Automatic Enrollment Services Election Form

Please refer to the **Automatic Enrollment Description and Comparison Chart** for features that may apply to an automatic contribution arrangement when completing this form. For purposes of this form, the term “Plan” or “Plan Sponsor” is intended to encompass and does encompass the following parties, if separate: Plan Sponsor, Employer, Plan Administrator, and/or any party with discretionary authority or control over plan management. If the Plan is using our plan document services, this form will serve as your request to amend the Plan document.

A Plan Information

Plan Name	Plan Number
______________________________	______________

B Effective Date *(adding and changes to EACAs and QACAs must be effective the first day of the plan year)*

Effective Date of Automatic Enrollment Election/Arrangement: ____________________

☐ Please check if the plan previously adopted automatic enrollment and is electing to make a change to their automatic enrollment provisions as of effective date ______________________ Briefly describe the change and complete the appropriate section(s) below:

____

C Election For Type of Automatic Enrollment Plan *(You may only select one type. Refer to pages 4 & 5 for additional information.)*

☐ **ACA:** Plan chooses to satisfy the requirements of an Automatic Contribution Arrangement (ACA).

☐ **EACA:** Plan chooses to satisfy the requirements of an Eligible Automatic Contribution Arrangement (EACA).

Permissible Withdrawal *(Optional)*

☐ Plan chooses to utilize the 90 day permissive withdrawal option of erroneous deferrals for all eligible employees subject to the EACA provisions.

☐ **QACA:** Plan chooses to satisfy the requirements of a Qualified Automatic Contribution Arrangement (QACA).

QACA Employer Contributions: Plan Sponsor will make either a matching or nonelective contribution as follows: ***(Select one)***

☐ A matching contribution equal to:

1) 100% of each participant's salary deferrals that do not exceed 1% of Plan compensation (this includes both participants who elected to participate and those who were automatically enrolled); **and,**
2) 50% of each participant's salary deferrals that exceed 1% of Plan compensation but that do not exceed 6% of Plan compensation.

Employer Match Calculated: ☐ Per Pay Period ☐ Monthly ☐ Quarterly ☐ Annually

☐ A nonelective contribution to each participant's account equal to 3% of Plan-year compensation.

☐ Plan Sponsor will make an enhanced matching, nonelective contribution, or “QACA maybe” nonelective contribution. If Plan is using our plan document services, attached is a letter explaining the enhanced matching, nonelective contribution, or “QACA maybe” nonelective contribution. Please include employer match calculation time period (per pay period, monthly, quarterly, or annually). **NOTE: The automatic enrollment notices provided by the Service Provider cannot incorporate a description of an enhanced QACA matching, nonelective contribution, or “QACA maybe” nonelective contribution.**

Additional Matching Contributions: If the Plan currently has a matching contribution (discretionary or fixed). ***(Select one)***

☐ This contribution will be removed at the time the QACA Employer Contribution is added to the plan.

☐ This contribution will be maintained in addition to the QACA Employer Contribution. Please see additional information on Page 4.

QACA Vesting: Employer contributions will vest as follows: ***(Select one)***

☐ 100% vested when contributed.

☐ Less than one year of service: __________ %
Greater than one year of service but less than two years of service: __________ %
2 or more years of service: __________ %

NOTE: The Plan's existing vesting schedule(s) will continue to apply to all other employer contributions made to the Plan.

Permissible Withdrawal *(Optional)*

☐ Plan chooses to utilize the 90 day permissive withdrawal option of erroneous deferrals for all eligible employees subject to the QACA provisions only if the Plan is also an EACA.

