



Webinar—August 2019



Wespath

BENEFITS | INVESTMENTS

Automatic Features

Agenda

- Participant Engagement Goal
- Automatic Features Definition
- Findings
- Plan Sponsor Elections
- Timeline
- Resources



Our Shared Engagement Goal

**Change participant behavior
to measurably improve
retirement readiness**



Auto Enrollment and Auto Escalation

“Automatic Features” defined:

Auto Enrollment

Participants not currently contributing or contributing less than a specified rate chosen by sponsor are automatically enrolled at that rate

- Participant can choose a different rate or to opt out

Auto Escalation

Participants’ contribution rates are automatically increased every year until they reach a pre-determined rate

- Participant can choose to opt out

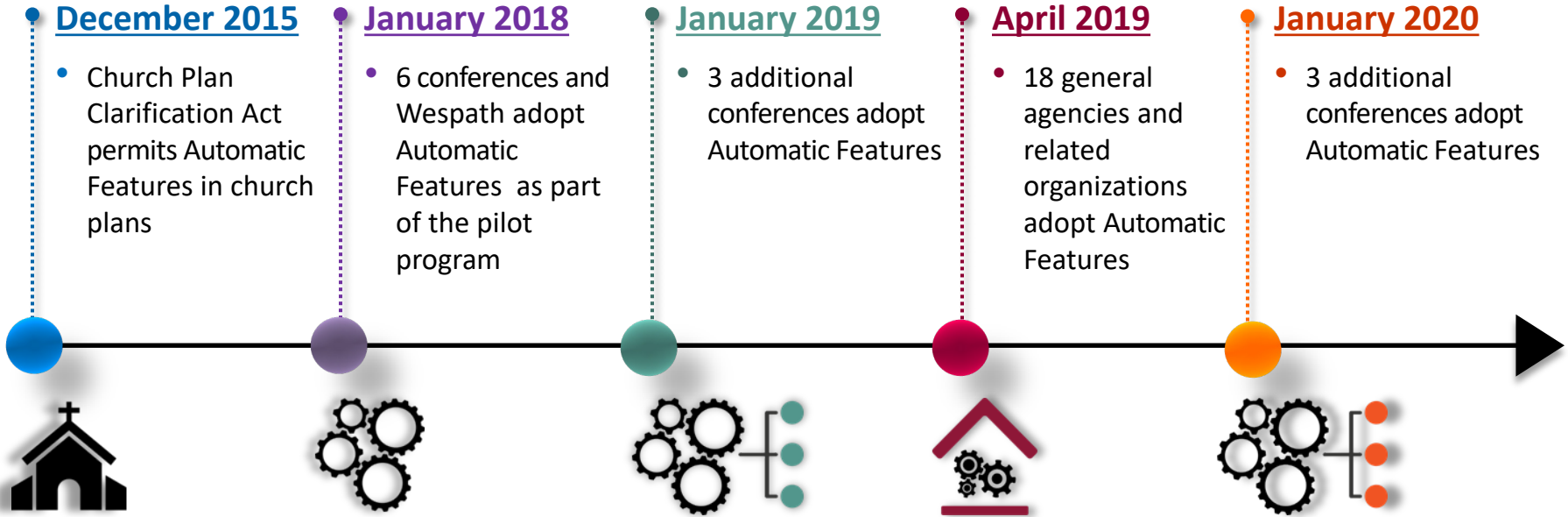


Automatic Features—Importance

- Getting participants engaged is key to success
- Automatic Features will help protect clergy who are less engaged
 - Automatic enrollment: Get participants contributing
 - Automatic escalation: Increase savings rate incrementally over time

Reminder: Automatic Features don't change participant options. They merely change which option is the default.

UMPIP Automatic Features



Auto Enrollment: Findings

6

Conferences added
Auto Enrollment
As of January 1, 2018

3

Conferences added
Auto Enrollment
As of January 1, 2019

Only **7.2%**
chose lower contribution

4.45% → 5.46%

Increase in average
contribution*

*includes 3 with Auto Escalation in 2019

3.60% → 4.33%

Increase in average
contribution
(1,445 participants)

39.4% → 5.6%

Decrease in
clergy not contributing

Auto-Escalation: Findings

3

Conferences had
auto-escalation
As of January 1, 2019

821

Participants

6.05% → 6.65%

Increase in average
contribution

Plan Sponsor Elections



Eligible Participant Group



Automatic Enrollment Default Contribution Rate



Automatic Contribution Escalation Increase and Cap



Annual Automatic Contribution Escalation Month

Plan Sponsor Elections



Eligible Participant Group

Who can be subject to Auto Enrollment?

