

Frequently Asked Questions
for Plan Sponsors

Get the ball rolling

Automatic Enrollment FAQs



MassMutual Regulatory Services

Retirement Strategies

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What is automatic enrollment?

Automatic enrollment provides that an eligible participant under a 401(k), 403(b) or eligible 457(b) plan is “automatically” enrolled to begin salary deferrals at a predetermined rate (called the ‘default percentage’) unless the participant makes an affirmative election for some other deferral percentage, including a deferral percentage of zero.

Please note that there are several special provisions for eligible governmental 457(b) plans which are covered in the main text and also included in a separate section under ‘Special Provisions for Eligible Governmental 457(b) Plans.’ Please read this section if you are contemplating adding automatic enrollment to an eligible governmental 457(b) plan.

Percentage of plans with automatic enrollment by plan size

	Plan size by number of participants					
	1 – 49	50 – 199	200 – 999	1,000 – 4,999	5,000+	All plans
For all New Hires	9.3%	34.3%	44.1%	59.3%	56.1%	42.4%
For all Non-Participants	4.2%	2.8%	5.9%	5.3%	5.4%	4.8%
Percentage of all plans that have automatic enrollment	13.6%	37.0%	50.0%	64.7%	61.5%	47.2%

Source: 2012 PSCA’s Annual Survey of Profit Sharing and 401(k) Plans

Why offer automatic enrollment?

Automatic enrollment helps solve one of the most important problems connected with saving for retirement: participants’ *inertia* (i.e., their failure to take actions that could ensure a secure retirement). Many participants are inclined to take no action to change their current situation. Automatic enrollment helps solve for such inertia by enrolling participants automatically into a retirement plan and requiring participant action to opt *out* of the plan.

In addition to helping to solve for this inertia, automatic enrollment can be viewed as a way to increase plan participation, especially for non-highly compensated employees (“NHCEs”). If plan participation increases for NHCEs, that would generally have a positive impact on the Actual Deferral Percentage (“ADP”) test and the Actual Contribution Percentage (“ACP”) tests, which might allow highly compensated employees (“HCE’s”), those employees who earn greater than \$115,000 in the prior year and/or who own more than 5% of the sponsoring firm, to defer more into the retirement plan.

Why have some plan sponsors reacted slowly to implementing automatic enrollment?

There are many reasons why a plan sponsor may have decided against offering automatic enrollment for their retirement program, some of which are listed below. However, most of these reasons were eliminated or otherwise addressed by the Pension Protection Act of 2006 (“PPA”). The following outlines some of the concerns of plan sponsors as well as action taken by Congress to address each concern:

1 | State wage payment laws

Prior to the enactment of PPA, some states maintained state payroll deduction laws that prohibited the employer from deducting amounts from employees’ wages without their written consent. As a result, some plan sponsors were awaiting clarification on how automatic enrollment could work in conjunction with such state laws. PPA made it clear that automatic enrollment laws did, indeed, preempt such

laws, for plans subject to ERISA. Non-ERISA plans are still subject to state payroll deduction laws.

2 | Lack of fiduciary protection

Under the typical automatic enrollment scenario, employees are enrolled at a default percentage rate unless they choose a different contribution percentage, or elect not to contribute at all. What happens to the money under an automatic enrollment situation if the participant never elected an investment option? In that case, the plan sponsor is responsible for choosing the investment option for such an automatic enrollment contribution. Under prior law, if the participant in an ERISA plan did not make an affirmative election as to the investment of the automatic contribution, plan sponsors would not receive any ERISA 404(c) protection for these default investments.

However, thanks to the PPA, if the plan sponsor chooses a Qualified Default Investment Alternative (“QDIA”) as their default investment, then the plan sponsor will receive fiduciary protection as it relates to the investments in such QDIA. The type of fiduciary protection that QDIAs afford is described in more detail in a subsequent section on QDIAs.

3 | Small balances

Under a pre-PPA law, when a participant was automatically enrolled into a plan, amounts became plan assets as soon as the contributions were withheld from employees’ paychecks. For many reasons, participants would complain to their human resource department about such automatic deferrals and request that these amounts be returned to them, since they never requested contributions to be made. These deferrals, however, could not be distributed because of the restrictions on distributions, generally, which prohibit them until the age of 59½, death, disability, hardship, separation from service or plan termination. (For an eligible governmental 457(b) plan, the same events apply except for the attainment of age 59½ or hardship. Instead, for an

eligible governmental 457(b) plan, deferrals generally cannot be distributed before the attainment of age 70½, or due to an unforeseeable emergency.)

