

# Understanding the Step-Up Savings Service



Step-Up Savings is an optional, automatic contribution escalation service that provides a structured savings solution for participants. It helps boost participants' contribution rates through automatic, annual contribution rate increases.

- Quick and easy process for participants to elect an annual, automatic, pre-tax or Roth contribution rate increase
- Participants turn on this service during enrollment – or any time later
- Annual contribution rate increases are included in the employer's Payroll Update Report
- This service is offered at no additional cost to the plan or participants

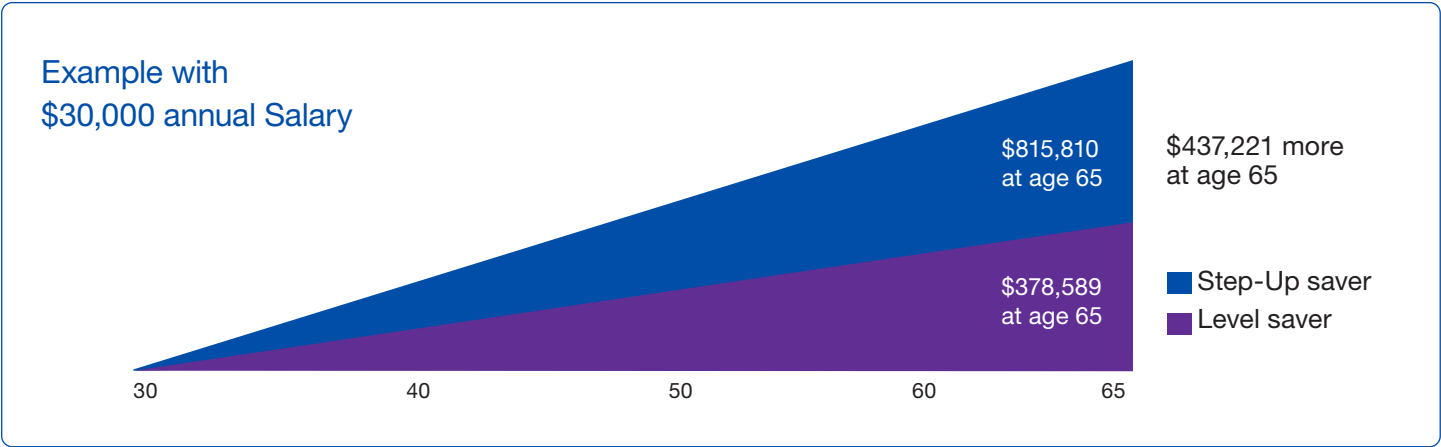
## Step-Up Savings Settings

Employers choose the settings for the plan. The most common settings are below.

- Minimum contribution rate to be eligible: 1%
- Annual contribution rate increase: 1%
- Contribution rate maximum (no automatic increases after this rate): 15%
- Contribution rate increases apply to 401(k) pre-tax or Roth contributions.
- Annual contribution rate increase: First day of the plan year. Or, can coincide with an annual pay increase, when participants will feel less impact of an increased contribution.
- First increase date: The plan's next annual contribution rate increase date, regardless of when the participant enrolls in Step-Up Savings.

# Stepping Up Can Make a Difference

Take a look at these examples to see what a difference Step-Up Savings can make.