- New hires only
- New hires *and* current participants contributing nothing
- New hires *and* participants contributing nothing *and* participants contributing less than the default contribution rate

Plan Sponsor Elections

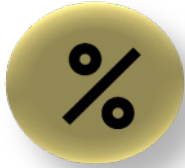


Automatic Enrollment Default Contribution Rate

What is the default rate for participants enrolled automatically?

Any Percent Plan Sponsor Chooses
(frequently between 1%-5%)

Plan Sponsor Elections



Automatic Contribution Escalation Increase and Cap

How much will contributions increase annually and at what % will automatic escalation stop?

Any Percentage/Limit Plan Sponsor chooses

Common Examples:

Annual Increase: 1%-3%

Cap: 5%-10%

Plan Sponsor Elections



Annual Automatic Contribution Escalation Month

When will the first automatic escalation occur and when will it occur each year after that?

Month: Any month

Initial Escalation Year:

- Effective Date
- Effective Date + 1 year

The Fine Print...Details...Details

- Conferences adopting automatic features must sponsor UMPIP for:
 - Participant contributions for clergy
 - All appointed clergy
 - Even if part-time and not in CRSP
 - Includes conference-responsible clergy
 - Excludes clergy at extension ministries who are not conference-responsible
 - Conference office lay employees

All affected clergy must be in Benefits Access Portal prior to automatic enrollment effective date

The Fine Print...Details...Details

- Clergy are auto enrolled at change of appointment (same as new hires)

Example:

Automatic enrollment default rate = 3%

Clergyperson contributing 5% at Church A

Change of appointment to Church B effective 7/1/2019

Clergyperson auto enrolled at 3% at Church B effective 7/1/2019 unless a different rate (or 0%) is chosen on *Contribution Election* form with 7/1/2019 effective date

The Fine Print...Details...Details

- Dollar amount elections are converted to percentages based on compensation in Benefits Access Portal as of effective date

Example:

1/1/2020 Automatic enrollment default rate = 3%

1/1/2019: Compensation = \$48,000

Contribution election = \$120/month before-tax (\$1,440/year)

Calculated contribution rate = $\$1,440 / \$48,000 = 3.0\%$

1/1/2020: Compensation = \$50,000

Calculated contribution rate = $\$1,440 / \$50,000 = 2.88\%$

**Clergyperson would be “auto enrolled” at 3% as of 1/1/2020
(contribution rate of 2.88% is less than 3% default rate)**

The Fine Print...Details...Details

- Opt-outs and different rate elections must be entered in Benefits Access Portal with auto enrollment or auto escalation effective date

Example:

1/1/2020 Automatic enrollment default rate = 3%

Clergyperson contributing 1% as of 7/1/2019 wants to continue contributing 1% as of 1/1/2020

Must complete *Contribution Election* form indicating 1% contribution election with a 1/1/2020 effective date

This election of 1% must be entered in Benefits Access Portal with the 1/1/2020 effective date



The Fine Print...Details...Details

- Participants who are auto enrolled or auto escalated can change their rates at any time prospectively
 - Rate can be changed as soon as feasible in payroll (does not have to be the first of the month)
 - No refunds of contributions made

The Fine Print...Details...Details

- Clergy with multiple appointments (e.g. 2 or 3 point charges):
 - Auto enrollment and auto escalation apply to each appointment in Benefits Access Portal
 - *Contribution Election* form needed for each appointment if electing other than the default

Example:

Automatic enrollment default rate = 3%

Church A contribution rate = 5%

Church B contribution rate = 0%

**Clergyperson 's rate remains
at 5% at Church A
(5% is greater than 3% default rate)**

**Clergyperson automatically enrolled at
3% default rate at Church B
(0% is less than 3% default rate)**

Exclusions

Participants excluded from automatic features

- Roth and After-Tax
- Waived participation
- Participants with no compensation on file who are contributing a dollar amount
- Hardship suspension*/leave/ CPP disability (occurs when return)

