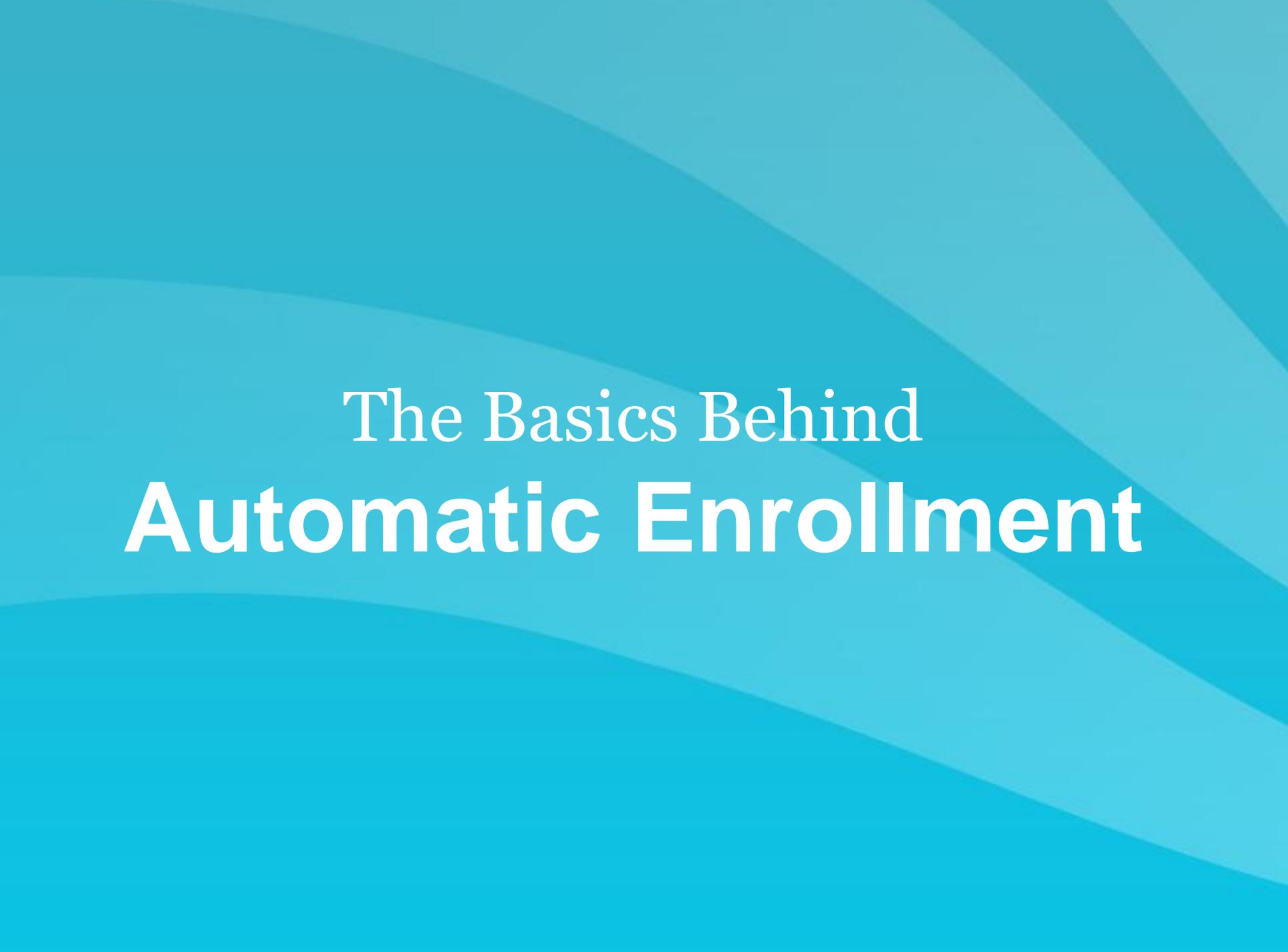




Automatic Enrollment

The background of the slide features several overlapping, wavy bands of different shades of blue, creating a dynamic, layered effect. The colors range from a light, airy blue to a deeper, more saturated cyan.

The Basics Behind **Automatic Enrollment**

Automatic Enrollment Basics

- **Begins July 1, 2012**
- **Applies to new permanent full-time and part-time employees being hired for the first time by the state.** (i.e. Employees with no SAMII record)
- **Does NOT apply to university employees.**
- **By default, auto enrolled employees will contribute 1% of pay each pay period.**
 - ✧ After July 1, 2012, current participants can also establish percentage-based deferral amounts. Flat dollars deferrals will still be available.

