

Retirement Plan Enrollment Checklist

Many employers provide the opportunity for their employees to save for retirement through a retirement plan. This Checklist contains general instructions designed to guide you through the employee enrollment process.

Enrollment materials include plan information, forms, and required notices that should be provided to an employee prior to becoming eligible to participate. These materials are available to employees online or in the paper enrollment kit.

It is important to provide the Summary Plan Description (SPD) to each employee no later than 90 days after becoming eligible to participate. The SPD may be delivered with the online enrollment instructions or paper enrollment kit.

As a best practice, we suggest that you document when each employee receives their enrollment information and SPD. This documentation is helpful in the event of a plan audit.

At Least 45 Days Prior to the Plan's Entry Date:

Determine Eligibility: An Employee who is not in an excluded class in the plan document, will be eligible to participate upon satisfaction of the conditions established for the Plan. Once the age and service conditions have been satisfied, the eligible employee may begin participating on their Plan Entry Date specified in the plan document. A Projected Eligibility Report may be accessed on the Plan Sponsor Website to assist with eligibility determinations. This report should be cross-checked with the employer's records for verification.

Request Enrollment Kits (if not using online enrollment): Enrollment kit request form is located on the Forms menu of the Plan Sponsor website and contains instructions for submitting a request. Please allow 7-10 business days for preparation.

At Least 30 Days Prior to a Participant's Plan Entry Date:

Provide Enrollment Instructions to Employee: Online enrollment instructions or a paper enrollment kit should be provided to the newly eligible participant, along with an enrollment deadline for deferral contributions to start timely.

Provide SPD to Employee: An electronic copy is available on the Forms menu of the Plan Sponsor and Participant website. The SPD provides information about the material provisions of the Plan and participant's rights under ERISA. The SPD is also available in the online enrollment experience.

Provide Annual Required Plan Notices: The Enrollment Kit contains the Plan's required notices. Notices are linked to the Participant website when online enrollment is utilized.

At Least 5 to 10 Days Prior to the First Payroll Date following the Employee's Plan Entry Date

The following steps should be completed to ensure a successful enrollment:

Record enrollment elections: Participant's should complete the online enrollment steps or return a completed Plan Enrollment Form. If Participants complete enrollment online, notification emails will be sent to the plan contacts on file for documentation. Contribution elections should be recorded in the payroll record and a copy of any paper forms should be forwarded to Retirement Services.

Important Note: If a Participant does not enroll online or return a completed form by the established due date, the Plan's Automatic Enrollment provision and/or Default Investment Alternative may prevail. If your Plan provides for Automatic Enrollment, the automatic deferral percentage rate should be recorded as the participant's automatic deferral rate.

Beneficiary Records: Each Participant should designate a beneficiary. Participants using the online process will complete their beneficiary elections online, unless they are married and naming a non-spouse Primary Beneficiary; you will receive a confirmation of their elections. Married Participants who elect to designate a primary beneficiary other than their spouse must obtain spousal consent that is witnessed by a Plan Representative or a Notary Public. The Plan Sponsor should keep the original of any paper beneficiary records and forward a copy to Retirement Services.

Qualified Preretirement Survivor Annuity (if applicable to your Plan): Each Participant must complete in order to waive the Qualified Preretirement Survivor Annuity form of benefit payment. Married Participants who elect to waive the QPSA must obtain spousal consent that is witnessed by a Plan Representative or Notary Public. The Plan Sponsor should keep the original and forward a copy to Retirement Services.

Frequently Asked Questions

What should the Plan Administrator do if an eligible employee is missed?

- Please contact your Account Manager right away so we can help you determine the best correction method. This is an error that should be corrected by one of the IRS relief programs. Normally, make-up benefits have to be provided and the employer may need to fund additional amounts to make up for the fact that the employee did not have the opportunity to make retirement contributions under the Plan and in some cases, receive a matching contribution.

What should the Plan Administrator do if an ineligible employee is allowed to enroll?

- Please contact your Account Manager right away so we can help you determine the best correction method. This is an error that should be corrected by one of the IRS relief programs. Usually, the improper accrued benefit from employer contributions is forfeited and, if the employee made deferral contributions, the employer must make the employee whole by returning the compensation improperly deferred unless the plan is amended to retroactively keep the employee in the plan, which is subject to certain restrictions.

What if an employee is re-hired by the Employer?

- The plan document will include specific provisions that address the participation of employees who are reemployed by the employer. In the case of re-hires, we recommend you contact your Account Manager for assistance. Generally, if the eligible employee had already satisfied the eligibility requirements, the employee must re-enter the plan on the later of (1) the entry date on which he would have entered the Plan had there been no severance of employment or (2) the date of his re-employment unless the break in service rules apply.

What is the definition of a Break in Service?

- You must first determine if the participant has actually severed employment to be considered to have a break in service for rehire purposes. Refer to the "Layoff-Is the Participant Eligible for a Distribution" piece for more information.
- Counting Hours Method: generally an employee incurs a break in service for eligibility purposes if he or she is credited with 500 or fewer hours of service during an eligibility period.
- Elapsed Time Method: a break in service occurs on the first anniversary of the first day of the employee's absence.

What are the types of Break in Service Rules that may apply to a retirement plan?

- One-Year Holdout Rule: under this rule, once an employee incurs a one year break in service, the employee does not receive credit for service prior to their termination until after completing another year of service. Once the employee completes one year of service after reemployment, the plan must re-credit the prior service as of the first day of the computation period in which the additional year of service is completed. This results in retroactive entry for the employee to the first day of that computation period which can be difficult to administer.
- Rule of Parity: under this rule, the employee loses credit for service on a permanent basis following the break in service period if certain conditions are met. If that happens, the employee must start over in satisfying the plan's service requirements as if they were a new employee. All of the following conditions must be met in order for the rule of parity to apply if a plan uses this break in service method:
 - the employee must be a participant prior to the termination of employment,
 - the employee must incur a minimum of five (5) consecutive breaks in service, and
 - the employee must be zero (0) percent vested at the time of termination.

Further Questions

Please contact your Account Manager if you have any questions or concerns about your Plan.