D	**Hardship/HEART Deferral Reinstatement**
	☐ **QACA** ✓ Defaulted deferrals will be reinstated upon expiration of the suspension period (required for QACA) ☐ Participant elected deferral elections (non-defaulted) will be reinstated upon expiration of the suspension period (optional for QACA) ☐ **ACA or EACA (check all that apply)** ☐ Defaulted deferrals will be reinstated upon the expiration of the suspension period ☐ Participant elected deferral elections (non-defaulted) will be reinstated upon the expiration of the suspension period ☐ No deferrals, defaulted or participant elected, will be reinstated upon the expiration of the suspension period
E	**Automatic Enrollment Recordkeeping and Notice Delivery Services**
	☐ **Service Provider Automatic Enrollment Recordkeeping:** Service Provider will provide the automatic enrollment service, Plan Sponsor must: 1) Provide a full Payroll Data interchange ("PDI") file; 2) Maintain PSC access; 3) Utilize online enrollment services; 4) Utilize Deferral Recordkeeping services whereby Service Provider will track participant deferral changes made via the website, VRU or client services, as well as those participants subject to the automatic deferral increases and, 5) Provide data for eligibility or data to calculate eligibility. Service Provider will send Plan Sponsor an electronic report of all such deferral information (deferral file feed). **Service Provider Automatic Enrollment Notice Delivery *(Select one)*** **If your Plan provides for eligibility of less than 60 days of service, our initial notice delivery service may not comply with the eligibility provisions. You, as Plan Sponsor, are responsible for determining if this service is appropriate for your Plan.** ☐ Service Provider will distribute the Initial and Annual Automatic enrollment notices. ☐ Service Provider will distribute the Initial Automatic Enrollment Notices. Plan Sponsor shall be responsible for providing Annual Notice. ☐ Service Provider will distribute the Annual Automatic Enrollment Notices. Plan Sponsor shall be responsible for providing Initial Notices. ☐ Plan Sponsor will distribute the Initial and Annual Automatic Enrollment Notices.
	☐ **Plan Sponsor "Manual" Automatic Enrollment and Notices Delivery:** Plan Sponsor will enroll all eligible participants via the Plan Service Center and provide all required notices to participants. Plan Sponsor will also track and change on an annual basis any scheduled increases if applicable. *(Plan Sponsor cannot elect online enrollment services if electing this option)*. Please attach a letter to this form if there are options the Plan is electing that are not offered on this Automatic Enrollment Services Election Form, including the option to automatically enroll into Roth.
F	**Automatic Enrollment Deferral Percentage**
	The initial pre-tax Automatic Deferral Percentage will be ___________ % of compensation (as defined in the Plan). NOTE: For QACAs, the initial deferral must be at least 3% and no greater than 10% of compensation (as defined in the Plan).
G	**Automatic Enrollment Population Of Employees**
	The Automatic Deferral Percentage will apply to: *(check one box)* ☐ **All Participants.** Service Provider will automatically enroll all eligible employees regardless of any existing deferral elections effective prior to the initial automatic enrollment effective date noted in Section B. ☐ **Election of at least Automatic Deferral Percent:** Service Provider will automatically enroll all eligible employees with a deferral percentage that is less than the automatic enrollment deferral percentage listed in Section F starting on the automatic enrollment effective date noted in Section B and newly eligible employees going forward. NOTE: Plan Sponsor will verify population. This will include participants with a deferral percentage of 0% in both pre-tax and Roth sources, where applicable. An election to defer 0% or $0 is considered an affirmative election. ☐ **No existing Salary Reduction Agreement:** Service Provider will automatically enroll eligible employees who do not have a deferral election on file starting on the automatic enrollment effective date noted in Section B and newly eligible employees going forward. NOTE: An election to defer 0% or $0 is considered an affirmative election if made for both pre-tax and Roth sources. ☐ **New Participants Entry Date:** Service Provider will automatically enroll eligible employees who become eligible to participate in the plan on or after the automatic enrollment effective date noted in Section B. NOTE: If this option is elected for EACA, the Plan is not eligible for the extension of the distribution period for refunds of excess contributions to six (6) months following the end of the plan year and employees that are currently eligible but unenrolled will not be automatically enrolled. **THIS OPTION IS NOT AVAILABLE FOR PLANS SELECTING QACA.** ☐ **New Participants Hire Date:** Service Provider will automatically enroll eligible employees who are hired on or after the automatic enrollment effective date noted in Section B. NOTE: If this option is elected for EACA, the Plan is not eligible for the extension of the distribution period for refunds of excess contributions to six (6) months following the end of the plan year and employees that are currently eligible but unenrolled will not be automatically enrolled. **THIS OPTION IS NOT AVAILABLE FOR PLANS SELECTING QACA.**