Automatic Enrollment Basics

- **Auto enrolled employees will be invested in a Missouri Target Date Fund based on their date of birth.**
 - ✧ Employees can change their investment election at any time.
- **If participants do not want to contribute, they must adjust their contribution to zero.**
 - ✧ In Account Access through SEBES, ESS or www.modeferredcomp.org
 - ✧ By phone at 800-392-0925

Automatic Enrollment Basics

Enrollment Summary in SEBES

ENROLL: SUMMARY

Name: Accessibility A User [Edit Personal Information](#) | [Change Password](#)
Agency: 050 - MOSERS

This is your enrollment summary. It lists the benefits you are eligible to receive, the status of your enrollment, and your enrollment period. Use the buttons in the Action column to start or change an enrollment.

My Benefits	Status	Enrollment Starts	Enrollment Ends	Days Remaining	Action
MOSERS (Retirement, Term Life Insurance , Long-Term Disability) *	Waiting for Employee	06/01/2012	07/02/2012	13	<input type="button" value="Enroll"/>
MCHCP (Medical, Dental, Vision) *	Waiting for Employee	06/01/2012	07/02/2012	13	<input type="button" value="Enroll"/>
Cafeteria plan	Waiting for Employee	06/01/2012	07/02/2012	13	<input type="button" value="Enroll"/>
Universal Life Insurance	Reviewed Information	06/01/2012	07/31/2012	42	<input type="button" value="Change"/>
Deferred compensation	Auto Enrolled*	06/01/2012	N/A	N/A	<input type="button" value="Change"/>

**Applies to new permanent part-time and full-time employees. Excludes university, rehires and previous temporary or seasonal non-benefit eligible employees. Please review your upcoming paychecks to confirm contributions to the deferred compensation plan.*

* Action required

Please ask your employer for assistance if you are having difficulty navigating this site.

Automatic Enrollment Basics

Adjusting contributions through SEBES

Please note: If you are a [new permanent part-time or full-time employee](#)*, you are automatically enrolled into this important employee benefit. You can choose to opt out of automatic enrollment by accessing your deferred compensation plan account and adjusting your contribution amount to zero. If you adjust your contribution to zero within the first 30 days of employment, you will receive a full refund of any contributions. Even if you adjust your contributions to zero, you can resume contributions to the Plan at any time throughout your career. For more information, read the [Notice Concerning Automatic Enrollment](#).

*Excludes university, rehires and previous temporary or seasonal non-benefit eligible employees.

READ CAREFULLY AND SELECT ONE OF THE FOLLOWING OPTIONS

I understand that I am auto enrolled in this benefit. I would like to:

- Adjust my deferred compensation contribution amount (up or down) from the default of 1% of my pay each pay period.**
- Designate a beneficiary for my account.**
- Proceed to the next step in the benefit enrollment process.*

*The enrollment for this benefit does not return to this website. You will have to log back into SEBES after completing your deferred compensation changes.

[◀ Back](#)

