

Free product upgrade: Introducing online enrollment

When employers consider ways to enroll participants in their retirement plan, they usually face a tradeoff between two important goals: their desire to **achieve automation** for Human Resources, versus the goal to **offer administrative convenience** to plan participants. While most large employers moved to online enrollment several years ago, many smaller firms still use the traditional, “paper based” approach. Yet in today’s volatile investment markets, even small errors or delays in processing enrollment forms can result in disputes – sometimes costing thousands of dollars to resolve. For this reason, plan sponsors are looking for ways to streamline the enrollment process and reduce risk.

BPA is pleased to announce two alternatives for online enrollment, both of which are provided to clients at **no additional charge**. This primer provides an overview.

What are the hidden risks of paper-based enrollment for plan sponsors?

Enrolling participants through a printed form sounds simple. However, the use of paper opens up many possibilities for things to go wrong. Following are some scenarios that can create immediate financial liability for a plan sponsor:

- ✘ The plan sponsor collected forms from participants but lost or misplaced certain forms (or an entire box of forms).
- ✘ A participant faxed their enrollment form to HR but it was never received (fax transmission problems), or enrollment forms were sent to multiple HR representatives who were unclear about procedures.
- ✘ The plan sponsor received enrollment forms but sent them to the recordkeeper several weeks (or months) after they were received.
- ✘ A participant submitted two or more enrollment forms with conflicting information, or the forms were processed in the reverse order.
- ✘ Handwriting on the enrollment form was ambiguous or illegible, or investment elections did not add up to 100%.
- ✘ The participant completed an old enrollment form, selecting funds no longer offered within the plan.
- ✘ Enrollment forms were mailed to BPA but were damaged in shipping, or there is no proof the form was ever received by Human Resources and / or BPA.



The list of possibilities can go on and on. The point, however, is that if a participant’s account becomes invested differently than what was elected on the form and this causes an adverse financial impact, the participant may expect to be made whole. In the wake of the LaRue case and other recent developments, plan sponsors are looking for ways to galvanize themselves against these hidden liabilities.



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To assist our clients, BPA offers two variations of online enrollment:

Basic Online Enrollment – Under this approach, participants provide an enrollment form to Human Resources to select or change their rate of deferral. The plan sponsor enters this information into the payroll system. However, all investment instructions, both for existing contributions and existing balances, are made directly by participants using the website or voice response system. This completely eliminates the risk to the plan sponsor for mishandling enrollment forms and eliminates any potential disputes over the way a participant's account was invested.

Full Online Enrollment – This approach offers all the advantages of basic online enrollment, but also moves deferral rate elections to the website as well. Under this approach, HR must view the Action Items tab of the plan sponsor site prior to processing each payroll.

The “deferral rate changes” report will provide a chronological history of recent deferral rate elections made within the plan (e.g., “on 11/6/2008, Mary Jones entered a deferral rate of 6% of pay”). The plan sponsor would retrieve this information and make the needed changes to its payroll system. Under full online enrollment, employees should be directed to the website or voice response system to make all deferral rate elections. (If certain employees are not comfortable using the technology, HR can log onto the website and make the change on behalf of the participant if desired.)

Just consider the problems that are solved by online enrollment...

- ✓ No chance for a dispute over ambiguous information or elections on an enrollment form.
- ✓ All investment elections must add up to 100% **before** the transaction will be accepted (employees can quickly correct any problems).
- ✓ Participant can obtain all fact sheets, prospectuses online, plus use all planning and education tools.
- ✓ All web and VRU transactions are recorded – logs can be retrieved later in the event of a dispute.
- ✓ Information is entered into our system directly—there is no possibility for a form to be lost, misplaced, damaged or delayed in transmission.
- ✓ The participant receives an immediate confirm of their elections, and can call our CSR team if they have questions or concerns.
- ✓ Gets participants familiar with the website right away so they can use it to manage their account.

What about employees who do not have access to a computer?

Keep in mind, enrollment can be conducted through our 24-hour voice response system as well as the participant website. We provide an instructions page to assist participants. Those who have internet access at work can enroll directly at their workstation; others can enroll at a designated P.C. or “kiosk”. We can also enable transaction capabilities in the plan sponsor website for clients who wish to assist any participants in enrolling online. When you add it all up, this is a problem that can easily be solved.



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How does online enrollment differ from automatic enrollment?

Although they both use the same dashboard within the participant website, online enrollment and automatic enrollment are different options. Online enrollment makes use of technology to eliminate forms. Automatic enrollment helps the plan sponsor boost participation and deferral rates and turn inertia into a positive force within its plan (new participants are automatically enrolled in the plan at a certain deferral rate unless they opt out). Automatic enrollment can include auto-escalation of deferral rates if desired by the plan sponsor.



For complete information on our automatic enrollment program (entitled Freedom Savings Plans), please visit www.bpah.com/freedom or call your BPA Plan Consultant.

How do I implement online enrollment?

Online enrollment can reduce liability for the plan sponsor by eliminating many paper forms and the hidden liabilities they entail. To get started, please complete the below information and fax it to the number

shown. Or, you can send an email to TrustSales@bpah.com, with a subject line of "interest in online enrollment". We will forward this email to your Plan Consultant, who will follow up with you to discuss implementation.

- I am interested in basic online enrollment
- I am interested in full online enrollment

Your name: _____

Your phone: _____

Plan name: _____

Please fax this page to 315-266-1287 when complete. We will contact you to discuss next steps.

Thank you for considering this primer on online enrollment. We hope you will use the feature to derive the most value out of your retirement plan.