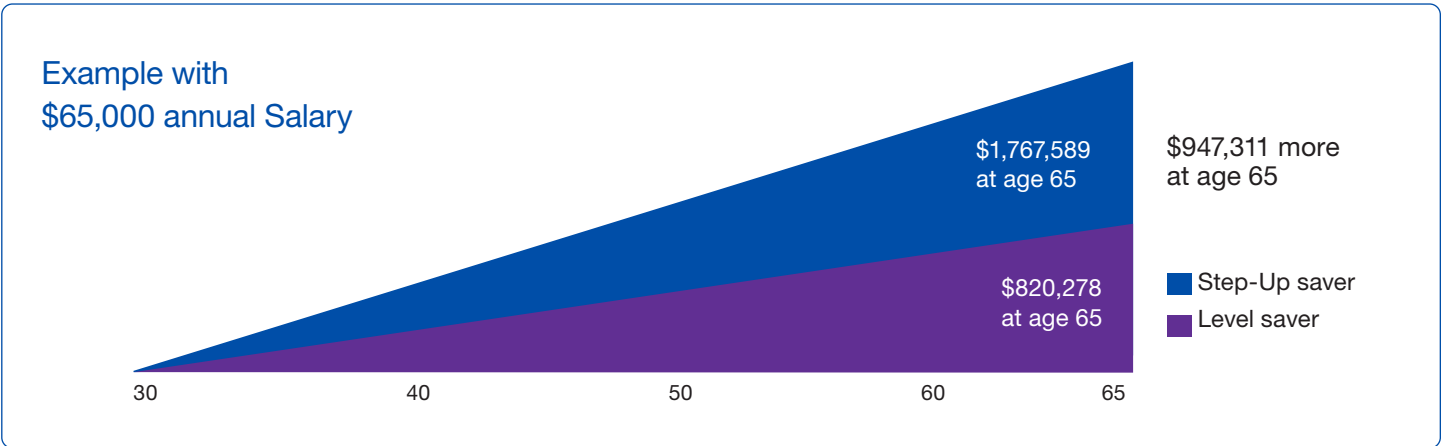


## Assumptions

Level saver contributes 6% each year from age 30 to age 65.

Step-Up saver starts at 6% and increases 1% each year until a contribution rate of 15% is achieved. Step-up saver continues at 15% until age 65.

Graph assumes \$30,000 salary adjusted for 3% annual inflation and a 7% annual investment return net of any fees or expenses. The investment rate illustrated may not be indicative of the current market conditions. Investments will fluctuate and may be worth more or less than originally invested. This is a hypothetical example for illustrative purposes only. Not specific to any plan or investment.



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## Step-Up Savings FAQ

**Q: Is a plan amendment required to add Step-Up Savings?**

A: No plan amendment is required.

**Q: Is there an additional cost to add Step-Up Savings?**

A: No.

**Q: Can plan sponsors elect to automatically turn on the Step-Up Savings service for all participants?**

A: No. Employers may elect to offer this service to participants through the plan, but participants individually decide to opt in to the service.

**Q: How do participants opt in and opt out of this service?**

A: Participants may opt in or opt out of this service online or via paper form. Newly eligible participants can elect Step-Up Savings at enrollment.

**Q: Are Roth contributions eligible for Step-Up Savings?**

A: If a plan allows Roth contributions the participant will be prompted to decide if they want to step up their pre-tax, Roth or both contribution rates. The minimum, step-up rate and step-up maximum will be managed independently.

**Q: Once a participant elects the Step-Up Savings service, can they actively change their contribution rate and remain in Step-Up Savings?**

A: Yes, participants can actively make a contribution rate change and continue using Step-Up Savings, as long as the new contribution rate is lower than the maximum rate established under the Step-Up Savings service.

**Q: Are other plan services required to add Step-Up Savings to the plan?**

A: Yes, the plan must offer online enrollment.

**Q: How are annual contribution rate increases communicated to plan sponsors?**

A: Contribution rate increases are communicated in a weekly email reminder, where employers are asked to review the rate changes on the Payroll Update Report on PlanNet.

**Q: How do employers know which employees are participating in Step-Up Savings?**

A: Employers can identify which participants have elected Step-Up Savings by selecting the “Employer Reports - Customize a report” option on the plan sponsor website. From there, select “Step-Up Savings.”

**Q: Is an annual participant notice required if Step-Up Savings is offered in the plan?**

A: No, a participant notice is not required.

Employers, please contact your financial professional or representative from The Standard if you have questions. If you're a financial professional, contact our sales team at 844.239.3561.

The Standard | 1100 SW Sixth Avenue, Portland, OR 97204 | [standard.com](https://www.standard.com)

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