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Acting Assistant Secretary
Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5655
U.S. Department of Labor
200 Constitution Avenue NW
Washington, DC 20210

Attention: Proposed Registration Requirements for Pooled Plan Providers RIN 1210-AB94

Re: RIN 1210-AB94; Registration Requirements for Pooled Plan Providers; Proposed Rule; Response to Solicitation of Comments

Dear Acting Assistant Secretary Wilson,

Aon is a global professional services firm providing a broad range of risk, retirement, and health solutions that support our clients throughout the 120 countries in which we conduct business today. The firm has significant expertise regarding a wide range of employee benefits-related matters including pension and retirement plans, administration, health insurance plans, and platforms, defined contribution plan consulting, investment management, and other services supporting its clients.

Aon very much appreciates the U.S. Department of Labor (“DOL”) and Employee Benefits Security Administration’s (“EBSA”) efforts to implement the Pooled Employer Plan (“PEP”) provisions enacted as part of the Setting Every Community Up for Retirement Enhancement Act (“SECURE Act”).

We previously described the Aon PEP model in our July 20, 2020 comment letter to the DOL/EBSA Request for Information (“RFI”). As documented in our response to that RFI, the Aon PEP is designed to be a bundled retirement plan solution for participating employers, utilizing the expertise of both affiliated and non-affiliated service providers of Aon. We believe the Aon PEP model, utilizing its full range of capabilities, expertise, and services, will result in employers and participants quickly realizing the benefits PEPs were designed to deliver. Those benefits include broader plan coverage, better economies of scale and therefore retirement outcomes, and continued innovation in employer-provided retirement plans.

Below, please find Aon’s response to DOL/EBSA’s Notice of Proposed Rule Making (“NPRM”) solicitation of comments for the proposed registration process and requirements for Pooled Plan Providers (“PPP”). Our response focuses on those questions to which Aon – as a forthcoming PPP – is best suited to reply and provides information that we hope will be helpful as you finalize the registration process and requirements for PPP and thereby bring this important retirement savings concept to market.

A. Initial Registration

- 1. Should a call center number be permitted to be reported as the business telephone number of the PPP?** We commend and agree with the Department's suggested approach to align the PEP business telephone number as the centralized call center that will field calls from PEP participants. We expect these calls to be routed, as appropriate, within the PPP.
- 2. Primary compliance officer at the PPP - identification and contact detail.** Aon appreciates the Department's recognition of the importance of accountability for PEP operations. While we are not aware of any provision in the SECURE Act creating a role for the "chief compliance officer" of a PEP, the chief compliance function should not necessarily reside with a single person but rather with a compliance entity, office, or team within the PPP and include a corresponding contact number and email address. Further, the Aon PEP incorporates a governance structure at the PPP level to house decisions and compliance for the PEP. This structure incorporates our experts across the spectrum of defined contribution plan design, investment and operations in order to facilitate a PEP specific compliance procedure in an effort to create efficiencies and protections for our PEP participants. With this robust governance structure in mind, we recommend the Department contemplate these structures in PEPs and permit the primary compliance resource to be within these governance structures at the PPP level.
- 3. Should civil judgments be included in the disclosure statement of the PPP registration? Should civil judgments be required but limited to those involving claims of fraud or dishonesty as defined in the fidelity bonding provisions of ERISA section 412?** Since such claims should only relate to the PPP or the PEP, we recommend that the disclosures be limited to those services relating to PEP services provision. (With many large businesses likely to engage in PEP services provision, it would be administratively burdensome to disclose civil judgments involving lines of business that are not directly involved in the provision of PEP services.) We wholeheartedly endorse the suggestion that claims of fraud or dishonesty involving the PEP under section 412 of ERISA be included in the disclosure requirements.
- 4. Is the definition of "beginning operations as a pooled plan provider," which determines whether initial registration is required, appropriate in scope? Should the definition exclude marketing and solicitation efforts so that the initial registration is tied solely to beginning operation of a pooled employer plan? Should the deadlines for filing an initial registration be nearer to the date of actual public marketing activities if the pooled plan provider intends only to engage in marketing and solicitation efforts, and will not enroll any employer or employee in a pooled employer plan until at least 30 days after initial registration?** Effectively bringing a PEP to market requires a significant amount of time and effort. We anticipate that the Aon PEP will be "live" on January 1, 2021, with PEP assets and participants. We look forward to registering as a PPP and welcome the opening of the registration process. Given that PEPs are not subject to Title I of ERISA until the date the PEP is established and effective (January 1, 2021), and the PEP-related trust will not receive PEP assets prior to that date, neither the PEP nor the PPP should be considered "beginning

operations” before such date. Nonetheless, assuming proper disclosures in advance of beginning operations, the PPP should be permitted to develop its operational relationships and discuss its PEP to potential employers to facilitate employees’ enrollment with sufficient time to enable a January 1, 2021 PEP effective date and corresponding payroll withholding. We recommend a registration statement be required at least 30 days in advance of formal adoption and transition by participating employers but that such registration statement not preclude the marketing of PEPs in advance of PEPs being subject to ERISA provided no PEP assets are received before the later of (i) January 1, 2021, or (ii) 30 days after the DOL receives the registration statement. We strongly urge the Department to refine the definition of “beginning operations as a pooled plan provider” to align with the formal adoption by participating employers and transition to the PEP arrangement selected by such employer.