PPA ‘came to the rescue’ by providing for an up-to 90-day permissible withdrawal window (also called an ‘unwind’ provision). During the 90-day period following the automatic contribution, a withdrawal of the automatic contribution (plus earnings) is allowed, in spite of the usual prohibitions against premature distributions.

Some other characteristics of permissible withdrawals are the following:

- Contributions represented by the permissible withdrawals are not included in ADP testing.
- The withdrawal is not subject to premature distribution penalties (10%).
- The withdrawal is taxed in the year of distribution, and reported on the Form 1099-R.
- If there is a related matching contribution, it is not included in the ACP test and must be forfeited.

Please note that this permissible withdrawal provision is not required. But it may make it easier to institute an automatic enrollment provision.

4 | Employer matching contribution costs

Automatic enrollment may increase plan participation which may also result in the increase of the matching contribution costs for the employer. The increased cost should be analyzed to determine if such cost outweighs the benefits of automatic enrollment, e.g., considering the increase of plan participation, participants saving for retirement, and enhanced testing results. The plan sponsor may want to redesign the matching contribution formula to help offset such cost to entice participants to defer more, but at the same time, not have a significant cost increase due to the automatic enrollment feature.

For example, if a plan has a matching formula that matches 100% of deferrals up to the first 3% of compensation, the employer may want to consider, instead, a match of 50% of deferrals on the first 6% of compensation. That way, participants deferring at least 6% would receive the entire 3% match (and this would help increase the average deferral percentage for NHCEs and thereby help the ADP test). Nonetheless, this altered matching contribution formula might also help to reduce the cost of funding matching contributions for those participants who are automatically enrolled into the plan and who thereby make automatic contributions generally at a relatively low rate.

MassMutual Retirement Services can help analyze the impact of the automatic enrollment feature on matching contributions and can suggest matching formulas that would help to control costs and also help benefit plan year-end testing results.

5 | What default percentage should a plan sponsor choose?

There are no IRS or DOL prescribed limits that a plan sponsor must follow. Plan sponsors are free to design their own automatic contribution program. Thus, the plan sponsor has the ability to choose any default deferral percentage, as

long as it does not violate any plan or regulatory limits (such as the limit on annual deferrals; \$18,000 for 2015).

What is an Automatic Contribution Arrangement?

An Automatic Contribution Arrangement (“ACA”) is typically referred to as ‘automatic enrollment’ or ‘negative enrollment’ or ‘negative election’. These are the terms that define an arrangement in which a participant who fails to enroll in the plan will be enrolled and contribute based on the plan’s default contribution percentage, unless they elect a different percentage or opt out of participating in the retirement program. If the participant does not elect to select their own investments, then the salary deferrals are invested in the plan’s default contribution investment. This arrangement requires an annual notice to all participants as well as an initial notice to new participants.

The plan’s default investment may be one that meets the requirements for a QDIA. Although the use of a QDIA is not absolutely required, most plan sponsors choose to provide this type of default investment for those participants who fail to make an investment election. QDIAs are explained in a subsequent section.

Default deferral percentage in plans with automatic enrollment, by plan size

Deferral Percentage	Plan size by number of participants					
	1 – 49	50 – 199	200 – 999	1,000 – 4,999	5,000+	All plans
1%	*	2.5%	0.0%	2.1%	3.3%	2.3%
2%	*	5.0%	10.3%	13.5%	11.1%	10.6%
3%	*	62.5%	53.4%	50.5%	46.7%	51.8%
4%	*	17.5%	6.9%	14.4%	13.3%	12.6%
5%	*	2.5%	15.5%	10.3%	11.1%	10.6%
6%	*	7.5%	13.8%	8.2%	12.2%	10.0%
More than 6%	*	2.5%	0.0%	1.0%	2.2%	2.0%

* Sample size too small to calculate.

Source: 2012 PSCA’s Annual Survey of Profit Sharing and 401(k) Plans

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Your plan design may consist of an automatic enrollment (or negative enrollment, as some prefer to term it) plan design without any special requirements. Such designs were available before the passage of the PPA and remain available now.

However, if you want to take advantage of certain plan design features that were not available under pre-PPA automatic contribution arrangement, then there are two other types of ACAs that you should consider, as they provide additional benefits: the Eligible Automatic Contribution Arrangements (“EACA”) and Qualified Automatic Contribution Arrangements (“QACA”).

What is an Eligible Automatic Contribution Arrangement?

An Eligible Automatic Contribution Arrangement (“EACA”) is a type of ACA that provides certain ‘extra’ benefits if certain design provisions are satisfied. These benefits include the following:

- 1 | The ability to offer to participants the 90-day permissible withdrawal provision;
- 2 | A six-month refund provision.

Under current rules, employers that want to distribute excess contributions from a failed ADP test must distribute such excesses to HCEs no later than 2½ months after the close of the plan year to avoid a 10% employer excise tax penalty. If the plan satisfies the EACA provisions and covers all participants, that 2½ month period is extended to six whole months after the close of the plan year. This also applies to excess contributions related to a failed ACP test.

An EACA is a subset of an ACA ‘model’, but it has more specific rules that must be followed. These are the conditions that must be met in order for an ACA to be an EACA:

1 | The uniformity requirement

The default percentage for deferral contributions must be applied on a uniform basis to all employees eligible to defer into the plan.

2 | The notice requirement

A notice must be provided to each eligible employee, and it must specify the following:

- a. The amount that will be withheld from pay absent an affirmative election (i.e., the ‘default contribution percentage’);
- b. The ‘right’ to defer at a different percentage or to opt out of deferring into the plan;
- c. The procedure for investing contributions in the absence of the participant’s investment election (a ‘default investment’);
- d. The ‘rights’ of participants to make a withdrawal during a 90-day period following the default contribution (if this ‘permissible withdrawal’ feature is adopted by the plan sponsor for the plan – remember that a plan sponsor does not need to adopt this design element if he does not want to, and he can still have an EACA without this feature).

The notice must be provided to all eligible employees annually within a reasonable period of time before the beginning of the plan year, generally between 30 and 90 days prior to the beginning of the year or, for newly eligible employees, 30 to 90 days before their entry date. If this cannot be met because, for example, employees are eligible to participate as of their date of hire or soon after, the notice may be provided closer to the entry date but generally no later than the pay date for the payroll period that includes the date that the employee becomes eligible to participate.

3 | Who should be covered?

EACAs may cover existing and newly eligible participants, or just newly eligible participants. However, if they do not cover existing participants, the special six-month ADP/ACP refund extension provision does not apply. This means that corrective distributions that are not processed within 2½ months after the plan year end will cause there to be a 10% tax penalty (payable by the Employer).

4 | Plan year

Generally, the EACA must be in effect for an entire plan year due to the uniformity and notice requirements, in order to be an EACA. However, for an EACA that covers only newly hired participants, EACAs may be implemented in the middle of the year.

What Is a Qualified Automatic Contribution Arrangement?

A Qualified Automatic Contribution Arrangement (“QACA”) is an automatic enrollment plan with ‘safe harbor’ contributions. If the specific requirements for a QACA are met, ADP and ACP testing are deemed to be satisfied for the plan year. Somewhat similar to the more traditional safe harbor plans, this new safe harbor design provides for a lower required safe harbor matching

contribution formula and a more flexible vesting schedule for the employer. The following are requirements of the QACA plan design:

1 | Who must be covered?

The plan must require automatic enrollment for both newly eligible participants and participants who are not currently participating in the plan because they did not make a prior deferral election (the initial automatic deferral percentage must be no less than 3%).

2 | Automatic deferral increases

The minimum deferral percentage increases by 1% for each plan year until it reaches 6%. These are known as automatic deferral increases. A plan can utilize a higher initial default deferral election to limit or eliminate the deferral increase, but the default percentage cannot exceed 10%. This increase may occur as of the beginning of the year, a specified date during the year, or on the anniversary of the participant’s first default percentage. System limitations sometimes constrain the possible choices.

3 | Safe harbor employer contributions

Plan sponsors have two types of safe harbor contribution formulas to choose from. The first one is for safe harbor matching contributions. The safe harbor matching

Percentage of automatic enrollment plans that automatically increase default deferral rates over time, by plan size

	Plan size by number of participants					
	1 – 49	50 – 199	200 – 999	1,000 – 4,999	5,000+	All plans
Automatic escalation	*	32.5%	37.9%	34.4%	44.4%	39.8%
Voluntary escalation	*	15.0%	13.8%	19.8%	22.2%	18.1%
No escalation	*	52.5%	48.3%	45.8%	33.3%	42.1%
		100.0%	100.0%	100.0%	99.9%	100.0%

* Sample size too small to calculate.

Source: 2012 PSCA’s Annual Survey of Profit Sharing and 401(k) Plans

contribution formula is 100% on the first 1% of compensation that is deferred, and 50% on the next 5% of compensation deferred.

The second formula calls for a nonelective contribution of at least 3% of compensation for each eligible participant, whether or not he made salary deferral contributions into the plan.

4 | Vesting requirements

Safe harbor contributions are subject to either a two-year cliff vesting schedule or one that vests at least as rapidly. Compare this to the traditional safe harbor contribution, which requires immediate 100% vesting.

5 | Notice requirements

All participants are required to receive annual notices at least 30 days but no more than 90 days prior to the beginning of the plan year. Newly eligible employees must receive the notice no later than the day he is first eligible and no earlier than 90 days prior to date he becomes eligible. The QACA notice must contain material that is similar to the content required for the traditional safe harbor notice, combined with content that is similar to the EACA notice requirements.

6 | Withdrawal restrictions

Safe harbor contributions are subject to the same withdrawal restrictions as salary deferrals. However, they are actually more stringent: safe harbor contributions cannot be withdrawn on account of hardship.

The plan may provide for permissive withdrawals, at the option of the plan sponsor.

Can the automatic deferral increase be utilized on plans other than QACA plans?

Yes. Automatic enrollment plans can use the deferral increase provision even if they do not want to satisfy the safe harbor conditions of a QACA. In addition, the plan sponsor can choose how high the deferral increase can go. That is a plan design issue. Adding this feature may be a good way to help to increase the average deferral percentage of participants, and that could help satisfy the ADP test when highly compensated employees defer more into the plan than lower compensated employees. Just as importantly, an automatic increase provision is apt to help all participants save more for retirement.

What is a Traditional Safe Harbor Eligible Automatic Contribution Arrangement or a Traditional Safe Harbor Automatic Contribution Arrangement?

Although the Traditional Safe Harbor Eligible Automatic Contribution Arrangement is not standard terminology, it does show how plan sponsors can be creative with their plan design as that relates to automatic enrollment. This type of design takes advantage of the EACA provisions (as well as the benefits that go along with those provisions) and combines that with traditional safe harbor provisions to avoid the need for ADP/ACP testing. This allows a plan to implement both EACA and safe harbor contributions without having to require certain QACA provisions such as deferral increases, the 3% minimum (default) contribution percentage, the 10% maximum default percentage, etc. In other words, it is a sort of substitute for the QACA but one with more 'open' architecture.

The traditional safe harbor matching contribution is equal to 100% of the first 3% deferred plus 50% on the next two percentage points of compensation deferred, or a 3% nonelective contribution. These contributions are immediately 100% vested.

What is a QDIA investment option?

Plans that utilize an ACA (e.g., an EACA or a QACA) plan design are not required to offer QDIAs as their default investment option. However, ERISA plan fiduciaries will not be liable for any loss or by reason of any breach that is the direct result of investment of plan assets in a QDIA, as a default investment for participants who fail to make an investment election. Plans that are not subject to ERISA will need to review their state laws in order to determine if the QDIA will protect them from similar liability.

However, this protection is not limited only to automatic enrollment plans, and so QDIAs should be considered for the protection they can offer to all types of retirement plans that offer participant-directed investment accounts.

In general, in order for a default investment to be a QDIA, the following requirements must be met:

- 1 | Default investment options must satisfy the definition of a Qualified Default Investment Alternative.
- 2 | Participants and beneficiaries must have an opportunity to direct the investment of their accounts (but if they fail to direct the investment of their accounts, then any contribution will be invested in the QDIA.)
- 3 | An initial and annual notice to participants and beneficiaries is required to notify them of their ‘rights’ with respect to the default investment and their ability to direct the investment of their account.

- 4 | Any material provided to the plan relating to the QDIA must be passed on to the participant or beneficiary.
- 5 | Participants and beneficiaries must have an opportunity to transfer into and exchange out of a QDIA without financial penalty, at least once within a three-month period.
- 6 | A description of the QDIA must be provided that includes the investment objectives, risk and return characteristics, and fees and expenses of the QDIA.

Fiduciaries are responsible for prudently evaluating and monitoring the investments under the plan, including the QDIA. Plan sponsors must also ensure that the level of risk associated with a QDIA is appropriate for participants of the plan as a whole, in the case of balanced fund QDIAs. However, the regulations do not require fiduciaries to evaluate which type of QDIA is necessarily the most prudent for their plan.

What are the different types of QDIAs?

The final regulations generally include the following three classifications of QDIAs, as well as two others that we will mention in a moment:

- 1 | Life cycle or targeted retirement date option;
- 2 | Balanced investment fund option;
- 3 | Managed account option.

Generally, stable value and other capital preservation investment options do *not* satisfy the definition of a QDIA on a stand alone basis; however, there may be some exceptions. Stable value and other capital preservation investments may also play an important role as a component of a diversified portfolio that constitutes a QDIA.

Default investment option for automatic deferrals, by plan size

Default investment option	Plan size by number of participants					
	1 – 49	50 – 199	200 – 999	1,000 – 4,999	5,000+	All plans
Balanced Fund	*	7.5%	20.3%	8.2%	3.3%	10.6%
Money Market Fund	*	0.0%	0.0%	0.0%	1.1%	0.3%
Professionally Managed Account	*	2.5%	1.7%	4.1%	6.6%	4.6%
Stable Value Fund	*	5.0%	0.0%	1.0%	2.2%	1.7%
Target Retirement Date/ Lifecycle Fund	*	70.0%	67.8%	80.4%	78.0%	73.3%
Target-Risk/Lifestyle Fund	*	15.0%	8.5%	6.2%	8.8%	9.2%
Other	*	0.0%	1.7%	0.0%	0.0%	0.3%
		100.0%	100.0%	99.9%	100.0%	100.0%

* Sample size too small to calculate.

Source: 2012 PSCA's Annual Survey of Profit Sharing and 401(k) Plans

There were also some of these types of stable value funds that were 'grandfathered' into the QDIA definition. Funds that were contributed or transferred into these types of funds before December 24, 2007 continue to qualify as QDIA investments.

Finally, a plan with an EACA that allows permissible withdrawals may designate certain stable value or capital preservation investment options as a QDIA for a 120-day period following a participant's first elective contribution. Prior to the expiration of this 120-day period, if the participant had not performed an exchange out of the QDIA, the fiduciary must redirect the investment to another QDIA (that does not limit itself to a 120-day period following a participant's first elective contribution).

Notices required

For purposes of the initial participant notice requirements, the regulations provide the notice to be distributed (1) at least 30 days in advance of the participant's eligibility date, or at least 30 days in advance of the participant's first investment in a QDIA, or (2) on or before the eligibility date, provided the participant has the opportunity to request a permissible withdrawal within the first 90 days in advance of the first investment into a QDIA.

The regulations preclude the imposition of any restrictions, fees or expenses (other than investment management and similar types of fees and expenses) during the first 90 days of a default investment into a QDIA. Afterwards, such an investment into a QDIA may be subject to the same restrictions, fees and expenses as for any other investment into the QDIA. This provision would prevent the imposition of any surrender charges, liquidation or exchange fees, redemption fee or market value adjustment within the 90-day period.

Special provisions for eligible governmental 457(b) plans

- There are no highly compensated employees so there is no concern for nondiscrimination testing or the six-month testing period described above.
- Eligible governmental 457(b) plans are non-ERISA plans and therefore may be subject to state payroll deduction laws.
- Safe harbor contributions (including QACA safe harbor contributions) are not available for eligible governmental 457(b) plans.

Automatic Enrollment Notice Chart / QDIA Notice Chart

Plan Design	QDIA	ACA	EACA	QACA	SHEACA	SHACA
Full Name	Qualified Default Investment Alternative	Automatic Contribution Arrangement	Eligible Automatic Contribution Arrangement	Qualified Automatic Contribution Arrangement	Traditional Safe Harbor Eligible Automatic Contribution Arrangement	Traditional Safe Harbor Automatic Contribution Arrangement
Special Rules to Consider	Not required to follow ERISA 404(c) Plan to receive QDIA protection.	Not required to follow QDIA regulations, but many plan sponsors deem it wise.	Uniformity requirements. Only EACA plans can utilize the 90 day unwind provision and the six-month ADP Testing correction period to avoid the employer 10% penalty. Not required to follow QDIA regulations, but many plan sponsors deem it wise.	Not required to follow QDIA regulations, but many plan sponsors deem it wise. QACAs require vesting upon two years, minimum contribution rates and matching contribution rates or a nonelective contribution.	Uniformity requirement. Only EACA plans can utilize the PPA's 90 day unwind provision and the six-month ADP testing correction period. Traditional safe harbor plans require immediate vesting, minimum matching contribution rates or a nonelective contribution.	ACA plans that do not follow the EACA rules and are not eligible for PPA's 90 day unwind provision or six-month ADP testing extension.
When to Use It	Non-automatic enrollment plans that want fiduciary protection with respect to default investment option(s).	Automatic enrollment plans that do not seek the benefits of EACA and QACA feature, which may/may not want fiduciary protection with respect to default investment option(s).	Eligible Automatic enrollment plans that may/may not want fiduciary protection with respect to default investment option(s).	New PPA safe harbor plan that may/may not want fiduciary protection with respect to default investment option(s).	Traditional safe harbor plan with automatic enrollment that may/may not want fiduciary protection with respect to default investment option(s).	Traditional safe harbor plan with automatic enrollment that may/may not want fiduciary protection with respect to default investment option(s).
When to Distribute Annual Notice	Annually, generally at least 30 days prior to the beginning of the plan year.	Within a reasonable period of time before the beginning of the plan year, generally at least 30 days before start of plan year. If includes a QDIA, may combine ACA and QDIA notice.	Annually, generally at least 30 days prior to the beginning of the plan year. If including a QDIA, may combine the EACA and QDIA notice.	Annually, generally at least 30 days prior to the beginning of the plan year. If including QDIA, may combine the QACA and QDIA notice.	Annually, generally at least 30 days prior to the beginning of the plan year. If include the QDIA, may combine the Safe Harbor, EACA and QDIA notice.	Annually, generally at least 30 days prior to the beginning of the plan year. If a plan includes the QDIA, you may combine the Safe Harbor, ACA and QDIA notice.

Automatic Enrollment Notice Chart / QDIA Notice Chart (continued)

Plan Design	QDIA	ACA	EACA	QACA	SHEACA	SHACA
To New Participants	Generally, at least 30 days prior to the first contribution going into a default investment option or if plan offers 90 day unwind provision, by the time the participants become eligible.	Within a reasonable period of time before the first automatic enrollment contribution.	If following QDIA rules, generally at least 30 days prior to the first contribution going into a default investment option or entry date if plan has immediate eligibility and offers 90-day unwind provision.	If following QDIA rules, generally at least 30 days prior to the first contribution going into a default investment option or entry date if plan has immediate eligibility and offers 90-day unwind provision. Must also follow safe harbor notice rules.	If following QDIA rules, generally at least 30 days prior to the first contribution going into a default investment option or entry date if plan has immediate eligibility and offers 90-day unwind provision. Must also follow safe harbor notice rules.	If following QDIA rules, generally at least 30 days prior to the first contribution going into a default investment option. Must also follow safe harbor notice rules.
Who Must be Covered	All participants that are defaulted into the QDIA or could be defaulted into a QDIA.	Sponsor may limit arrangement to only new hires or could auto enroll existing employees who are not deferring or are deferring below the auto enrollment rate.	May cover only newly eligible participants but if a plan wants six-month testing exception, EACA must cover all existing participants.	Must include new and existing employees who have not made an affirmative election to participate or not participate in the plan before the implementation of QACA.	May cover only newly eligible participants, but if a plan wants six-month testing exception, EACA must cover all existing participants.	May cover only newly eligible participants.
Distribution Options	Provide in writing or electronically in accordance with IRS or DOL electronic delivery requirements.	Provide in writing or electronically in accordance with IRS or DOL electronic delivery requirements.	Provide in writing or electronically in accordance with IRS or DOL electronic delivery requirements.	Provide in writing or electronically in accordance with IRS or DOL electronic delivery requirements.	Provide in writing or electronically in accordance with IRS or DOL electronic delivery requirements.	Provide in writing or electronically in accordance with IRS or DOL electronic delivery requirements.
What is the penalty for failure to distribute participant notice	No penalty, however no QDIA protection until notice requirements have been met.	\$1,100 per day (civil penalty under ERISA Section 502(c)(4))	\$1,100 per day (civil penalty under ERISA Section 502(c)(4))	\$1,100 per day (civil penalty under ERISA Section 502(c)(4))	\$1,100 per day (civil penalty under ERISA Section 502(c)(4))	\$1,100 per day (civil penalty under ERISA Section 502(c)(4))

This document is for informational purposes only and should not be construed as legal and/or tax advice. Please consult with your own legal counsel and other experienced advisors regarding the application of the matters described herein to your specific circumstances.

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Election Form

403(b)(7) Custodial Account/ 403(b)(1) Group Annuity Contract
 Hartford Securities Distribution Company, Inc. ("HSD")

Mail Address:
 Retirement Plan Service Center
 PO Box 1583
 Hartford, CT 06144-1583

Overnight Mail Address:
 Retirement Plan Service Center
 200 Hopmeadow Street
 Simsbury, CT 06089



Complete this section to notify The Hartford of changes to Investment Elections or Salary Deferrals.

Group Number:	Plan Name:	Social Security Number:
Participant Name: <i>Last, First, M.I.</i>		Daytime Phone Number

Mailing Address: *Street and Number, City, State, Zip*
 New?

To determine the investment choices available under your Plan, please consult your plan sponsor or your enrollment materials, visit our website at <http://retire.hartfordlife.com> or call toll free at 1-800-528-9009.

If an investment option which is unavailable is selected, this request will not be considered in good order.

