

Advisor Field Guide

Is Your Client a PEP Candidate?

Client Qualification Checklist · Use at every retirement plan review

How to use this tool

- Review each item in all three sections with your client's plan in mind.
- Check the applicable boxes.
- 5 or more checks in the STRONG FIT column signals a solid candidate for a PEP conversation.
- Any checks in the NOT A FIT column should be weighed carefully — they may indicate that a standalone plan serves the client better.
- Document your rationale before making a recommendation.



STRONG FIT

YES = signals a PEP may be appropriate

- ☐ Plan has over 80 participants, is growing, and is approaching or over the audit threshold and wants a lower cost, less intensive audit experience
- ☐ Employer is resource-constrained (small HR team, no dedicated benefits staff)
- ☐ Employer has experienced compliance issues or late deposits in the past 3 years
- ☐ Employer wants to reduce or eliminate fiduciary liability
- ☐ Plan assets are growing and employer is concerned about his/her growing liability
- ☐ Employer is in a state with a retirement plan mandate (CA, IL, OR, CO, etc.)(Note: Audit requirement)
- ☐ Fast growing startup plan — employer wants a turnkey solution with minimal setup burden (Understands their ongoing requirements and audit requirement)



NOT A FIT

YES = signals a standalone plan may serve better

- ☐ Plan design is highly customized (complex PS, NEC formulas, or multiple groups)
- ☐ Employer has strong internal HR infrastructure and sophisticated benefit staff
- ☐ Plan currently has competitive standalone pricing and employer is not concerned about fiduciary liability
- ☐ Employer requires full control over investment selection and monitoring
- ☐ Company has complex payroll (union, multi-state, seasonal) that may create data issues
- ☐ Plans with significant Roth conversion or executive comp strategies tied to plan design Small plan or start up with no need for a PPP and no interest in
- ☐ Small plan or startup with no need for a PPP and no interest in participating in a plan with an audit requirement



POSSIBLE FIT

- More evaluation/discovery is needed before recommending

- ☐ Plans with strong compliance history exploring fiduciary outsourcing
- ☐ Companies with complex workforce (union, part-time, seasonal) — evaluate plan design limits carefully
- ☐ Employers in states without mandates considering a startup plan (be aware of the audit requirement)
- ☐ Clients who currently have a strong TPA relationship they want to preserve who is not supporting a PEP solution

STRONG FIT checks

____ / 7

5+ = strong PEP conversation

NOT A FIT checks

____ / 7

Any checks = evaluate carefully

Recommendation

- PEP recommended
- Further evaluation needed
- Standalone plan recommended

Client name/plan: _____

Date: _____

Advisor: _____

Recommendation rationale:
