVE

About two in three Hispanic workers and roughly half of African Americans and Asians lacked access to an employer-provided retirement plan

Minority workers accounted for about 41% (22 million) of the 55 million employees without a workplace retirement plan

SIMPLE CHANGES WILL MAKE A BIG DIFFERENCE

Remove the 1 bad apple provision, which unfairly holds all employers liable for one employer’s noncompliance

Remove the common bond provision to eliminate the need for a “common nexus” among employers

IF CONGRESS ACTS TO OPEN MULTIPLE EMPLOYER PLANS, SMALL BUSINESS AND GIG WORKERS COULD HAVE ACCESS TO A START-UP MEP FOR AT LEAST

50% less cost than a typical stand-alone defined contribution plan

FIDELITY URGES ACTION ON MEPS

WITH 600K SMALL BUSINESS ACCOUNTS AT FIDELITY, we understand what small businesses need to offer a competitive plan - or any plan at all.

SMALL BUSINESSES ARE SEEKING A SOLUTION that gives them service support, open architecture, and a direct to consumer business model.

Without a policy change, small businesses will continue to face challenges to offering plans.

Together with the private sector, policymakers should be supporting a system that encourages employers to offer robust retirement plans for their employees – not the opposite.

5. FIDELITY ANALYSIS