

FACT SHEET: Final Rule on Association Retirement Plans (ARPs)

On Monday, July 29, 2019, the U.S. Department of Labor announced a new rule that expands access to affordable quality retirement saving options for Americans working in small and mid-sized businesses.

America's workers in small and mid-size businesses have had limited options when it comes to employer-based retirement plans.

- According to a 2018 [study](#) by the U.S. Bureau of Labor Statistics, approximately 38 million private-sector employees in the United States do not have access to a retirement savings plan through their employers.
 - Approximately 85% of workers at private-sector establishments with 100 or more workers were offered a retirement plan.
 - In contrast, only 53% of workers at private-sector establishments with fewer than 100 workers had access to such plans.
- A [survey](#) by the Pew Charitable Trusts found that only 53% of small-to mid-sized businesses offer a retirement plan; 37% of those not offering a plan cited cost as a reason.

This new rule will help strengthen retirement security for American workers.

- Multiple Employer Plans (MEPs) are a type of retirement plan that covers employees of more than one employer.
- Under the new rule, small and mid-size businesses will gain access to retirement savings options through Association Retirement Plans (ARPs).

ARPs will help millions of Americans gain new access to these employer-based retirement security options:

- The final rule makes it clear that an ARP can now cover employers not just in the same industry as before, but in the same geographic area, such as a common state, city, county, or a metropolitan area (even if it crosses state lines).
- Working owners without employees, including sole proprietors, can participate.

The Final Rule includes a regulatory safe harbor for PEOs who want to offer retirement options.

- Some PEOs currently offer employee benefit plans to their client employers and now will have clear standards.

ARPs have many possible benefits:

- Expanding access to ARPs will allow small and mid-size businesses to obtain the economies of scale for administrative costs and investment choices currently enjoyed by large employers.
- Participating in an ARP or other MEPs will lower costs and decrease the regulatory burden and fiduciary liability on small and mid-size businesses.

Request for Information on “Open MEPs”

- Many commenters asked the Department to give further consideration to facilitating “Open MEPs” -- MEPs that covers employees of unrelated employers
- A Request For Information (RFI) is published with the Final Rule
- Responses to the RFI are due by October 29, 2019.