



FOR IMMEDIATE RELEASE

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**DEFINED CONTRIBUTION INSTITUTIONAL INVESTMENT ASSOCIATION
VOICES SUPPORT FOR PENDING REGULATORY ACTIONS**

Rules Regarding Multiple Employer Plans and Potential Expansion of Investment Opportunities Could Help to Improve Retirement Security for America's Workers

WASHINGTON, DC (September 30, 2019) – The Defined Contribution Institutional Investment Association (DCIIA) provides a forum for industry participants to enhance the employer-based defined contribution (DC) system, emphasizing access, innovation, best practices and institutional approaches, with the goal of improving financial security for America's workers. DCIIA reaffirms today its general support for regulatory projects aligned with this mission as well as its commitment to developing and sharing thought leadership that can inform the regulatory process. To that end, DCIIA is available to share insights in support of current and ongoing regulatory priorities, including:

- ["Open MEPs" and Other Issues Under Section 3\(5\) of the Employee Retirement Income Security Act](#), A Proposed Rule by the Employee Benefits Security Administration, U.S. Department of Labor
- [Multiple Employer Plans](#), A Proposed Rule by the Internal Revenue Service (IRS), Treasury
- [Concept Release: Harmonization of Securities Offering Exemptions](#), U.S. Securities and Exchange Commission

Specifically, DCIIA has long promoted the value of the "institutionalization" of the retirement savings system. In line with this, DCIIA supports efforts to make plans accessible to more employers, specifically small businesses, thereby making retirement savings via DC plans more widely available to workers. DCIIA also supports efforts to reduce potential barriers and perceived risks that could be preventing employers from adopting DC plans and providing access to a DC savings mechanism. For example, allowing for broader participation in pooled arrangements could allow for greater adoption of DC plans and thereby potentially offer employees the benefits of economies of scale. DCIIA further supports the thoughtful assessment of ways to promote better risk balance, enhanced returns, and reduced volatility in DC plans, and believes that one potential solution is to provide access to a broader range of investment products and services, including private assets, alternative investments and other investment strategies that are more commonly used today in defined benefit (DB) plans than in DC plans.

"Industry participants must continually seek new ways to close the retirement savings gap," said Lew Minsky, president and CEO of DCIIA. "We must constantly ask ourselves, 'How can policy changes support this goal? How can we work together to make those changes happen?' Currently, there are several pending regulatory



initiatives that are receiving broad support from retirement industry participants, plan sponsors, and other industry organizations. We look forward to working with all interested parties to support these discussions. Ultimately our goals are to make the retirement savings system more inclusive and to improve retirement security outcomes.”

For Further Reading

The [DCIIA Resource Library](#) provides access to DCIIA thought leadership alongside that of its members in alignment with our three core themes:

- **Design Matters** – For plan sponsors, the design of their retirement plan has a large impact on its success in helping workers save for retirement and in helping the company with workforce planning. Asset managers design products and solutions, and consultants design frameworks for how they can help plan sponsors work through questions and challenges. For recordkeepers, the design of their platform, including the interface with plan participants, matters.
- **Closing the Gap** – The retirement savings gap is a key issue for our industry. Far too many people don’t have access to a payroll deduction retirement savings system. In addition, people that do have access may experience various gaps in financial ability to save, lack of education on why to save, and plan design gaps that impact saving. We want industry participants to unite around a shared goal of doing a better job of solving for better outcomes.
- **Solving the Fiduciary Puzzle** – This theme seeks to explore the question of who in the retirement system is best equipped to handle fiduciary responsibility. Related discussion topics include open multiple employer plans (MEPs); outsourced CIO (OCIO); environmental, social, and governance (ESG) investing; and other emerging trends. Many industry participants are seeking ways to shift fiduciary responsibility, where it makes sense, to support better decision-making. A related question we are monitoring -- how is ongoing industry litigation impacting these trends?

The following white papers from our archive may be of particular interest:

- [Institutionalizing DC Plans: Reasons Why and Methods How](#): Examines what is meant by institutionalization, how plan sponsors might go about adopting institutional strategies in their DC plans, and possible benefits of doing so as well as potential barriers to overcome. (October 2011)
- [Institutionalizing DC Plans: A Starting Point for Addressing Fiduciary Issues](#): Provides a basic framework for plan sponsors and fiduciaries interested in exploring perspectives on institutionalizing their DC plans. (August 2013)
- [Capturing the Benefits of Illiquidity](#): Outlines best practices in integrating illiquid investments into defined contribution plan portfolios. (September 2015)
- [Is it Time to Diversify DC Risk with Alternative Investments?](#) For years, DB plans have allocated to alternative asset classes, whereas DC plans have not. These allocations have contributed to DB plans’ overall performance outcomes. DC plan sponsors could incorporate alternative investment strategies and best practices used by DB plans, potentially helping to close the performance gap that has long existed between the two plan types. (May 2013)

Background on regulatory projects

[“Open MEPs” and Other Issues Under Section 3\(5\) of the Employee Retirement Income Security Act, A Proposed Rule by the Employee Benefits Security Administration, U.S. Department of Labor](#)



EBSA has issued a request for information seeking “comments on whether to amend our regulations to facilitate the sponsorship of “open MEPs” by persons acting indirectly in the interests of unrelated employers whose employees would receive benefits under such arrangements. The term ‘open MEP’ in this document refers to a single defined contribution retirement plan that covers employees of multiple unrelated employers.” The deadline for comments is October 29, 2019.

[Multiple Employer Plans](#), *A Proposed Rule by the Internal Revenue Service (IRS), Treasury*

The official summary “sets forth proposed regulations relating to the tax qualification of plans maintained by more than one employer. These plans, maintained pursuant to section 413(c) of the Internal Revenue Code (Code), are often referred to as multiple employer plans or MEPs. The proposed regulations would provide an exception, if certain requirements are met, to the application of the “unified plan rule” for a defined contribution MEP in the event of a failure by an employer participating in the plan to satisfy a qualification requirement or to provide information needed to determine compliance with a qualification requirement.” This is also known as the “one bad apple” rule. The deadline for comments is October 1, 2019.

[Concept Release: Harmonization of Securities Offering Exemptions](#), *U.S. Securities and Exchange Commission*

The concept release “reviews the framework for exempt offerings, including several exemptions from registration under the Securities Act of 1933 that facilitate capital raising. The concept release seeks comment on possible ways to simplify, harmonize, and improve this exempt offering framework to expand investment opportunities while maintaining appropriate investor protections and promote capital formation.” The comments period closed on September 24, 2019.

The views expressed by DCIIA may not reflect the views of all member organizations or their representatives.

About DCIIA

Founded in 2010, the Defined Contribution Institutional Investment Association (DCIIA) is a non-profit association dedicated to enhancing the retirement security of America’s workers. To do this, DCIIA fosters a dialogue among the leaders of the defined contribution community who are passionate about improving defined contribution outcomes. DCIIA’s diverse group of members include investment managers, consultants and advisors, law firms, record keepers, insurance companies, plan sponsors and other thought leaders who are collectively committed to the best interests of plan participants. For more information, visit: www.dciia.org.

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