

Want to Increase Your Contribution, Annually and Automatically?



The Annual Increase Program is just the thing if you'd like to establish regular yearly increases to your retirement plan contribution amount. If plan rules allow, you can elect an increase date and percentage when you enroll. Your contributions can go up 1% or more each year automatically, depending on your plan limits. You'll find information on the plan limits on the Annual Increase Program page.

Consider this too: if you coordinate your increase date and amount with expected pay increases, you may be able to realize both an increase in take-home pay and a higher retirement savings plan contribution. Also, in the event your Plan Sponsor elected the increase date and percentage, you can unenroll or opt out of this program. Another option you have is to change the deferral rate to a percentage of your choosing. What you *can't* do is change the increase date.

And just to be clear, you can participate in the Annual Increase Program only if you are contributing to your company's retirement savings plan.

Why Auto Escalation May Be the Way to Go

A great way to increase your savings each year is to use your AHRP auto escalation feature.

This allows you to automatically increase your retirement savings at regular intervals, typically 1% a year, until the amount reaches a preset maximum. You also can select what time of year you'd like the increase to hit your paycheck so that you can time it with an annual raise, set it for the beginning of each year, or whatever cycle works for you.

Here's an example:

Molly is currently contributing 4% to her retirement plan. She decides to enroll in the Annual Increase Program. Molly elects an increase amount of 2% and an increase date of March 1. The following March 1, her contribution amount will be increased from 4% to 6% and Molly's take-home pay and her plan contributions will each reflect this change, generally within one to two pay periods. If Molly stays in the program, her election will increase 2% each year.

Molly's Contribution Elections

Today	4%
March 1 Year 1	6%
March 1 Year 2	8%
March 1 Year 3	10%

Questions and Answers at a Glance:

How do you become eligible for the Annual Increase Program?

You must be regularly contributing to your retirement savings plan through payroll deductions or agree to begin regular deductions. If you decide to stop making regular payroll deductions, you will be automatically unenrolled from the program. You can continue to make deduction elections as your plan allows and withdraw from the program at any time.

How do you withdraw from the program?

You may end your participation in the Annual Increase Program at any time and your decision will be implemented generally within one to two pay periods. Your program elections will be saved online, and if you re-enroll your previous elections will automatically apply unless you change them.

How does your Annual Increase Election get applied?

Your election will be reflected in your pay and on other correspondence generally within one to two pay periods after your increase date. It could take longer, however, based on the frequency of your paycheck. If you want to time the program increase to coincide with a pay raise, determine the length of time it normally takes for new contribution elections to take effect and choose your increase date accordingly. If that date falls on a non-business day, your increase will apply on the next business day. Your increase election will be applied across your contributions based on plan rules.

In certain circumstances, again depending on your plan rules, your program participation may resume if you are rehired by a company you left earlier. If you are rehired, please check your contribution elections to ensure they accurately reflect your wishes.

Are there circumstances where the increase election will not be applied?

Your Annual Increase Election will be applied until you unenroll from the program, subject to the following exceptions:

- You may be suspended from making contributions to your plan due to certain plan rules, even if you are an active employee. In such instances, your program increase will also be suspended. Your election may or may not be re-instated at the end of the suspension period depending on the plan rules. If your election is reinstated, the increase will be applied on the next increase date. If your election is not reinstated, you will be required to reelect or reaffirm your Annual Increase Election.
- If you are approaching or have reached a plan or statutory limit (the maximum percentage or dollar amount that you are allowed to contribute to your retirement plan), only some—or perhaps none—of your increase increment will be applied on your designated increase date. However, if your plan allows after-tax contributions to the plan and you have made a spillover election to continue contributions on an after-tax basis, your Annual Increase Election may be applied for the remainder of the plan year. Please refer to the plan rules to learn more about plan and statutory limits and the impact on contributions.
- To the extent that your contributions are interrupted due to your employment status (for example, leaves of absence or disability) your Annual Increase Election will be held on file until your status changes to allow for continued contributions. If you choose to re-enroll in the plan, your previous Annual Increase Election may be reinstated and put into effect on the next annual increase date unless you change them at the time of your re-enrollment. It's a good idea to confirm whether you are still enrolled in the program when your status changes to allow for continued automatic increases.

Do you have questions not answered here?

Give us a call (800) 730-2477