5. **Other reportable events that should be included? Could the burden associated with the collection of reportable event information be reduced by better aligning that collection with other disclosure requirements for PPP?** We recommend the Department require corporate transactions be reported for the affiliate(s) servicing or managing the PEP under circumstances where the transaction results in an entity other than an affiliate of the current provider providing the services on a prospective basis.
6. **Are there other federal or state filings that could be relied upon as an alternative source of information?** We recommend the PPP registration be permitted to reference SEC Form ADV as available and provide PPP fiduciary insurance and insurance of PEP assets records for the PEP.
7. **Are there other forms or numbers that could be referenced in the registration that would help employers find more information about PPP and compare PPP across platforms of available information?** We suggest the Department consider disclosure of current Assets Under Management (“AUM”) (for both PEPs and non-PEP plans) to ensure the PPP is an experienced investment provider to protect participating employers and participants entering this emerging retirement plan market.
8. **Should the disclosure of “ongoing criminal, civil, or administrative proceedings related to the provisions of services to, operation of, or investments of any employee benefit by the pooled plan provider” be expanded?** We request that the DOL limit or define what types of administrative proceedings should be included, and, at the very least, exclude routine audits or investigations or mere inquiries. Further, we recommend the Department limit these disclosures to the affiliate(s) servicing or managing the PEP. Clarifying guidance should narrow the scope of this request. Large companies like Aon will have multiple claims/matters involving “operations or investments of any employee benefit plan” that we may work with, consult on, or support. It will be beneficial to narrow the disclosure to PEP-specific claims or proceedings. Since it also refers to “administrative proceedings,” standard ERISA claims and appeal proceedings should also be excluded from disclosure.

9. **What is the responsibility of the PPP with respect to ensuring that all persons who handle plan assets or are plan fiduciaries are bonded in accordance with ERISA requirements?** We assume that this requirement relates to those service providers within the control of the PPP. We recommend the PPP require participating employers to represent and maintain an ERISA bond.

B. Regulatory Impact Analysis

1. **Section 1.4 Benefits; Other potential benefits of the expansion of MEPs through the creation of pooled employer plans could include (1) increased economic efficiency as small business can more easily compete with larger companies in recruiting and retaining workers due to a competitive employee benefit package, (2) enhanced portability for employees that leave employment with an employer to work for another employer participating in the same pooled employer plan, (3) higher quality data (more accurate and complete) reported to the Department on the Forms PR and 5500. The Department requested comments regarding these benefits.** We believe an additional benefit will be an increase in retirement savings leveraged across the PEP as more employees who are traditionally outside of the qualified retirement market will be incorporated into a defined contribution arrangement producing improved investment returns at a lesser cost. Further, the Aon PEP promotes automation to support and facilitate an increase in retirement savings and we believe the PEP market will leverage the lifetime income provisions in the SECURE Act. All of this will be accomplished with less staff time required for participating employers, thus enhancing their business productivity by permitting existing staff to focus on issues more directly relevant to the employer's business operations.
2. **Section 1.6 Transfers; Department requests comment on potential transfers of assets to PEPs and the associated costs and benefits.** We appreciate the Department's acknowledgment that the SECURE Act provides that the PEP participants be free of unreasonable restrictions, including the transfer of assets following applicable rules for plan mergers and transfers. We commend the Department's acknowledgment and reiterate our previously communicated point that transfers, as permitted under the SECURE Act, will facilitate immediate scale and promote better outcomes for PEP participants.

Section 1.7 Uncertainty; Any other such information required? We further suggest the Department request information surrounding existing fiduciary oversight of private employer sponsored qualified retirement plans provided by the registering PPP to demonstrate appropriate experience. This disclosure will facilitate transparency and will protect participating employers and participants entering this emerging retirement plan market.

We trust our foregoing responses to the Department are helpful. We certainly appreciate the Department's willingness to take a broader look at the options for expanding access to retirement plans through the potential reach of PEPs and believe that a streamlined process will produce the best and most protected outcomes for PEP participants.

Thank you for considering our response to the Department's solicitation of comments to the NPRM and this opportunity to share our thoughts on how best to structure PEP guidance to support the development of new and improved plans under the SECURE Act.

Sincerely,



Richard E. Jones, Senior Partner, National Retirement Practices | Aon



Michael T. Novy, Vice President & Associate General Counsel | Aon Service Corporation