A. INVESTMENT ELECTION I elect to have my **future** contributions invested among the investment options I have selected below. I understand that this Election Form is to be used to record my investment option election and may not be used for investment option transfers. To make investment option transfers please visit retire.hartfordlife.com or call 1-800-528-9009.

SELECTIONS MUST BE IN WHOLE PERCENTAGES TOTALING 100%.

Investment Option	%	%	Investment Option
_____	_____ %	_____ %	_____
_____	_____ %	_____ %	_____
_____	_____ %	_____ %	_____
_____	_____ %	_____ %	_____

100%

B. SALARY DEFERRALS

Please check all options that apply.

- I will be contributing _____% of my compensation, each payroll period, on a before-tax basis until such time as I revoke or amend my election.
- I will be contributing _____% of my compensation, each payroll period, as designated Roth contributions until such time as I revoke or amend my election. I understand that once an amount is contributed, its designation as a Roth contribution may not be changed.
- I will not contribute at this time.
- I am utilizing the age 50+ catch-up provision.
- I am utilizing the 15+ years of service provisions.

C. SIGNATURE

I agree to be bound by the terms of the prospectus for each mutual fund ("fund") in which I am investing. I am investing in shares after reviewing a fund profile and I understand that I will receive the prospectus upon the purchase of those shares. I acknowledge that it is my responsibility to read the prospectus of any fund into which I exchange.

I hereby acknowledge receipt of and adopt the Custodial Account Agreement and agree to be bound by its terms and conditions, including the fees and charges identified in the Participant Disclosure Information document. I further acknowledge that I understand the product and account I am entering into with HSD.

I understand that an investment in each fund involves risk and that investment return and principal value will fluctuate so that when redeemed any shares in my account may be worth more or less than their original cost; that any dividends and capital gains will be automatically reinvested in the same fund(s) that paid them; and that fund shares are not deposits or obligations of, or guaranteed or endorsed by, any bank or insurance company, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency of the U.S. government.

I understand that the General (Declared Rate) Account investment option, if available under the Account, is not a mutual fund and that transfers from that option may be restricted according to the terms and provisions of my employer's group annuity contract.

I understand that the Salary Deferral information in Section B is for The Hartford's records only. This does not replace a Salary Deferral Agreement which may be required by your employer.

Signed in the State of _____ on ____/____/____ Participant Signature _____

Submit this Election Form to The Hartford



Complete this form if required by your Employer. Return this form to your Employer. Do not return to The Hartford.

SALARY DEFERRAL AGREEMENT 403(b)

Employer: _____

Employee:

Name: _____ SS# _____ Date of Birth: _____

Address: _____

State: _____ ZIP: _____ Home Phone: () _____ Work Phone: () _____

A. SALARY DEFERRAL AUTHORIZATION

Effective with respect to amounts paid on or after _____, 20____, which date is subsequent to the execution of this agreement, the Employee's salary will be reduced/deferred by the amount indicated below. The Employer will contribute this amount identified below to the Employee's account(s), which the Employee will allocate among the investment options approved by the Employer.

Please check all options that apply.

- I will be contributing ___% or \$_____ of my compensation, each pay period, on a before-tax basis until such time as I revoke or amend my election.
- I will be contributing ___% or \$_____ of my compensation, each pay period, as designated Roth contributions until such time as I revoke or amend my election. I understand that once an amount is contributed, its designation as a Roth contribution may not be changed.
- I will not contribute at this time.
- I am utilizing the age 50+ catch-up provision.
- I am utilizing the 15+ years of service provisions.

B. SALARY DEFERRAL AGREEMENT

Both the Employer and the Employee acknowledge and understand that the Employee has total responsibility for deciding whether to defer income and for instructing to whom the Employer is to provide the deferred income for investment purposes.

The Employee may only contribute amounts that have not already been paid or made available. The Employee agrees and acknowledges that contributions shall not exceed the Internal Revenue Code deferral limit.

This Agreement is legally binding and irrevocable for both the Employer and the Employee with respect to amounts paid while this Agreement is in effect and while employment continues. The Employee may terminate or otherwise modify this agreement at any time by giving written notice so that this agreement will not apply to salary subsequently paid.

Employee's Signature

Date

Authorized Signature for Employer

Date

***Submit this Salary Deferral Agreement to your Employer.
Keep a copy for your records. Do not return to The Hartford***

RETIREMENT PLAN
AUTOMATIC ENROLLMENT NOTICE -

TO: All employees who are eligible to participate in the Retirement Plan (the "Plan")

As required by law, this notice informs you that (the "Employer") intends that the Plan satisfy the automatic enrollment requirements under the Internal Revenue Code. This notice describes certain rights and obligations that you have under the Plan.

