

## ▶ SEI Solution Brings Critical Insight and Control to Multiemployer Plan

### Client Profile:

Plasterers and Cement Masons Local 527

### Organization:

Local 527 operates in the St. Louis, Missouri area with more than 1000 members

**Solution Provided:** Integrated solution including strategic advice and investment management services

### Key Benefits:

- More predictability around benefit levels and contributions
- Cost-effective diversification across world-class managers
- Streamlined manager selection and monitoring process
- Co-fiduciary protection

Like many multiemployer plans, Plasterers and Cement Masons Local 527 (Local 527) was managing its pension plan using the traditional model. Plan trustees employed a local investment consultant, who specialized in multiemployer plans and assisted in hiring and monitoring a stable of five investment managers for the plan.

While the trustees were generally happy with the arrangement, they realized that they may be taking on some unnecessary risk by virtue of their limited diversification. “With our limited asset pool, we couldn’t possibly achieve the level of diversification we felt we needed,” according to Frank Schembre, Labor Trustee for Local 527.

Trustees also felt that their manager selection and monitoring process was not part of a long-term strategy but mostly reactionary. Local 527 needed to be more proactive in terms of monitoring and changing managers who were not getting the job done.

“By the time we identified a problem with a manager, had several meetings to discuss courses of action, and brought in other managers, nine months had gone by,” according to Joe Hoette, Management Trustee for Local 527.

As these concerns were being raised, one of the trustees for Local 527 met a representative of SEI Investments. After discussing SEI’s unique solution for multiemployer plans, SEI was invited in for a presentation. Both management and labor trustees saw the merit in SEI’s approach, particularly in its Manager-of-Managers investment program, and selected SEI to manage the plan.

“With \$130 billion in assets, SEI has the scale to attract top managers and deliver the type of cost-effective diversification that would help reduce Local 527’s plan volatility,” according to Mike Cagnina, Managing Director of SEI’s Multiemployer Plan Unit. The portfolio SEI recommended features 22 independent investment managers covering all the appropriate asset classes and styles, and at the same cost as their previous model.

“SEI has teams of experts constantly researching and monitoring managers, so we are able to identify problems and make changes in less than 30 days, a great improvement for Local 527,” says Cagnina.



Because SEI signs on as a named co-fiduciary, both labor and management trustees also appreciated the increased fiduciary protection that came with SEI's program. "At first, we were unsure about giving up the actual manager selection, but once we discussed it, it made perfect sense. We now spend our time on strategic benefit related issues and overall asset allocation decisions," says Hoette. SEI's experts handle the day to day work of selecting the managers and implementing the program.

### A NEW APPROACH FOR MULTIEMPLOYER PLANS

SEI's multiemployer plan experts are constantly working to enhance the program. Local 527, as an existing customer, is among the first to benefit from SEI's newest offerings. Through SEI's service process, Local 527 was recently introduced to new capabilities rolled out as part of SEI's PensionConnect 360™ for multiemployer plans.

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*Labor Trustee for Local 527*

SEI's new model provides a platform for ongoing collaboration between all the key people and information related to the plan. "Our approach and modeling tools integrate all aspects of the pension program and provide a communication platform for all professionals working on the plan. SEI's model facilitates communication between the trustees, actuary, auditor, attorneys and SEI as the investment manager," says Cagnina.

SEI works with all the players to understand the objectives relative to the pension program. By aggregating all plan data, including investment, workforce and liability

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information, into one integrated platform, SEI can provide a new, clearer perspective on the downstream impact of a variety of pension decisions. Because SEI can develop a complete picture, they are able to run scenarios and model how various changes will affect the benefit levels and funding needs, helping to avoid surprises on either front.

Once SEI has worked with the client to determine a strategy that meets the stated objectives, they can implement all the appropriate investments through its nationally recognized Manager-of-Managers platform. SEI implements the portfolio with independent investment managers and continuously monitors all activity to ensure that it remains consistent with the goals of the trustees.

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The plan has been able to maintain 100% of the promised benefits to the members since SEI has taken over, while many other multiemployer plans have had to cut benefits.