Participant Contributions

OVERVIEW

Participant contributions or deferral elections are amounts that a participant chooses to have withheld from their paycheck and deposited into their employer-sponsored retirement account.

The following types of participant deferral information is viewable on the Plan provision pages of the Plan Service Center (PSC) as applicable to the Plan:

- Contribution money sources allowed
- Minimum and maximum contribution percentage or amount allowed by contribution source
- Whether catch-up contributions are combined with allowed deferrals or are treated as a separate contribution type
- Rates and increments allowed for changes

Plans that have Automatic Enrollment provisions may define a default contribution election and scheduled annual automatic increase details for automatically enrolled participants. See Automatic Enrollment for more information.

When Empower provides deferral recordkeeping services, participants may change their deferral elections using one of the following methods:

- **Online**: via website or mobile application
- **By phone**: by speaking to an Empower Representative

When changing deferral elections, and if the Plan allows, participants have the following options:

- Schedule for a future date
- Schedule an annual automatic increase

Empower collects all participant contribution changes and reports such changes to the Plan Administrator via the Deferral Feedback report. Deferral changes may include the following as applicable to the Plan:

- Participant-directed contribution elections or changes, including any scheduled for a future effective date.
- Automatic Enrollment or Quick Enrollment default contribution rates if applicable.
- Plan-directed or participant-scheduled annual automatic increases.

NOTE: If Empower does not provide deferral recordkeeping services, the Plan Administrator retains responsibility for tracking participant deferral changes and deferral feedback reports are not generated for the Plan.

Catch-up Contributions

If the Plan allows Age 50 catch-up contributions, then participants who are 50 and older are allowed to contribute additional money to their retirement account each year.

Age 50 Catch-up contributions:

- Do not count toward the annual contribution limit for regular deferrals (402g Limit),
- Are subject to separate annual catch-up contribution limits established by the Internal Revenue Service (IRS).
- May be established as a separate deferral election or combined with other allowed deferrals as directed by the Plan.

Plans that allow catch-up contributions also allow super catch-up contributions unless otherwise directed by the Plan.

Super catch-up contributions:

- Increase the employee catch-up contribution limit for defined contribution and SIMPLE Plan participants aged 60-63.
- Do not count toward the annual contribution limit for regular deferrals (402g Limit).

- Are subject to separate annual super catch-up contribution limits established by the Internal IRS.
- Are established as a combined election with the Plan's age 50 catch-up contribution election.

NOTE: See www.IRS.gov for additional information on annual contribution limits.

Deferral Feedback Reports

Deferral Feedback reports are typically delivered to the Plan Administrator on a frequency that coincides with the Plan's payroll/contribution submission cycle and may be delivered in one of the following ways depending on Plan design and Plan Administrator needs:

Online Feedback

Empower:
- Posts participant contribution updates to the Payroll Changes section of the To Do List on the PSC.
- Sends notification to the Plan Administrator that a To Do List item has been posted and requires action.

Plan Administrator:
- Logs into the PSC and navigates to the Payroll Changes section of the To Do List.
- Selects salary contribution changes under the Action Required heading.
- Reviews deferral changes and indicates changes have been updated on the To Do List.

Feedback File

Empower:
- Creates a file containing participant contribution updates in an agreed-upon format.
- Posts the Deferral Feedback file to the PSC.
- Sends notification to the Plan Administrator that Deferral Feedback file has been posted and requires action.

Plan Administrator:
- Logs into the PSC and retrieves Deferral Feedback file from one of the following locations:
- **PSC Directory**: My Reports Tab visible only to the specified PSC user.
- **PSC File Sharing**: File sharing directory visible to all PSC users for the Plan with access to view File Sharing reports.

The Plan Administrator uses this information to update their system and subsequent payroll/contribution submissions with the updated contribution amount within an administratively feasible timeframe. Failure to submit accurate contribution amounts timely could result in regulatory penalties and/or additional costs to the Plan.