



## AUTOMATIC CONTRIBUTIONS MADE EASY: EMPLOYER GUIDE AND BEST PRACTICES

---

Installment #5

Rehires and Auto-Enrollment

---

### Reporting Rehired Employees

Accurately and promptly reporting rehire dates for employees returning to your organization is essential. Rehire dates play a vital role in determining ongoing eligibility, enrollment, and plan compliance. These dates directly impact an employee's eligibility for plan participation and enrollment. Eligibility determinations are guided by the provisions outlined in the plan document, making rehire dates a critical factor in the process. Inaccurate or delayed reporting of rehire dates can lead to delayed eligibility reporting and missed deferral opportunities. Rehire dates should be included on the payroll file submission that is uploaded to MVP each pay period.

### Rehire Eligibility Determination

Once employees are uploaded to MVP with a rehire date, MVP reviews the participant's historical employment information to determine if the participant is eligible upon rehire OR if the participant will need to meet the plan's eligibility requirements. MVP runs a weekly report to review all rehires loaded in the prior week and review their eligibility status. Typically, if a rehired employee was previously eligible for the plan, they are eligible upon rehire. If the employee was not eligible previously, MVP will need to review and make a determination on the eligibility status of the employee.

When the rehired employee is eligible for the plan (upon rehire date or at some time thereafter), you will need to make sure they are provided with the enrollment materials and given the opportunity to enroll in the plan. If the plan has an auto-enrollment feature, you must begin withholding with the first paycheck the participant is eligible. If the participant is eligible upon rehire it is imperative to begin withholding the plan's default percentage with the first payroll unless the participant opts out of the auto-enrollment.

## Auto Enrollment Determination

When participants are rehired and are eligible to participate in the plan, they are also re-enrolled in the auto-enrollment feature of the plan. What this means is that when participants are rehired and are eligible for the plan, they should be auto-enrolled at the plan's default percentage absent of an actual election. Upon being made aware of a rehired employee, MVP will update the participant's status and re-enroll them in the auto-enrollment feature. Participants who are being auto-enrolled will be reported on the weekly deferral change reports covered in the previous installment. Once a participant logs into their account, they can opt-out of auto-enrollment.

It is important to note that if an employee is eligible upon rehire, they should be auto-enrolled at the plan's default percentage with the first payroll unless otherwise noted. MVP updates our system once the rehire date is received, which is typically after the first payroll for a rehired employee.

## Best Practices & Recommendations

Handling rehired employees properly can feel daunting and overwhelming. Are they eligible upon rehire? Do they enter on the next entry date? Do they start from scratch and being eligibility determination as if they were a new employee? Establishing a process to identify, report, and enroll these participants properly is key to keeping the plan in compliance and avoid costly corrections. The majority of corrections for missed deferrals are surrounding rehired employees an failure to properly enroll them in the plan.

### 1. Reporting Rehired Employees

- a. Include the rehire date for an employee on the payroll file in the rehire date column as soon as you know an employee is being rehired. This allows MVP to receive the date and review the date to assist in determining eligibility for the participant.
- b. For those employees who are eligible upon rehire, provide them with all the enrollment materials covered in a previous installment.

### 2. Implementing Deferrals and Auto-Enrollment

- a. If the plan has auto-enrollment and the participant is eligible upon being rehired, it is important implement the plan's default percentage within the first 30 days unless the participant elects otherwise. MVP will update our records for eligibility and auto-enrollment AFTER receiving the rehire dates on the payroll uploads. This means an employee could have already received their first paycheck prior to being updated with the auto-enrollment default rate.
- b. Run the deferral change report each pay period to verify those participants who should be auto-enrolled as well as those who have made a separate election.

MVP is here to assist you with creating your processes and walk through the reporting capabilities available to you. Reach our to your Relationship Manager with any questions you may have.