PEP Industry Research

2025 Quantitative Research

Perceptions of what a PEP plan offers are different from reality

Employers who do not currently have a PEP plan **expect that a PEP would bring significant cost and time savings** to their organization.

While many PEP employers agree that it does save time and money, **simplified and streamlined plan management** is what they appreciate most.

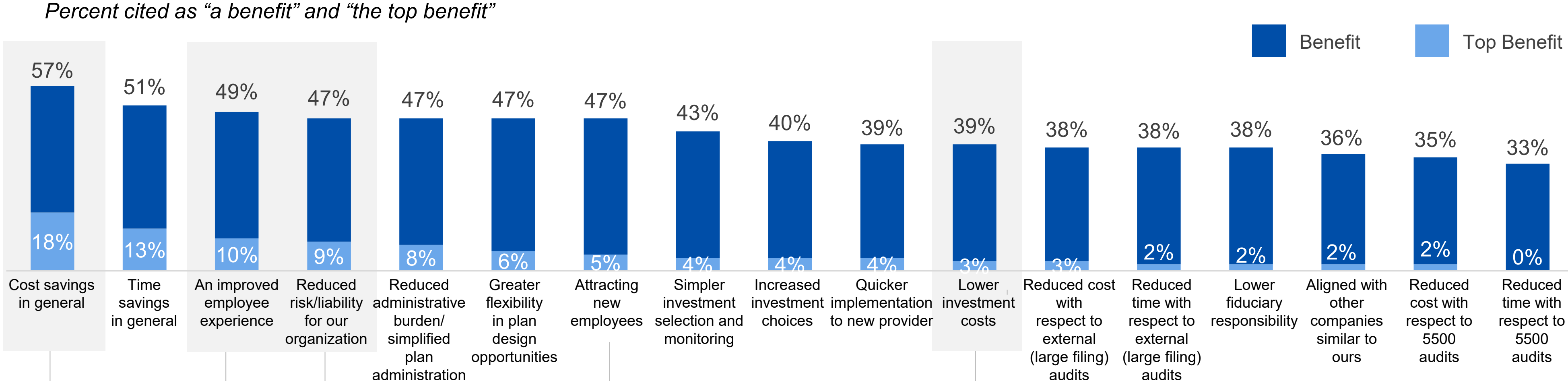
The efficiencies that a PEP grants employers and employees alike allows for employers/HR professionals to use their time more wisely to take on other important and unique endeavors.

PEPs are generally thought to be time and money savers

Those that currently have a PEP are more likely to feel that a PEP leads to an improved employee experience and risk reduction.

PEP Benefits

Percent cited as “a benefit” and “the top benefit”



Top Benefit:
Have PEP **10%** ▼
Do Not Have PEP **23%**

Top Benefit:
Have PEP **18%** ▲
Do Not Have PEP **6%**

Top Benefit:
Have PEP **12%** ▲
Do Not Have PEP **3%**

Attracting new employees stands out as a top benefit to companies with **more retirement plan assets and higher revenue**

Top Benefit:
Have PEP **0%** ▼
Do Not Have PEP **4%**

Base: Aware of PEP n=245; Have PEP n=84; Do not have PEP n=161
▲▼ indicates PEP is significantly higher/lower than Non-Pep at 90% C.L.

PEP employers appreciate the easy plan management and positive employee response…