H	**Scheduled Increases (*Scheduled increases will be set up for the population of employees selected in Section G above.*)**

The Plan will provide for scheduled deferral increases in accordance with elections below. If the Plan does not want to provide scheduled increases and is not required to do so under the QACA rules, as noted below if applicable, please leave this section blank.

☐ The Automatic Deferral Percentage will increase by ____________ % annually until the maximum deferral percentage elected is reached. The Maximum Automatic Deferral Percentage is ____________ % (if using a QACA a minimum of 6% in the fifth plan year following the implementation of QACA, up to a maximum of 10%) of compensation.

If you are adding scheduled deferral increases to an already existing automatic enrollment provision, select one of the following options:

- ☐ Scheduled deferral increases will apply to all participants subject to automatic enrollment.
- ☐ Scheduled deferral increases will only apply to those employees whose entry date is on or following the date the schedule increase provision is added to the plan.

For QACA, the scheduled deferral increase will take effect annually on the first day of the Plan year, with the first automatic increase effective in the third year following the participants' automatic enrollment.

For ACA and EACA:

☐ The scheduled deferral increase will take effect on (select one of the following):

- ☐ Beginning of the Plan year
- ☐ Designate the date of increase (MM/DD): _________________
- ☐ Anniversary of Participants' Entry Date NOTE: Each participant will have their own increase date under this election.

☐ The first increase is to occur in (select one of the following):

- ☐ Year 2 NOTE: Participants' default deferral may remain at the same percentage for less than 12 months. Example: Employee's entry date is 12/1/2013. Assuming plan year end is 12/31, their first increase will be effective 1/1/2014 if Beginning of the Plan Year has been selected.
- ☐ Year 3 NOTE: Participants' default deferral will remain at the same percentage for at least 12 months. Example: Employee's entry date is 12/1/2013. Assuming plan year end is 12/31, their first increase will be effective 1/1/2015 if Beginning of the Plan Year has been selected.

I Automatic Enrollment Requirements and Plan Sponsor Acknowledgements

The Plan elects to implement an automatic contribution arrangement under which employees are automatically enrolled into the plan at a stated salary deferral percentage unless an employee elects out of the arrangement.

The Plan Sponsor is responsible for providing data to determine whether an employee is eligible to participate in the Plan. The Plan Sponsor shall submit an eligibility indicator and participation date as part of the PDI file unless Service Provider is providing eligibility determination services. If your Plan provides for eligibility of less than 60 days of service, our initial notice delivery service may not comply with the eligibility provisions. You, as Plan Sponsor, are responsible for determining if this service is appropriate for your Plan.

The Plan Sponsor acknowledges that the elections contained in this form are based on the most recent regulatory guidance available. In the event a regulatory agency later provides guidance contradicting any offered election contained in this form, the Plan Sponsor accepts full responsibility for any necessary corrections or penalties that may arise.

If an eligible employee or participant does not have a valid investment election in place, the Plan Sponsor directs Service Provider to deposit that individual's deferrals into the default investment option that is selected by the Authorized Plan Administrator.

The Plan acknowledges that Service Provider will provide the applicable notices, based on the most current guidance and information available. Service Provider will make a good faith effort to comply with the notice requirements. The Plan has the option to issue its own notices to eligible employees and participants.