* No suspension for hardships taken after 12/31/2019

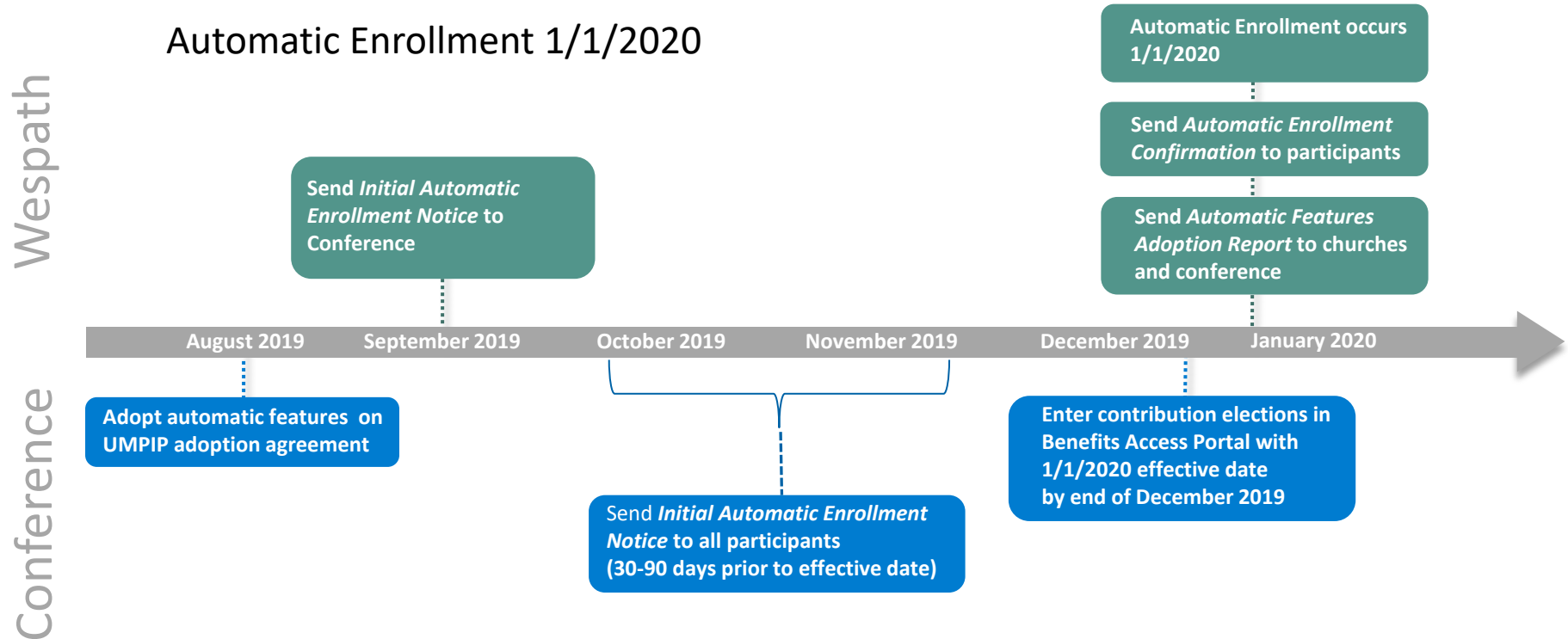


Importance of Communication

- Conferences send *Initial Automatic Enrollment Notice* to all participants
- Participants need to understand choices and how to make them
- Churches or conference implements automatic enrollment rates and increases in payroll
- Wespath provides confirmations of auto enrollment and auto escalation to participants
- Wespath provides reports to churches and conferences