Reason for Top PEP Benefit

Percent cited, Among those who do have a PEP

Have PEP			
T-1.	Easier administration/ management	18%	*"Because of the centralized plan management, **easing compliance and administrative responsibilities** for employees." (Growing company, Wholesale/Retail)*
T-1.	Employee satisfaction/improved employee experience	18%	*"It can ensure that employees' retirement benefits are well protected and can **make employees feel more at ease** about their future security." (Growing company, Real Estate)* *"With more investment options, the management can be more flexible, making the **employee participation experience easier and more enjoyable**." (Stable company, Medical/Health Care/Pharma)*
3.	Cost savings/ lower costs	14%	*"The variable contribution mechanism of PEP allows me to better **control costs and avoid financial pressure** caused by fixed contributions" (Growing company, Business Services/Outsourcing/Consulting)*
4.	Improvement in employees' work/efficiency	11%	*"Improving the efficiency of time use is important for companies. It can help companies maintain competitiveness in the fierce market competition and **help employees reduce work pressure**." (Stable company, Wholesale/Retail)*
T-5.	Good benefits/compensation package/plans	9%	*"The ability to offer **competitive retirement benefits** to employees with significantly reduced administrative burden and fiduciary risk, often at a lower cost due to economies of scale achieved by pooling with other businesses; essentially allowing them to focus more on their business operations while still **providing a valuable employee benefit**." (Growing company, Manufacturing)*
T-5.	Saves time/more efficient administration	9%	*"Because PEP can greatly **reduce the workload of retirement plan compliance management**, simplify the audit process and retirement plan maintenance, it can **save a lot of time**, and make us feel that our work efficiency has improved." (Growing company, Manufacturing)*

Base: Have PEP n=80

…whereas Non-PEP employers would expect a PEP to bring them time and cost efficiency

Reason for Top PEP Benefit

Percent cited, Among those who do not have a PEP

Do Not Have PEP			
1.	Cost savings/lower costs	18%	*"We would **not have to front as much money** upfront. This would allow us to use funds for other essentials within the business. The money savings alone make this option favorable." (Growing company, Distribution/Supply Chain)* *"[Cost savings] would be the primary driver - **if no cost savings would have much less (or no) interest in a PEP."** (Growing company, Business Services/Outsourcing/Consulting)*
2.	Saves time/more efficient administration	11%	*"My job includes having to manage finances and retirement funds. Having a pooled employment plan would **reduce the amount of time I have to spend** on having to individually go over each persons plans." (Growing company, Association)*
3.	Easier administration/management	10%	*"Any plan that **reduces the administrative burden and time** is definitely something we are interested in." (Growing company, Computer)*
4.	Money/resources can be used elsewhere	9%	*"The cost savings from the lower administrative and management costs **allow us to reinvest savings** into employee benefits and other strategic initiatives such as expanding wellness programs." (Growing company, Medical/Health Care/Pharma)*
T-5.	Lower administration fees/costs	8%	*"Reduced auditing and administrative costs would definitely have an overall effect on costs." (Stable company, Banking & Financial Services)*
T-5.	Good benefits/compensation package/plans	8%	*"Providing our employees with the benefits they require is becoming almost prohibitive so having a choice will allow costs to be more competitive and **allow us to have the benefits program that we want."** (Stable company, Education)*

Base: Do not have PEP n=157

PEP employers feel that the security of a PEP boosts employee trust; Non-PEP employers expect time & money savings to lead to reinvestment elsewhere

