



KDC Automatic Enrollment Frequently Asked Questions (FAQs)

WHAT IS AUTOMATIC ENROLLMENT?

Automatic enrollment is a feature in a retirement plan that allows an employer to enroll an eligible employee in the plan unless the employee affirmatively elects otherwise. The employer automatically reduces an employee's wages by a default amount/percentage stated in the plan and contributes that amount to the employee's plan account as an automatic enrollment contribution. The employee may affirmatively choose not to contribute at the plan's default rate or to contribute a different amount. The employee is 100% vested in his or her automatic enrollment contributions.

WHAT ARE THE BENEFITS OF AUTOMATIC ENROLLMENT?

Automatic enrollment helps solve one of the most prevalent problems connected with saving for retirement: a participant's 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 can be a powerful way to increase retirement plan savings and plan participation.

WHO DOES AUTO ENROLLMENT APPLY TO?

Automatic enrollment applies only to new full-time employees hired by the Commonwealth of Kentucky Executive, Judicial and Legislative branch. Those new employees hired on or after July 1, 2019, will be automatically enrolled in the Kentucky Deferred Compensation Plan (KDC).

WHAT TYPE OF ENROLLMENT COMMUNICATION(S) DO EMPLOYEES RECEIVE?

Upon hire, new employees will see disclosure pages online when they complete new employee paperwork. Additionally, when their account is created with Nationwide®, they will receive a welcome letter with details about their new account, including how to access the account online and who they can contact with questions.

HOW IS AUTOMATIC ENROLLMENT INITIATED ON BEHALF OF A NEW EMPLOYEE? IS THERE ANYTHING I NEED TO DO AS EMPLOYER?

Nationwide and the Personnel Cabinet have created a data sharing process whereby Nationwide will receive a data feed each day for new hires entered into the KHRIS system. Nationwide will create accounts for new employees and notify the appropriate Payroll personnel. The Payroll notification will work the same way it does currently through the existing billing process.

WHAT IS THE INITIAL SALARY DEFERRAL AMOUNT?

A minimum contribution amount of \$30 per month is elected for the participant. For those on a semimonthly pay schedule, the amount will be \$15 per pay.

HOW ARE ASSETS INVESTED ON BEHALF OF THE PARTICIPANT?

Contributions are placed into a pre-tax 401(k) option and invested in an interest-bearing account for the first 90 days. After the 90-day opt-out period has expired, the assets will be exchanged and future contributions will be invested into the Vanguard Target Retirement Fund most appropriate for the individual's age. The participant has the right to change their investment(s) at any time, and he or she may direct contributions into any of the investment options the KDC plan offers.

IS THERE A WINDOW OF TIME THAT A PARTICIPANT CAN CANCEL THEIR PARTICIPATION IN THE KDC PLAN?

After being automatically enrolled, a participant will have 90 days after their first pay date in which to decide whether they want to continue contributing or opt out of the Plan. If they elect to opt out of the Plan, they will receive a refund of their contributions and the associated interest with no penalties (taxes will be withheld). Participants will need to contact KDC at the phone number listed below.

WHERE DO WE DIRECT QUESTIONS ABOUT AUTOMATIC ENROLLMENT?

KDC Retirement Specialists are available to answer any questions about automatic enrollment. Please contact us via phone or in person:

Kentucky Deferred Compensation

501 High St, 2nd Floor

Frankfort, KY 40601

Local: 502-573-7925

Toll-free: 1-800-542-2667