In the event a Plan has eligibility requirements that do not allow for a reasonable amount of time for Service Provider to provide Plan Participants with the proper notice or the Plan otherwise fails to provide Plan Participants with the proper notice, the Plan acknowledges and accepts full responsibility for any consequences of failing to satisfy the notice requirements, including any penalties.

The Plan in conjunction with Service Provider shall establish a time line for the implementation of automatic enrollment services. As part of this process, Service Provider shall mail PIN letters to eligible employees and participants to provide them an opportunity to elect out of the automatic contribution arrangement before the first deferral file feed is submitted to the Plan. The Plan understands that Service Provider makes no representations that the PIN letter satisfies any notice requirements that may apply to the Plan.

If Service Provider is otherwise responsible for preparing Plan documents, the Plan Sponsor directs Service Provider to prepare the necessary documents (initial document or an amendment) consistent with the terms of this Election Form. If the Plan wishes to make additional changes to the plan documents that are not specified on the election form, the Plan must submit a written request along with the completed Election Form. If Service Provider is not responsible for preparing the Plan documents, the Plan acknowledges that any Plan documents or amendments that must be executed to implement the terms of this Election Form are the responsibility of the Plan Sponsor and they accept any consequences of failing to execute such documents in accordance with applicable requirements.

The Plan acknowledges that the timely implementation of the automatic enrollment service is contingent on the Plan's timely completion of the various set up tasks that will be communicated to the Plan Sponsor during the implementation process.

As the individual authorized to sign on behalf of the Plan, I certify and agree that I have authority to elect the automatic contribution options as selected above, and to sign this Election Form on behalf of the Plan listed above. I agree that I have read and reviewed the above requirements for the Auto Enrollment Services and understand that by signing this form I am electing the automatic contribution options as selected in this form with respect to the Plan as described above.

____ ____________________

Authorized Plan Signature Date

____

Printed Name

1. If you elect Qualified Default Investment Alternative (QDIA), please ensure the appropriate additional request has been submitted.

2. In addition to your direction in Section B and F, please note for Conversion Plans only:

- With respect to the new participants entry date and new participants hire date selections, Service Provider will only enroll employees who become eligible to participate on or after the transfer of assets date.
- In addition, upon transfer of assets, the Plan Sponsor will provide direction to Service Provider with respect to any eligible employees who are considered to be part of the transitional period from the prior vendor to Service Provider.

J Automatic Contribution Arrangements Description

An automatic contribution arrangement (“ACA”) automatically enrolls eligible employees into the plan as a stated salary deferral percentage unless an employee otherwise elects out of the ACA. There are three different types of ACAs that a Plan Sponsor can offer:

1) Automatic Contribution Arrangement (“ACA”);
2) Eligible Automatic Contribution Arrangement (“EACA”); and
3) Qualified Automatic Contribution Arrangement (“QACA”)

We have provided the following description and side-by-side comparison of several of the different features of each type of ACA. This is not intended to be a complete comparison and the Plan Sponsor should consult with the Plan's accountant, benefits professional or attorney to determine which type of ACA would best suit the Plan's situation.

Automatic Contribution Arrangement

An ACA is available for 401(k), 403(b) and 457(b) plans. The ACA requires the establishment of an automatic salary deferral percentage. The ACA includes the optional establishment of scheduled deferral increases. An ACA does not include a permissible withdrawal option or require employer contributions. To the extent ERISA applies to the Plan, ERISA invokes preemption of contrary state garnishment and other state laws.

Eligible Automatic Contribution Arrangement

An EACA is available for 401(k), 403(b) and 457(b) plans. Like all of the other options, the EACA requires the establishment of an automatic salary deferral percentage. In addition, similar to the other ACA options, the EACA includes the optional establishment of scheduled deferral increases. The EACA permits the participants to withdraw deferred compensation within 90 days after the payroll date in which the first default deferral contribution is made on behalf of the participant under the Plan’s EACA arrangement. Unlike the QACA option below, the EACA requires neither scheduled deferral increases nor employer contributions. To the extent ERISA applies to the Plan, ERISA invokes preemption of contrary state garnishment and other state laws.