Reason for Top PEP Benefit

Percent cited

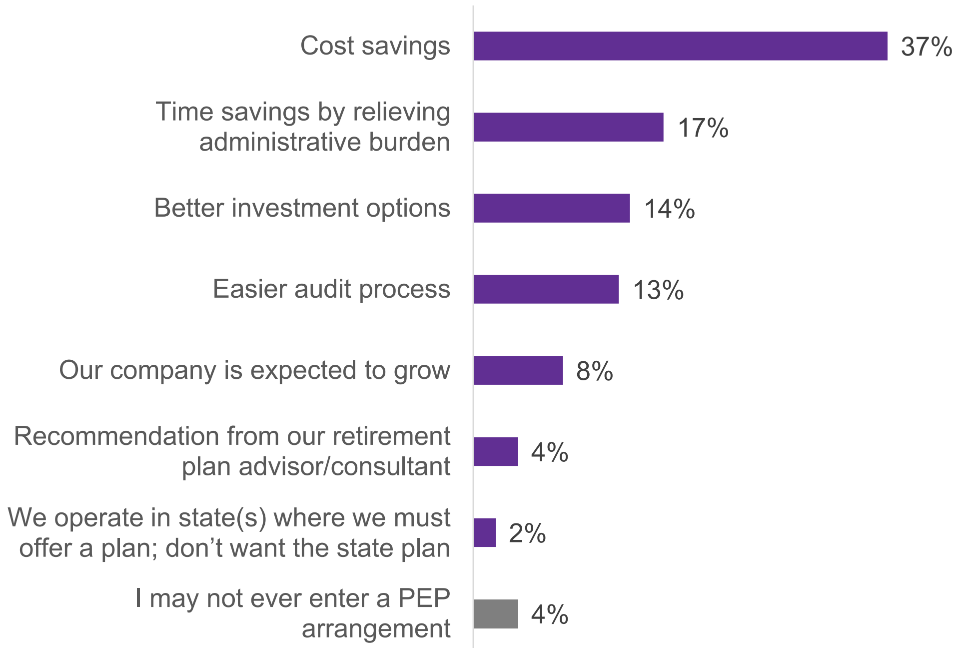
Have PEP ***Employee satisfaction/improved employee experience***	Do Not Have PEP **Money/resources can be used elsewhere**
*“It can **enhance employee trust** and satisfaction and improve the overall employee experience.” (Growing company, Travel & Tourism)*	*“**Taking a large burden off administrative workers**. Freeing up time for other tasks.” (Stable company, Manufacturing)*
*“It **helps employees have the best experience** knowing that their future is secure and really safe.” (Growing company, Manufacturing)*	*“Our **People team is already stretched thin** with their workloads - the administrative burden in administration of such a plan would be a cost saving and **allow time for others to focus** on their roles and area specializations.” (Growing company, Food & Beverage)*
*”The employee morale and experience in our company is a top value and we feel a **PEP plan has made the experience easier** and has provided a **great value to our employees**. The user interface is easier and the return on investment is higher compared to other plans.” (Growing company, Education)*	*“Being able to **spare more time for other things** is very effective in improving the efficiency of human resources management.” (Stable company, Manufacturing)*
*“It **increases employees’ success** rate and **ensures employees engagement**.” (Stable company, Manufacturing)*	*“It allows us to **focus more on production and order fulfillment** and reduces critical responsibilities on our team.” (Growing company, Real Estate)*

Base: Have PEP n=80, Do not have PEP n=157

Cost savings stands out as far and away the top reason why employers may consider switching to a PEP

Top (Theoretical) Motivator to Enter PEP Arrangement

Percent cited, Among those who do not have a PEP



Cost savings are most attractive to **smaller, lower revenue** companies.

While cost is still a top motivator for **larger, high-revenue** companies, they also have an interest in simplifying the audit process.

Base: Do not have PEP n=216

There is an opportunity to capitalize on overall dissatisfaction among those who do not have a PEP

57% ▲

Of those with a PEP were satisfied with their plan prior to joining a PEP

44%

Of those that don't currently have a PEP are satisfied with their current plan

Satisfaction is defined as a rating of 6 or 7 on a scale of 1-7

Base: Total Respondents n=300; Have PEP n=84; Do not have PEP n=216

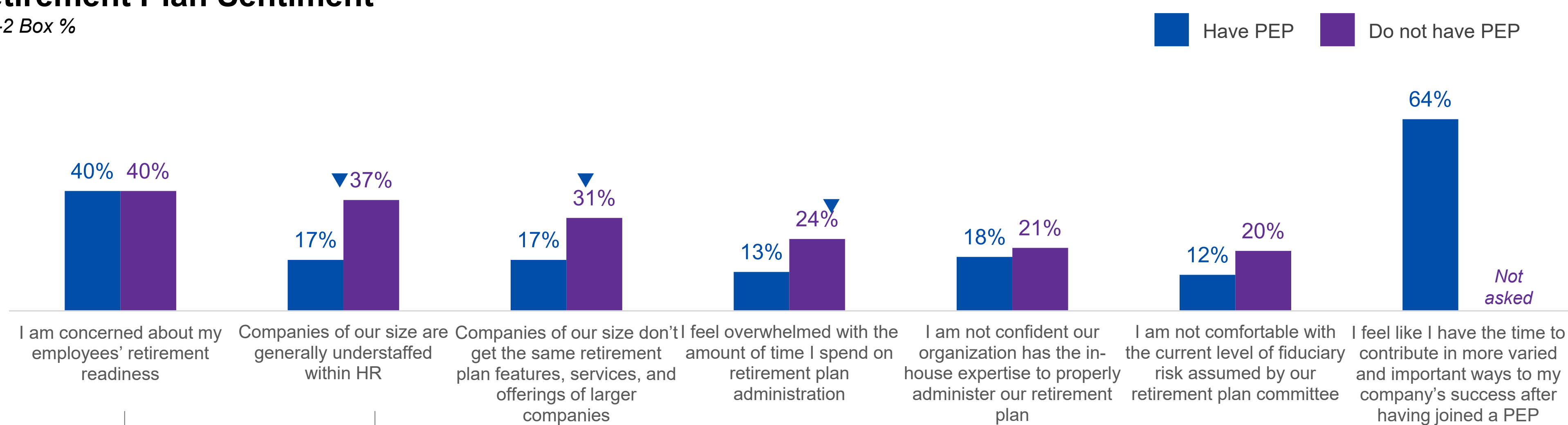
▲▼ indicates PEP is significantly higher/lower than Non-Pep at 90% C.L.

Those with a PEP are less likely to agree with negative-toned statements about retirement plans and their administration

- Two-in-three PEP employers also feel that they have more time to contribute to their company since joining a PEP

Retirement Plan Sentiment

Top-2 Box %



Lower revenue companies are generally more concerned with employee's retirement readiness and being understaffed

Base: Total Respondents n=300; Have PEP n=84; Do not have PEP n=216
▲▼ indicates PEP is significantly higher/lower than Non-Pep at 90% C.L.

Those with PEPs have seen a noticeable difference in their plan experiences

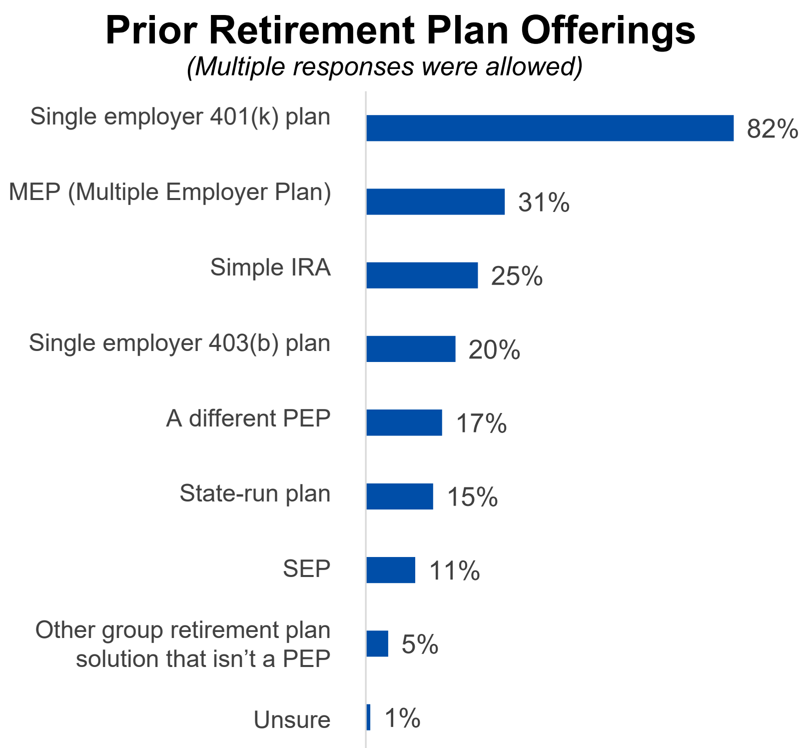
Most employers with a PEP came from a **single employer 401(k) plan** within the last two years. While this switch brought concerns, particularly regarding administrative challenges and an increase in fees, **few of these concerns materialized**.

