

Modernizing a legacy retirement plan, a large multiemployer pension trust slashed annual costs by 50%, eliminated hidden fees and streamlined operations — delivering efficiency and transparency to trustees and participants.

The challenge

For three decades, a multiemployer building trades pension trust operated two defined contribution plans — a money purchase plan and a 401(k) — within a structure that had remained largely unchanged. And that lack of change had become unsustainable.

The plans were supported by a patchwork of vendors, each responsible for a different function, creating an unbundled arrangement that relied heavily on manual processes.

Moreover, this complexity made administration increasingly difficult and obscured the true cost of running the plans. Fees were embedded in asset-based pricing, limiting transparency for trustees and resulting in participants with higher balances paying more for the same services.

With operations growing more cumbersome and costs harder to justify, the trust faced mounting pressure to modernize its plan design, improve oversight and ensure every dollar was working as efficiently as possible for participants.

Our solution

The path forward wasn't a quick fix — it required rethinking how the plans were built and governed. Segal's team began with a comprehensive review of both plans and every fee charged across the trust's multi-vendor setup. Armed with that data, we pursued two key strategies.

First, rather than simply replacing service providers, we recommended a full plan design assessment to uncover outdated provisions and manual processes that were driving unnecessary cost and complexity. Working closely with trustees, we streamlined plan features to better align with the trust's current demographics and operational needs.

With that modernized structure in place, our team then led a disciplined search for a new recordkeeper, prioritizing automation, transparency and participant equity. Our RFP focused on identifying a partner capable of replacing manual workflows with efficient, technology-driven solutions and offering clear, flat per-participant pricing.

As part of the transition, we consolidated the plans into a single arrangement by converting the money purchase plan into a profit-sharing plan with a 401(k) feature. We retained two asset pools, enabling one plan document and a single audit, which further reduced costs.

The results

The impact of modernization was immediate — and measurable.

By streamlining plan design and consolidating services, the trust reduced annual administrative costs by approximately \$200,000, creating direct savings that now benefit both the fund and its participants.

Transparent per-participant pricing replaced hidden asset-based fees, ensuring costs are equitable and clearly understood.

In addition, automation eliminated manual processes, reducing administrative burden and improving the speed and accuracy of transactions.

Trustees now have clear visibility into plan expenses and stronger governance over operations, while participants benefit from improved service and greater confidence that their retirement plan is managed efficiently and in their best interest.

The result was more than lower costs. The initiative reshaped how the plans operate and are governed — establishing a simpler, more transparent foundation that supports ongoing efficiency, stronger oversight and long-term value for both trustees and participants.

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Contacts



Richard Reed
VP, Defined Contribution
Practice Director, Segal
rreed@segalco.com
617.424.7361



David Roll
VP, Senior Consultant
Segal Marco Advisors
droll@segalmarco.com
206.550.1074

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