

A BLUEPRINT FOR SUCCESS

AGC HOUSTON'S NEW MEMBER BENEFIT

In 2009, the Associated General Contractors (AGC) of Houston was looking for a member benefit to help set its chapter apart. After a careful review of various options, it chose to offer a multiple employer plan (MEP).

LOUISIANA AGC JOINS IN

Soon after AGC Houston launched its plan, Louisiana AGC started a MEP for its members. In 2012, the two chapters joined forces and formed the AGC Southwest Chapters 401(k) Plan.

AGC TEXAS BUILDING BRANCH BECOMES THIRD SPONSOR

In 2019, AGC Texas Building Branch joined as a third plan sponsor. As a result, any Texas company that is a member of any AGC Building Branch Chapter could now join the AGC Southwest Chapters 401(k) Plan.

COLLABORATING FOR SUCCESS

AGC Houston Chapter President Jerry Nevlud and Louisiana AGC Chapter President Ken Naquin attribute the MEP's success to the seamless integration of three main organizations:

- **The Associated General Contractors**, which sponsors the plan. "Our members trust us as a resource to provide them with solutions. If we make a recommendation, it has to represent quality. We not only support the program, we are the MEP sponsor. We have a vested interest in its success."
- **Baird**, the investment advisor for the plan. "We interviewed many financial advisor groups, and it was clear that Baird was head and shoulders above the others regarding knowledge and experience with MEPs. A MEP is a very specific type of 401(k) plan, and we wanted an advisory firm with MEP expertise for our members."
- **Transamerica**, the recordkeeper and plan administrator. "Just like our advisors, we wanted the best platform, and Transamerica has been a pioneer in MEP solutions for over two decades. Its solution is time-tested and has exceeded our expectations."

"After analyzing the AGC Southwest Chapters program and what an astounding differentiator it truly was, I was ecstatic to make this MEP available to our CentexAGC members."

— K. Paul Holt, President
CentexAGC CHAPTER



**AGC Southwest
Chapters 401k Plan**

**About AGC Southwest
Chapters MEP**

125+ 
companies

8,000+ 
employees

\$475M 
in plan assets

"We wanted our members to be able to focus on their core business, not running a 401(k) plan. Our board's vision was to provide a best-in-class 401(k) plan that reduced legal liabilities and offered economies of scale."

— Jerry Nevlud, President
AGC HOUSTON CHAPTER

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REDUCED LIABILITY

With a well-structured closed MEP, adopting employers are able to mitigate their liability as trustee, named fiduciary, and plan administrator since all three of these roles are assumed by the MEP sponsor.

“When we looked at the plan in 2010, the deciding factor was the mitigation of risk. In construction, we are always looking for ways to reduce risk, and with our AGC Houston Chapter serving as plan sponsor, the decision was very easy for our company to join the program.”

— Tom Vaughn, President and AGC Houston Board Member
VAUGHN CONSTRUCTION

ECONOMIES OF SCALE

The popularity of the AGC Southwest Chapters plan continues to grow each year, routinely resulting in an annual cost reduction to adopting employers.

- 0.74% total weighted expense ratio
- No annual per-participant fees
- No annual audit for individual companies participating in the plan
- No additional annual recordkeeper, advisor, TPA, or amendment fees

NOT ALL MEPS ARE CREATED EQUALLY

Participating in a MEP does not automatically result in competitive pricing. Louisiana AGC was reminded of this when, in early 2021, chapter leaders attended a meeting with one of their member companies seeking to learn more about the plan sponsored by Louisiana AGC. By joining the AGC SWC 401(k) plan, the company discovered they would save more than 40% compared to the costs for the MEP they were already in. The savings for employees exceeded \$35,000 annually.

“This is yet another confirmation this was the right choice for our members!”

— Ken Naquin

WHAT IS A MEP?

A MEP is a retirement plan for businesses that have a common interest but are not commonly owned or affiliated. Designed to alleviate many administrative and fiduciary burdens for participating employers, and potentially reduce costs, a MEP allows the sponsor to assume fiduciary responsibility for managing the plan and for selecting and monitoring service providers.

* Attributed to companies that started plans in the AGC Southwest Chapter MEP. While a multiple employer plan (MEP) arrangement offers adopting employers the ability to delegate fiduciary functions to the MEP provider, employers should be aware that they still retain fiduciary responsibility for selecting and monitoring the MEP provider. Adopting employers of a MEP must share a commonality — a connection among the adopting employers such as a trade, professional organization, or PEO — and the MEP is treated as a single plan. A violation of the qualification rules by an adopting employer would not affect the qualified status of the plan as a whole (known as the “one bad-apple” rule or the “unified plan” rule) provided the plan document addresses how to spin-off a non-compliant employer.

Before adopting any plan you should carefully consider all of the benefits, risks, and costs associated with a plan. Information regarding retirement plans is general and is not intended as legal or tax advice. Retirement plans are complex, and the federal and state laws or regulations on which they are based vary for each type of plan and are subject to change. In addition, some products, investment vehicles, and services may not be available or appropriate in all workplace retirement plans. Plan sponsors and plan administrators may wish to seek the advice of legal counsel or a tax professional to address their specific situations.

Case studies are illustrative only and do not imply an endorsement of any particular product or service. Each employer’s situation is unique and results may vary.

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100%

hand-off of roles and liability associated with trustee, named fiduciary, and plan administrator for all companies that join the MEP*



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