PLAN CONTRIBUTIONS

Contributions. You may contribute a percentage of your Compensation up to the maximum permitted under law.

Federal law limits the amount of Contributions that you can make to the Plan each calendar year. If you are a qualified employee, the annual limit may be increased by up to each calendar year (subject to an overall limit of up to .

If the Administrator determines that the amount you authorize your Employer to withhold from your Compensation and/or bonus would exceed the maximum amount permitted for the year, the Administrator will adjust the amount withheld so that it does not exceed the maximum.

If you will be age 50 or older by the end of the calendar year, you may make Catch Up Deferral Contributions that exceed the above limitation on Contributions. Your total Catch Up Deferral Contributions for a year cannot exceed the Catch Up Limit in effect for the year.

Contribution Election Requirements. You can begin, change or stop Contribution elections under the Plan by notifying the Plan Administrator of your election in accordance with the rules established by the Plan Administrator.

Automatic Contributions. Your Employer will automatically make Contributions on your behalf unless you affirmatively elect either *not* to make Contributions to the Plan or to make Contributions in a different amount, or you are specifically excluded from the automatic Contribution.

The automatic Contributions made on your behalf will be equal to percent of your Compensation each payroll period.

Election Out of the Automatic Contribution Provisions. If you do not want to have Contributions made on your behalf or want to elect to contribute a different percentage of your Compensation as Contributions, you may elect out of the automatic contribution provisions. You will have a reasonable period before the first date automatic Contributions are withheld from your Compensation in which to make such an election.

Your election must be received by the Administrator within a reasonable period of time before the first date automatic Contributions are to be withheld from your Compensation, in order for the election to be effective as of such date.

If you elect out of the automatic contribution provisions, your election will continue in effect until you make a subsequent election.

Permissible Withdrawal of Automatic Contributions. If you do not elect out of the automatic contribution provisions before automatic Contributions are made to the Plan on your behalf, you may elect to withdraw the amounts that were contributed on your behalf. Your withdrawal election must be received by the Administrator in the form required by the Administrator within 90 days of the date the first automatic Contribution is made to the Plan on your behalf. Except as described below, you may not elect a withdrawal after that date. For purposes of electing a withdrawal, the date the first automatic Contribution is made to the Plan is the first date the Compensation subject to reduction would otherwise have been included in your taxable income.

Rollover Contributions. You may roll over to the Plan qualified cash distributions from another qualified plan. Please refer to your Summary Plan Description for more details about Rollover Contributions.

Regular Matching Contributions. The Employer may make Regular Matching Contributions to your Account.

Plan Compensation.

ELIGIBILITY REQUIREMENTS

Requirements For Making Contributions. You are eligible to make Contributions to the Plan beginning on the date you are first employed in an "eligible class".

DISTRIBUTIONS, WITHDRAWALS AND VESTING

Plan Distributions. If your employment terminates with your Employer, or if the Employer ceases to be eligible to maintain a "tax-sheltered annuity plan", the Plan permits distribution of your Account. Distribution may be made as soon as reasonably practicable following the date your employment terminates or the date your Employer is no longer eligible to maintain a "tax-sheltered annuity plan".

Hardship Withdrawals. During employment, you can make a hardship withdrawal from the following Accounts:

- Contributions (excluding investment earnings)

Non-Hardship Withdrawals. During employment, you can make a non-hardship withdrawal from the following Accounts:

-
-
-

Vesting. Your Vested Interest in the Matching Contributions in your Account is determined by the following schedule:

Questions. If you have any questions regarding the Plan or this notice, please contact the Plan Administrator:

Plan Legal Documents. All contributions, distribution options, etc. are subject to the provisions of the legal documents for the Plan. In the event of any conflict, the legal documents will take precedence over this notice. The Employer reserves the right to amend, modify or terminate the Plan at any time for any reason.

Notwithstanding the foregoing, if you are employed by an Employer on your Normal Retirement Date, the date you become Disabled, or the date you die, your Vested Interest in the following contributions in your Account will be 100%:

-

PLAN INVESTMENTS

Default Investment Option. You direct how the contributions made to your Account are invested. You may direct that contributions be invested in any of the funds made available to you under the Plan. The Administrator will provide you with a description of the different investment funds available. New investment funds may be added and existing funds changed. The Administrator will update the description of the available funds to reflect any changes. Unless you choose a different investment option(s), your Plan account will be invested in the .

OTHER INFORMATION

Plan Year. A Plan Year means through and each 12-consecutive-month period thereafter ending December 31.