

# DCP Auto Enrollment

## ESSB 5435



# WHAT Is Auto Enrollment?

- Effective January 1<sup>st</sup>, newly hired, full-time employees of the state and higher education employers are automatically enrolled in the state's Deferred Compensation Plan (DCP)
- Local government employers can choose to administer these same provisions for their newly hired, full-time employees using the same administrative process being implemented for state and higher education employers
- Default deferral rate under auto enrollment is 3 percent of taxable salary
- In preparation for the default deferral percentage, DCP implemented percentage deferrals as an option for all DCP participants effective Oct 3<sup>rd</sup>
- Default investment option under auto enrollment is the retirement strategy fund that assumes an age 65 retirement date
- Employees have 30-days from date of mailed notice to opt out of the auto enrollment provisions
- Employees who do NOT opt out within the 30-day window, will have another 90-day window following their first deferral to stop deferrals and request a permissible withdrawal of their employee contributions made under auto enrollment

# WHO Is Auto Enrolled?

- Full-time employees hired by a state employer on or after January 1, 2017, who either have no prior state employment OR have a break in service from prior state service.
- Full-time employees hired on or after January 1, 2017 for higher education employers. Student Employees are exempt from this auto enrollment coverage.
- Expected length of employment is NOT a determining factor for this enrollment.
- “Full time” status defined in WAC 357-01-174 for state employees.
- DRS retirees who return to work are excluded for auto enrollment coverage

# HOW Will This Be Reported?

- HRMS will send DRS a separate file of all full-time employees who are newly hired after January 1, 2017
- The file will be provided to DRS once per payroll cycle, to be provided at the end of the payroll cycle
- Full-time indicator is key
- DRS will remove known retirees from file
- DRS provides list of new hires to Empower Retirement, the DCP record keeper
- Empower Retirement will mail employee their auto enrollment notice of rights and responsibilities under these provisions

# QUESTIONS?