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Automatic Enrollment Basics

Adjusting contributions in Account Access



Automatic Enrollment Basics

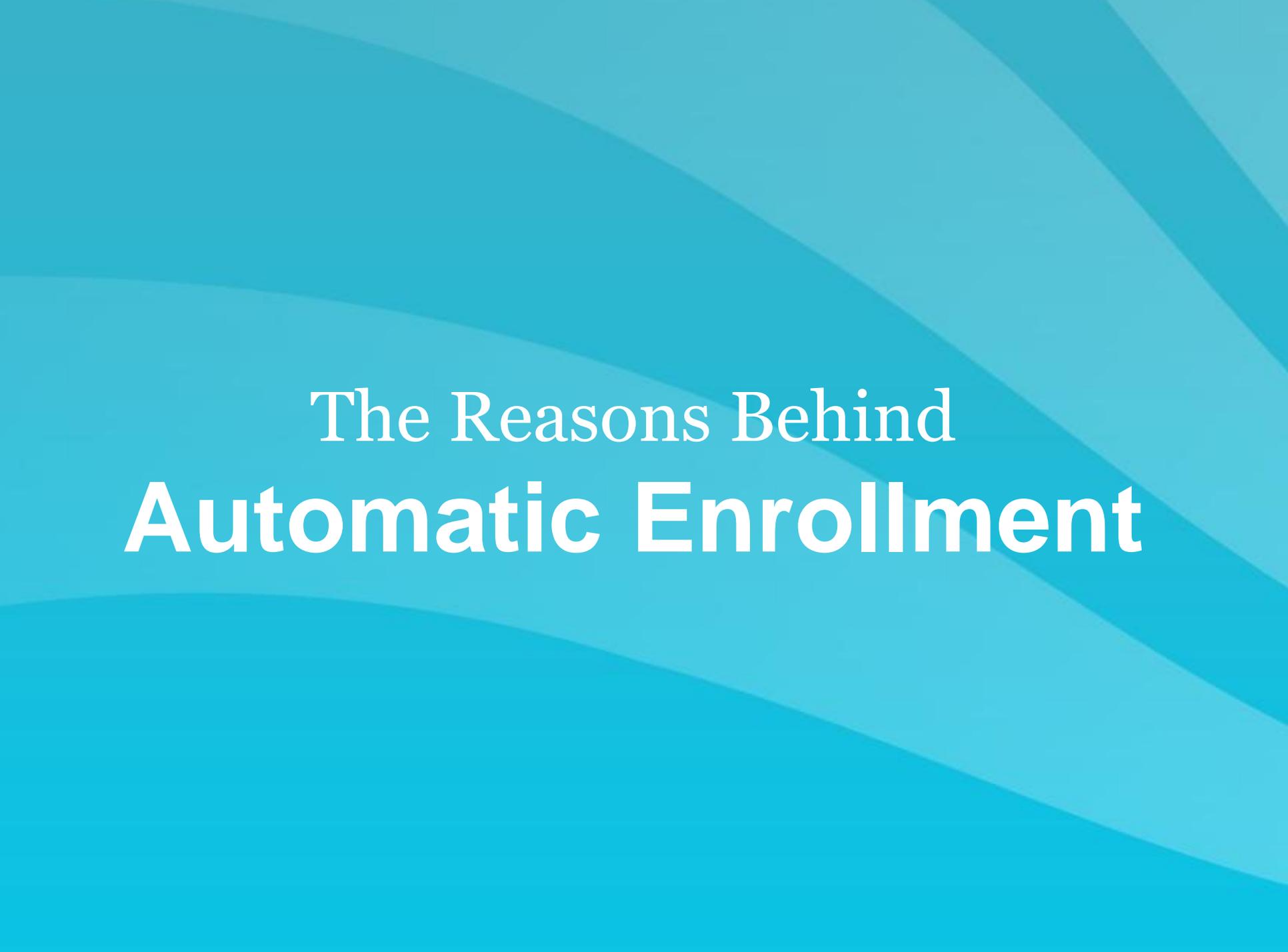
- **Employees can receive refunds of any contributions if they adjust their contribution to zero within 30 days of hire.**
 - ❖ Refunds will be in the form of a paper check mailed to employee's home address.
 - ❖ After 30 days, employees can access their savings based on the Plan's standard distribution guidelines.

Automatic Enrollment Basics

- **Because employees have 30 days to make affirmative contribution elections, it's important that ESMTs are submitted in a timely fashion.**
- **The ENRL (Benefit Enrollment transaction) created through submitting the ESMT will have an effective date equal to date of hire.**
- **Temporary employees will be listed on a new report for agencies to review**
 - ✧ Please review this report in MOBIUS to determine if a new employee should have been automatically enrolled.

Automatic Enrollment Basics

- **Questions?**

The background of the slide features several overlapping, wavy bands of different shades of blue, creating a dynamic, fluid visual effect. The colors range from a light, airy blue to a deeper, more saturated teal.

The Reasons Behind **Automatic Enrollment**

Why Automatic Enrollment?

- **Streamlines the benefit enrollment process**
- **Allows employees to take full advantage of their benefits**
 - ✧ Participants have access to low-cost, professionally managed investment options
 - ✧ Penalty free access to funds at any age after separation from service
 - ✧ Account consolidation options for previous employer savings plans
- **Encourages new employees to start saving**

The Importance of Saving **A Quiz**

80%

Recommended income replacement for retirees to live comfortably in retirement, according to retirement planning experts.

\$2,488

Monthly retirement income required for average MOSERS retiree to meet the 80% replacement level.*

**Based on data from MOSERS 2011 Member Profile Summary*

\$1,481

Average **monthly** benefit amount for a new
MOSERS retiree.*

**Based on data from MOSERS 2011 Member Profile Summary*

\$2,488
- \$1,481

\$1,007

average **monthly** retirement income gap for
current MOSERS retirees*

**Based on data from MOSERS 2011 Member Profile Summary*

Why Automatic Enrollment?

- **Current retirees have Social Security and other supplemental savings they have accumulated throughout their careers to replace income in retirement.**
- **But...**

\$816

Monthly health care premium for a retiree and spouse
under the PPO 600 plan.*

(Assumes 23 years of service, with no incentives or Medicare)

* Source: my.mchcp.org/PremiumCalculator.aspx?Year=2012

The **Trustees** of Social Security
announce that its trust fund will face exhaustion in 2033.