Qualified Automatic Contribution Arrangement

A QACA is available for 401(k) and 403(b) plans. An arrangement that constitutes a QACA automatically satisfies the ADP and ACP nondiscrimination tests for 401(k) and 401(m) arrangements. If the plan currently has a matching contribution (discretionary or fixed) and this contribution will be maintained in addition to the QACA Employer Contribution, in order to ensure the ACP safe harbor requirements are met the following will occur:

a. Allocation conditions will be removed from the additional matching contribution;
b. The plan will be amended to provide that catch-up contributions will be matched;
c. Only deferrals up to 6% of compensation will be matched;
d. And if the additional matching contribution is discretionary, it will not exceed 4% of compensation.

If you don’t want these changes to be made and instead want the Plan to continue to be subject to ACP testing, please include a letter of instruction indicating what provisions should be maintained.

Like the other ACA options, the QACA requires the establishment of an automatic salary deferral percentage and incorporates scheduled deferral increases. The QACA option requires certain employer contributions, which are subject to minimum vesting requirements. If the Plan is also an EACA and the Plan elects to add a 90 day permissible withdrawal option, then the participants are permitted to withdraw deferred compensation within 90 days after the first payroll date in which the first default deferral contribution is made on behalf of the participant.

K	Comparison Chart

Feature	ACA	EACA	QACA
Type of Plan	401(k), 457(b), 403(b)	401(k), 457(b), 403(b)	401(k),403(b)
Effective Date for existing plans	Any time during the Plan Year	First day of the Plan Year	First day of the Plan Year
Automatic annual deferral escalation	Optional	Optional	Escalations required if automatic deferral rate is less than 6%.
Employees who must be auto enrolled	Allowed to auto enroll only those Employees hired or who become eligible after the effective date of the auto enrollment feature. Optional- all employees who do not have an affirmative election in effect.	Generally, all employees who do not have an affirmative election in effect. Optional - Plan may auto enroll only those Employees hired or who become eligible after the effective date of the auto enrollment. If the Plan elects this population, the Plan is not eligible for the extension of the distribution period for refunds of excess contributions to six (6) months following the end of the plan year.	All employees who do not have an affirmative election in effect.
Participant Notice Requirement – Annual	Yes, to only defaulted Employees	Yes, to all eligible Covered Employees[1]	Yes, to all eligible Employees
Salary deferrals fully vested	Yes	Yes	Yes
90 day withdrawal option	No	Yes	Yes - only if the Plan is also an EACA
Required Employer Contributions	No	No	Yes
Required Vesting Schedule for Employer Contributions	No	No	Yes - must fully vest after no more than 2 years of service
Qualified Default Investment Alternative ("QDIA") Required	Optional	Optional	Optional
ERISA Preemption of state anti-garnishment laws for ERISA Plans	Yes[2]	Yes[2]	Yes[2]
Non-Discrimination testing Safe Harbor	No	No	Yes
Automatic extension on excise tax for corrective distributions to 6 months	No	Yes, if all eligible employees are covered employees under the automatic enrollment arrangement.	N/A

[1] Covered Employees: Those employees who are subject to the automatic contribution arrangement per the terms of the plan document.

[2] Prior to the enactment of the Pension Protection Act of 2006 ("PPA"), there was no clear guidance on whether ERISA preempted contrary state garnishment and other state laws when a Plan has an automatic contribution arrangement. The PPA provided that ERISA preempted any contrary state garnishment and other state laws. In final regulations issued on October 24, 2007, the DOL took the position that any plan using an automatic contribution arrangement and providing the specified notice to participants receives ERISA preemption of contrary state garnishment and other state laws, even if the Plan does not use a QDIA as the Plan's default investment option.

This comparison does not constitute legal, tax or financial advice, and is intended as an informal reference source only. In addition, this schedule may not be accurate for a particular circumstance or apply to all situations.