

DCIIA Announces FAQ Resource That Provides Clarification On Common Regulatory Questions Related to Automatic Features in Defined Contribution Plans

In its newly released document “Implementing Automatic Features in Defined Contribution Plans: Answers to Frequently Asked Questions”, DCIIA provides insight into specific aspects of automatic features implementation that are commonly misunderstood.

([PRWEB](#)) May 01, 2014 -- The Pension Protection Act of 2006 (PPA) introduced multiple safe harbors for implementing automatic enrollment in defined contribution (DC) plans. While helpful in providing comfort to plan sponsors seeking to implement automatic features such as automatic enrollment and automatic contribution escalation, the introduction of these safe harbors has also caused confusion within the DC plan sponsor community. This confusion may prevent sponsors from taking full advantage of auto features and translate into sub-optimal implementation approaches that may not facilitate adequate income replacement by plan participants in retirement.

“This [Frequently Asked Questions \(FAQ\)](#) resource seeks to provide clarification on common regulatory questions that plan sponsors and their advisors may have when putting auto features into practice”, stated Lew Minsky, DCIIA’s Executive Director.

The document is the fourth in a series on automatic features best practices and addresses questions related to default rates, automatic escalation step up rates and maximum limitations, re-enrollment requirements, and other related topics. DCIIA’s other published papers on automatic features include:

“Best Practices When Implementing Automatic Features in DC Plans”, a 2013 white paper which described how to implement auto features in DC plans in more robust ways to help achieve better outcomes for plan participants.

“Raising the Bar: Pumping Up Retirement Savings”, which examined the results of DCIIA’s 2011 plan sponsor survey and found that the use of automatic features was directionally positive, but recommended more guidance on implementing them to further improve outcomes.

“The Impact of Auto-Enrollment and Automatic Contribution Escalation on Retirement Income Adequacy”, jointly produced by DCIIA and the Employee Benefit Research Institute (EBRI), is an analysis of how the probability of ‘success’ changes with different 401(k) features, such as automatic enrollment.

These papers, along with other resources that aim to support the robust implementation of automatic features in DC plans, are posted within DCIIA’s newly launched [Auto Features Resource Center](#). Please visit our website www.dciia.org to learn more.

ABOUT DCIIA

The [Defined Contribution Institutional Investment Association \(DCIIA\)](#) is a nonprofit association dedicated to enhancing the retirement security of American workers. Toward this end, DCIIA fosters a dialogue among the leaders of the defined contribution community who are passionate about improving defined contribution plan design. DCIIA members include investment managers, consultants, law firms, record keepers, insurance



companies, plan sponsors and others committed to the best interests of plan participants. For more information, visit www.dciia.org.



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