Source: www.ssa.gov



Social Security

The Official Website of the U.S. Social Security Administration

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Press Release

Monday, April 23, 2012
For Immediate Release

Press Office
410-965-8904
press.office@ssa.gov

Social Security Board of Trustees: Projected Trust Fund Exhaustion Three Years Sooner Than Last Year

(Printer friendly version)

The Social Security Board of Trustees today released its annual report on the financial health of the Social Security Trust Funds. The combined assets of the Old-Age and Survivors Insurance, and Disability Insurance (OASDI) Trust Funds will be exhausted in 2033, three years sooner than projected last year. The DI Trust Fund will be exhausted in 2016, two years earlier than last year's estimate. The Trustees also project that OASDI program costs will exceed non-interest income in 2012 and will remain higher throughout the remainder of the 75-year period.

In the 2012 Annual Report to Congress, the trustees announced:

~~The projected point at which the combined Trust Funds will be exhausted comes in 2033 – three years sooner than projected last year. At that time, there will be sufficient non-interest income coming in to pay about 75 percent of scheduled benefits.~~

- The projected actuarial deficit over the 75-year long-range period is 2.67 percent of taxable payroll -- 0.44 percentage point larger than in last year's report.
- Over the 75-year period, the Trust Funds would require additional revenue equivalent to \$8.6 trillion in present value dollars to pay all scheduled benefits.

"This year's Trustees Report contains troubling, but not unexpected, projections about Social Security's finances. It once again emphasizes that Congress needs to act to ensure the long-term solvency of this important program, and needs to act within four years to avoid automatic cuts to people receiving disability benefits," said Michael J. Astrue, Commissioner of Social Security.

Other highlights of the Trustees Report include:

- Income including interest to the combined OASDI Trust Funds amounted to \$805 billion in 2011. (\$564 billion in net contributions, \$24 billion from taxation of benefits, \$114 billion in interest, and \$103 billion in reimbursements from the General Fund of the Treasury—almost exclusively resulting from the 2011 payroll tax legislation.)

Why Automatic Enrollment?

- **Growing health care costs and the unpredictability of Social Security will force retirees to rely on personal savings more in the future.**
- **A defined benefit pension is a great start, but it won't be enough.**

The new employee.

Why Automatic Enrollment?

- **New communication challenges for new employees**
 - ✧ Value of the 4% pension contribution
 - ✧ Value of the deferred compensation plan
 - ✧ Importance of auto enrollment and saving

Why Automatic Enrollment?

- **Assumptions for New Employees***
 - ✧ Average starting age of 34
 - ✧ Average entry salary of \$28,000
 - ✧ Average salary increase of 2% per year (historically 3.2%)
 - ✧ 28 years of service (to meet MSEP 2011 retirement eligibility)

**Based on data from MOSERS' 2011 Member Profile Summary*

\$41,497

Projected career **pension** contributions for an employee who joins the state at 34 and works until retirement eligibility (under MSEP 2011).*

**Uses current average entry age and average entry salary for new hires and assumes salary increase of 2% per year and 28 years of service.*

\$356,899

Total lifetime benefit amount an average MOSERS retiree (under MSEP 2011) could receive assuming a retirement age of 62, a 28 year career and a life expectancy of 78*.

**Current average life expectancy according to the CDC*

\$3,124

Assumed future monthly retirement income necessary to reach the recommended 80% replacement level.*

**Using demographic data from MOSERS' 2011 Member Profile Summary*

\$1,858

Assumed future monthly retirement benefit for retirees
under MSEP 2011.

**Using demographic data from MOSERS' 2011 Member Profile Summary*

\$3,124
- \$1,858

\$1,266

assumed **monthly** retirement income gap for
MSEP 2011 retirees*

**Using demographic data from MOSERS' 2011 Member Profile Summary*

Why Automatic Enrollment?

- **Unknown future variables include Social Security and health care costs.**
- **Without supplemental income, future retirees will face a larger savings gap at retirement.**
- **Automatic enrollment will encourage new employees to start saving.**

10%

Current percentage of employees hired after January 1, 2011, who are participating in the deferred compensation plan.

\$23.33

Average monthly contribution amount for a newly hired employee automatically contributing 1% of pay.*

**Based on salary data for new hires in MOSERS 2011 Member Profile Summary.*

\$161,295

Probable deferred compensation balance after
28 years of service with a half percent (.5)
deferral increase per year following automatic
enrollment at 1% of pay.

**Using demographic data from MOSERS' Member Profile Summary and assuming a 6% average annual return.*

Why Automatic Enrollment?

- **Questions?**