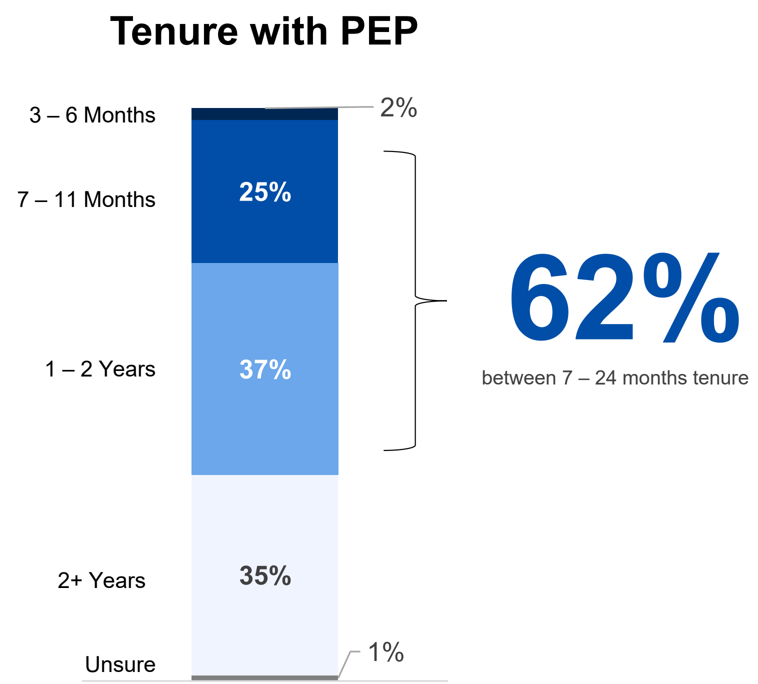
Joining a PEP has historically led to a **boost in plan satisfaction**. **Ease of plan management is the top driver of satisfaction**, even over reduced costs and improved benefits.

Further, most PEP employers have historically been **more satisfied with their advisor** after joining, citing a change in discussion topics since beginning their arrangement.

