

Installment #3

Participant Enrollment and Escalation

How does the Enrollment Process Work?

Our previous installment outlined the need for good payroll data. Providing accurate payroll data each pay period has a direct impact on calculating eligibility and setting up the enrollment process for participants. By providing comprehensive payroll information each pay period, MVP projects eligibility up to 90 days in advance of a participant's eligibility date. Once a participant's eligibility date is established, MVP will notify you through our Future Eligibility Report which is published weekly. As the eligibility date approaches, participant accounts will be created and participants will be able to create their login credentials, access their accounts, and go through the online enrollment process. During the enrollment process, participants will:

- Verify their identity and establish multi-factor authentication for account access
- Accept the default investment options or direct their own investments
- Accept the Auto-Enrollment Deferral percentage or select their own deferral rate
- Enter Beneficiary Information

With regards to the auto-enrollment specifically, if a participant does not wish to contribute to the plan, the enrollment process is their opportunity to opt-out of ACA. Likewise, if a participant wishes to elect a deferral rate that is different than the stated auto-enrollment default rate, this is their opportunity to make that election as well.

Once participants complete the enrollment process, they can access their account and all the features available to them on the participant website such as retirement readiness calculators, financial wellness modules, and more!

Enrollment Instructions as well as a comprehensive Online Enrollment Guide can be downloaded from the Plan Sponsor Website or by clicking on the links below:

- [Enrollment Instructions](#)
- [Online Enrollment Guide for Participants](#)

What do I need to Provide to Participants?

When participants become eligible for the plan, the Employer is responsible for notifying them of their eligibility. Regulatory requirements mandate that certain materials and notices are provided to participants outlining the plan's provisions and explaining the enrollment process. Under these regulations, participants must receive these notices 30 days before their enrollment date. If your plan has eligibility requirements that have less than a 30 day wait, you will need to provide the participant these materials upon their date of hire. As the plan sponsor you will need to provide the following documents to those who are becoming eligible for the plan:

- Enrollment Instructions
- QDIA Notice
- Safe Harbor Notice (*if applicable*)
- Auto-Enrollment Notice (*if applicable*)
- Summary Plan Description

These notices are also available on the participant web under Plan Information so participants can view these electronically as well. These notices are required to be updated and distributed to participants annually. MVP can assist you with the delivery of these annual notices. If you would like more information on delivery of notices, reach out to your Relationship Manager.

How do I track contribution updates and set participants up in Payroll?

When participants make changes to their account OR if they are being automatically enrolled in the plan, you will receive a notification each time a participant makes a deferral change online. There are 2 ways to track these changes:

1. **Weekly Auto-Generated Report** - If there are any deferral changes requested in your plan, an auto-generated report will generate and publish to the Plan Sponsor Web. You will receive an email notification indicating this report is available to view. The email will come from MVP@benefitsnotification.net.
2. **On-Demand Reporting** - You can run an on-demand version of the deferral change report each payroll period to capture any changes requested. This report should be run and checked as often as participants are allowed to make contribution changes. This report can be run by logging into your account on Plan Sponsor Web selecting "Report Center - Participant Activity" and then selecting "Deferral Changes". This report will also include anyone who is automatically enrolled and the eligibility date so you will know when to implement the auto-enrollment!

MVP recommends using the On-demand report so you can completely capture all changes made over the course of the payroll period in 1 report in an excel format that is easy to review and update for payroll. For more information on how to run this report, please review the Plan Sponsor Handbook or reach out to your Relationship Manager.

Once changes are captured, you will need to update your payroll system with the updated information. If you utilized our Payroll Integration services, we may be able to submit these changes to your payroll provider on your behalf. Reach out to us for more information!

Auto Enrollment and Escalation

In addition to the auto-enrollment feature, your plan may have an auto escalation component. If your plan was established after 12/29/2022 and is subject to the SECURE 2.0 ACA mandate, auto escalation is required effective 1/1/2025. The escalation component is simply a stated increase in employee deferral rates which occur automatically via a set rate and at a set time as prescribed by the plan document. Most commonly, the increases occur in 1% increments up to a stated maximum amount as defined by the plan. For the new EACA mandate, annual escalation must occur if the stated rate is less than 10%. For example, if a plan has a minimum default rate of 3% with a 1% escalation feature up to 10%, participants will be auto-enrolled in the plan at 3% and escalated by 1% annually up to 10% unless the participant opts out of automatic contribution arrangement.

MVP recommends establishing escalation to occur on January 1st each year, so any participants who are subject to escalation will have their deferrals automatically increased on 1/1. This increase will show up on the first deferral change report of the year so you can update your payroll records with the increased deferral rate.

We are here to help

Enrollment and tracking contribution changes can be challenging. Keeping accurate payroll records is key in tracking eligibility, which is the trigger for participant enrollment! Failure to automatically enroll participants timely as well as implementing the auto-escalation are two of the most common errors we encounter. MVP is happy to work with you and your team to establish internal processes and best practices for handling enrollment, contribution changes, and escalation. Reach out to your Relationship Manager to answer any questions you have to ensure your plan is operating as smoothly as possible.