Automatic Features Sample Timeline

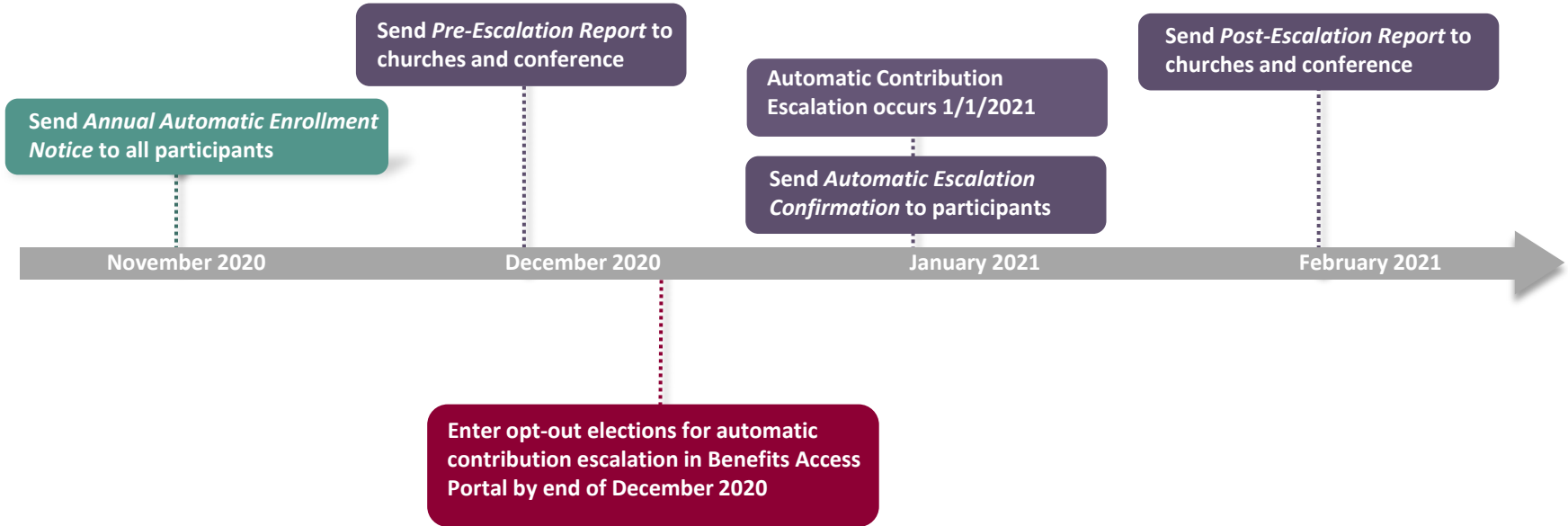


Automatic Features Sample Timeline

Automatic Escalation 1/1/2021

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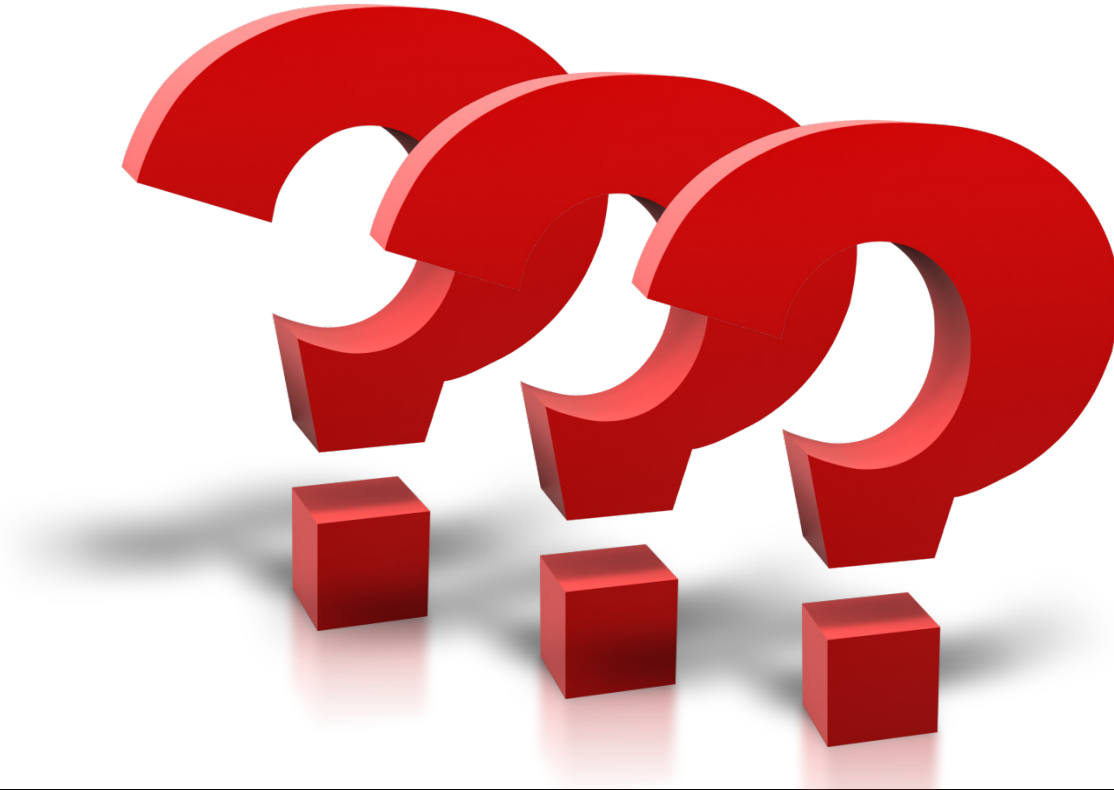


Resources

- Automatic Features Overview
- Participant FAQs
- Plan Sponsor FAQs
- Plan-Specific Cost Impact Report
- Benefits Access for Plan Sponsors Job Aid
 - Entering contribution elections
 - Reports and timing



Questions





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