Most PEP employers came from a single employer 401(k) plan

About two-thirds have been with their PEP for less than two years



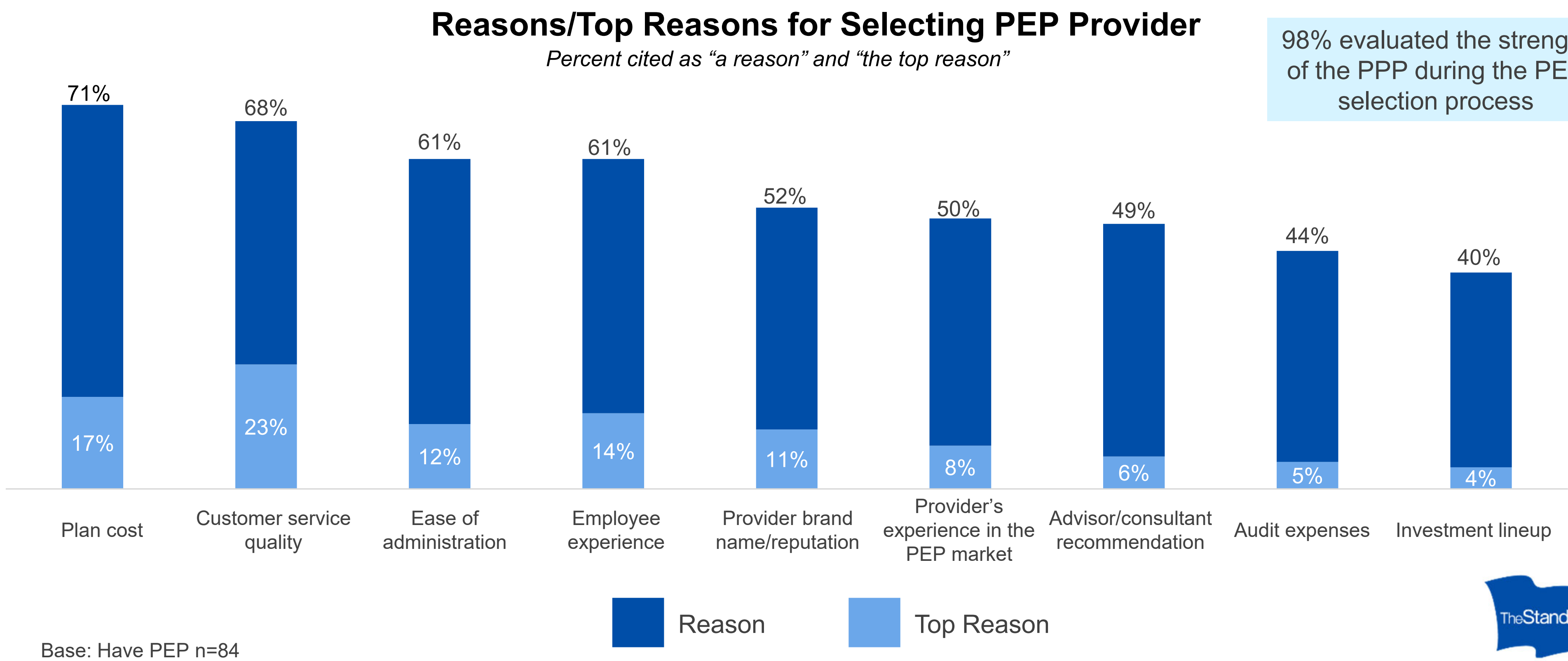


Base: Have PEP n=84

Most PEP employers made their provider selection based on cost and customer service quality

Nearly every Employer is looking into the strength of PPP as they consider PEP providers

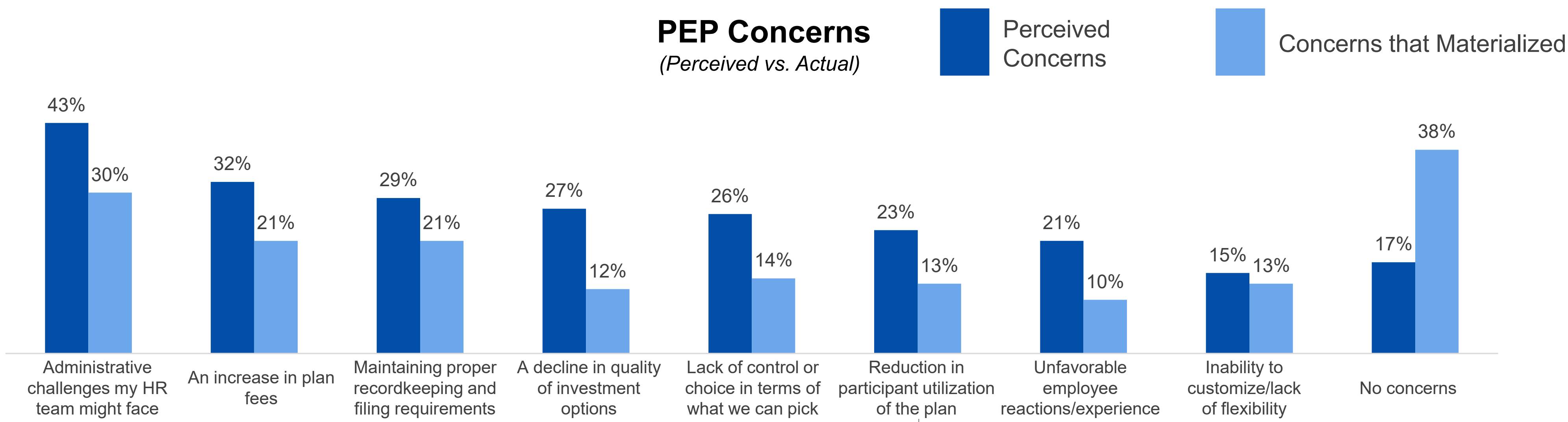
98% evaluated the strength of the PPP during the PEP selection process



Base: Have PEP n=84

While many employers had concerns about administrative challenges and fees, many of those concerns did not materialize

Quality of investment options is a particularly unfounded concern, as very few PEP employers claim that is an issue after switching



Gap	-13%	-11%	-8%	-15%	-12%	-10%	-11%	-2%	+21%

Smaller companies are more likely to have realized a reduction in plan utilization than medium/large companies

Base: Have PEP n=84

PEP employers are far more satisfied with their plan than they were prior to joining

Most are pleased with the ease of use, cost savings, improved benefits, and employee satisfaction that their PEP plan has provided

