



Welcome to Automatic Enrollment (AutoEnroll)

WHAT IS AUTOENROLL?

Studies have shown that inertia and procrastination are powerful behaviors that keep people from taking action even if it's for their own good. This is true even when it comes to enrolling for elective deferrals to a retirement plan that would help meet the future financial security of the person.

AutoEnroll is a tool that enables your ministry employees to begin saving for retirement. This program enrolls new employees into the Retirement Plan without them having to complete any paperwork. AutoEnroll must allow each employee the ability to opt out of the program.

WILL AUTOENROLL ENSURE A FINANCIALLY SECURE RETIREMENT FOR YOUR EMPLOYEES?

AutoEnroll is the beginning tool to help your employees achieve financial independence in retirement.

Other tools include:

- Plan policies which encourage increased elective deferrals. Such policies could include automatic increase or an Easy Increase program.
- Ongoing education through payroll stuffers, direct mailings from MBA, and through other means.
- Employer contributions through a discretionary and/or a matching policy.

MBA can assist you in developing any policies and other tools to encourage increased employee contributions.

WHAT IS YOUR FUNCTION IN AUTOENROLL?

You should adopt policies that define how AutoEnroll will work for your employees. The AutoEnroll plan also requires the following:

- Proper communication at the time of enrollment eligibility.
- Communication of employee data to MBA.
- Continued communication to employees on an annual basis.

WHAT IS MBA AND AG FINANCIAL SOLUTIONS' FUNCTION IN AUTOENROLL?

MBA will provide the following support in your AutoEnroll program:

- Guidance in establishing your AutoEnroll policies.
- Ongoing assistance in administration of the program.
- Employee communication materials.
- Employee education materials.

ARE THERE ANY REGULATORY ISSUES THAT NEED TO BE ADDRESSED?

Some states have laws which prohibit employers from deducting amounts from employees' pay without written authorization. These laws are usually directed at items such as business expenses, professional and membership fees, and similar items. In our opinion, these laws are not aimed at retirement accounts that benefit employees and are in the employees' own names. Consider the following:

- IRS-approved automatic enrollment in 403(b) plans in Revenue Ruling 2000-35.
- The Pension Protection Act (PPA) of 2006 preempts all state laws that attempt to regulate automatic enrollment and withholding from employee paychecks for ERISA-regulated plans. Though MBA's plan is not regulated by ERISA, PPA sets a precedent for all AutoEnroll features.
- Automatic enrollment had been implemented by many businesses prior to the enactment of PPA.
- There have been no court cases challenging automatic enrollment.
- Each employee has the ability to choose to opt out or change the percentage of their deferrals to the Retirement Plan. Annual communication reinforces this ability.
- It is in the states' and publics' interest to encourage saving for retirement.

You should investigate the issue of your state's laws before implementing the AutoEnroll program.