Eligibility

OVERVIEW

A Plan's eligibility provisions define the conditions that must be met by an eligible individual to participate in the Plan. Eligibility provisions typically include:

Condition	Description
Excluded Classes	May specify certain types of individuals who are not eligible to participate in the plan.
Age	The minimum age an individual must reach to participate in the plan.
Service Hours	Working a specified number of hours for the individual, such as 500 hours or 1000 hours.
Service Length	Completing a specified length of employment, such as six months or one year.
Service Crediting Method	Specifies how service length and service hours are calculated when determining an individual's eligibility.
Entry Date	Specifies when newly eligible individuals may enroll into the Plan once meeting the eligibility criteria.

Plan provisions also define how individuals' service is measured when determining if they meet the Plan's eligibility requirements. Service crediting method options are as follows:

Method	Description
Actual Hours Method	• Individuals earn service credit for any hour paid, which may include time for vacation, holidays, jury duty, illness, or military leave as defined by Plan's provisions. • Individual data needed to calculate eligibility for Actual Hours method includes: – Year-to-date or in-period hours worked – Hire, termination, and rehire dates, as applicable
Elapsed Time Method	• Individuals earn service credit based on their length of employment rather than counting actual hours worked. • Individual data needed to calculate eligibility for Elapsed Time method includes hire, termination, and rehire dates as applicable
Equivalency Method	• Individuals earn or accrue service based on a fixed number of hours if they work at least one hour within a given equivalency period. • Equivalency period examples include: – Daily:10 hours per day – Weekly:45 hours per week – Semi-Monthly: 95 hours per semi-monthly period – Monthly: 190 hours per month • Individual data needed to calculate eligibility for Equivalency Method includes hire, termination, and rehire dates as applicable.

NOTE: Once a Plan's eligibility rules are established on the recordkeeping system, any changes must be communicated at least 60 days in advance of the effective date to prevent eligibility and enrollment errors.

Empower assists the Plan Administrator with administering Plan eligibility rules by:

- Identifying which individuals are newly eligible.
- Generating and posting eligibility reports for Plan Administrator review.
- Providing enrollment materials and/or required Plan notices if applicable.

Identifying Newly Eligible Individuals

Empower Calculates Employee Eligibility

When eligibility calculation services are active, Empower calculates individual eligibility based on the following:

- Plan's eligibility rules as set up in the recordkeeping system.
- Individual data submitted by the Plan Administrator.

The Plan's payroll/contribution or individual demographic data file must include individuals' birth date, hire date, termination date, and re-hire date.

Year to Date Hours Worked is also required for Plans with a Service Crediting Method of Actual Hours.

Plan Administrator Calculates Employee Eligibility

When eligibility calculation services are not active, the Plan Administrator retains responsibility for determining when individuals become eligible to participate in the Plan.

The Plan Administrator is responsible for:

- Tracking when individuals meet the Plan's eligibility requirements.
- Providing updated eligibility indicators and participation dates to Empower signaling when individuals become eligible.

If Plan provisions specify that certain classes of individuals are not eligible to participate in the Plan (excluded classes), the Plan Administrator may use any one of the following methods to identify ineligible individuals based on payroll/contribution or demographic data file design:

Method	Description
Exclude from File	• Only include eligible new hires on the payroll or demographic data file. • If an ineligible individual becomes eligible, add them to the next payroll or demographic data file.
Excluded Class Indicator	• Include an excluded class indicator (Y/N) as a data point on the payroll or demographic data file. • If an ineligible individual becomes eligible, change the excluded class indicator from Y to N on the next payroll or demographic data file.

Additional excluded class identification options may be available depending on the complexity of Plan design.

Generating and Posting Eligibility Reports

There are typically two sets of Eligibility Reports generated and posted to the Plan Service Center (PSC) for the Plan Administrator to review.

Reports	Description
Trial New Eligible Reports	• Identifies individuals who will report as eligible on the final New Eligible Reports. • If address errors are identified, includes a Trial New Eligible Reject report listing any individual address errors that need to be corrected before New Eligible Reports are generated. • NOTE: Trial New Eligible reports may not be necessary for plans with an immediate eligibility provision,

Reports	Description
New Eligible Reports	• Identifies individuals who are eligible to enroll on the next Plan entry date. • If address errors were not corrected, includes a New Eligible Reject report identifying any address errors that were reported on the Trial New Eligible Reject report but were not corrected before the New Eligible report was generated.

Eligibility reports are delivered to the Plan Administrator on a frequency that coincides with the Plan's payroll/contribution submission cycle and may be delivered via the following methods depending on Plan design and Plan Administrator needs:

- Eligibility file posted to PSC: Available for 30 days.
- Online posted through To Do List: Available for the current entry period only.

The Plan Administrator may download and save copies of these reports with each entry period to keep in their records in case they are needed for audit purposes.

The Plan Administrator uses these reports to:

- Identify and confirm individuals who will be/are eligible to enroll.
- Identify and resolve any address errors that could prevent individuals from:
  - Being able to enroll in the Plan.
  - Receiving enrollment materials and required Plan notices as applicable

Empower sends an email notification to the Plan's designated contact when these reports are generated and posted for Plan Administrator review.

Providing Required Notices/Enrollment Materials

If the Plan is set up with automated notices and/or enrollment materials, then the recordkeeping system produces and sends applicable materials to individuals included on the New Eligible Report posted to the PSC.

NOTE: Any individuals with address errors are excluded from the automated Plan notices and/or enrollment materials production and fulfillment process until the address errors have been corrected.

If the Plan does not use automated notices and/or enrollment materials, then the Plan Administrator retains responsibility for creating and sending this information to newly eligible individuals unless the Plan's Services Agreement. Indicates otherwise.

Manual Adjustments

If an individual's eligibility requires manual adjustment, the Plan Administrator must coordinate with the Service Team prior to making any changes on the Plan Service Center (PSC). Manual eligibility adjustments made on the PSC without coordinating with the Service Team could result in future eligibility errors.