Satisfaction with PEP

83%

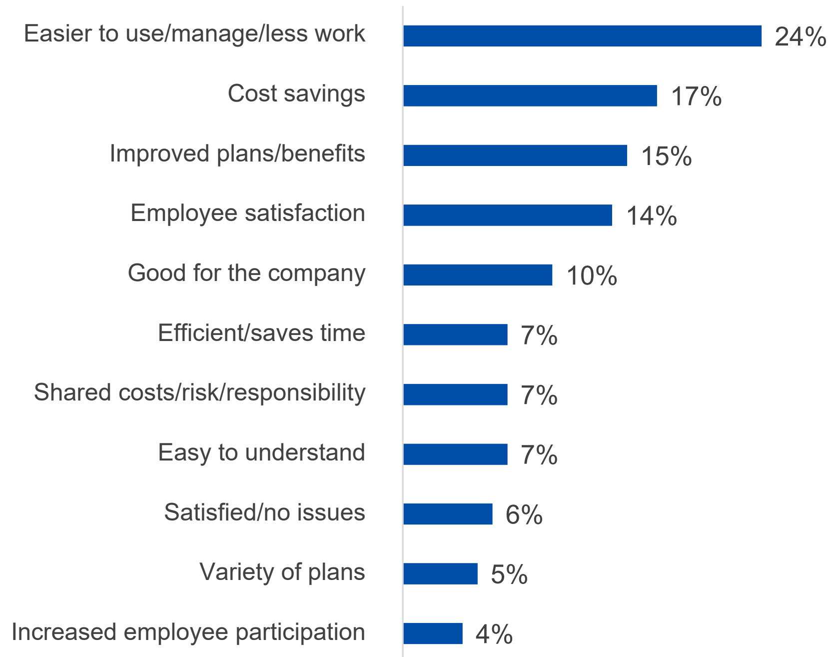
Of those with a PEP are satisfied with their PEP experiences

+26%

improvement in satisfaction after joining a PEP

Reasons for PEP Satisfaction

Among those who have a PEP and are neutral/satisfied



Two-in-three PEP employers feel that they have **more time to contribute** in more varied and important ways to their company's success after having joined a PEP

"It helps reduce the burden of investments allowing for us as a company to focus on our business"

Satisfaction is defined as a rating of 6 or 7 on a scale of 1-7

Base: Have PEP n=84

Joining a PEP also leads to a rise in advisor satisfaction

Topics of discussion between employers and advisors typically shift after joining a PEP, with a major focus on employee benefits

55%

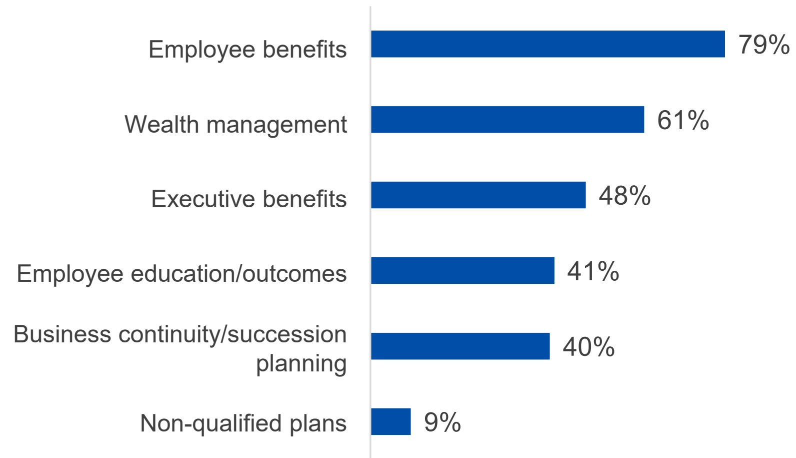
Of those with a PEP **were satisfied with their advisor before switching**

After their PEP recommendation,

77%

are **satisfied with their advisor**

67% have noticed a shift in what their advisor discusses with them since beginning the PEP arrangement, including:

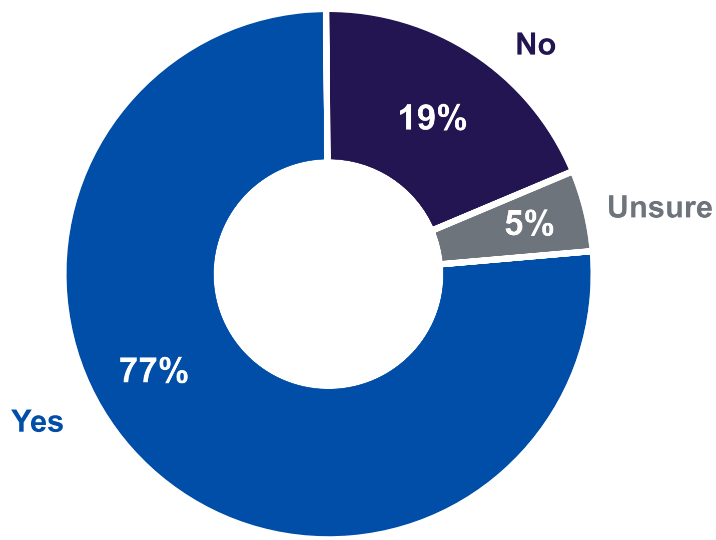


This shift is far more prevalent among smaller companies compared to medium/large companies

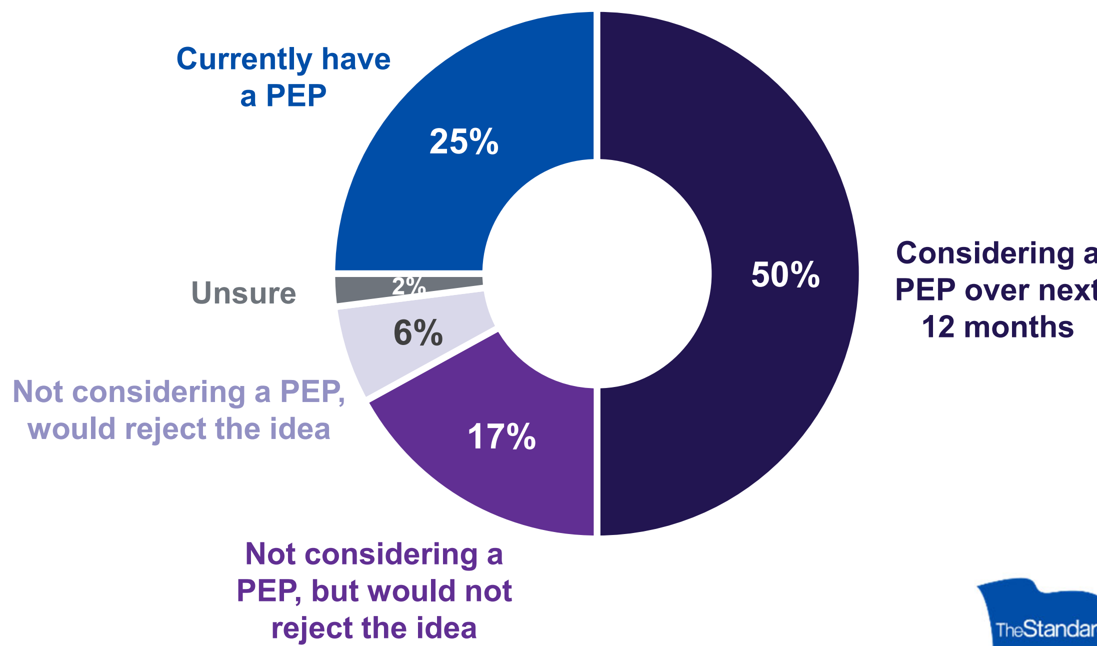
Base: Have PEP and worked with an advisor n=82

Three-in-four are aware of PEP plans and are considering one in the next 12 months

PEP Awareness



Organization's Stance Toward PEPs



Base: Total Screened Respondents n=528-529

Research Details

- Survey responses were collected by Burke, Inc. from Jan. 3, 2025, through Jan. 26, 2025, in compliance with the ISO 20252 standard for market, opinion, and social research by Burke, Inc.
- Burke is the first full-service marketing research firm to achieve ISO 27001 certification awarded through CIRQ, a subsidiary of the Insights Association in collaboration with PECB, the provider of audit and certification services. ISO 27001 is the internationally-recognized gold standard for information security.
- Planned sample size: n=300. Achieved: n=300. For the purposes of this research, the sample was sufficiently representative of the target populations of interest.
- Full methodological details are available upon request. Specific data collection materials have been provided outside this reporting document and will be resent upon request.

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