

## The 401(a) Retirement Plan Enrollment & Eligibility

The mission of the YMCA Retirement Fund is to partner with YMCAs to help those who serve others build a foundation for financial security in retirement.

The Fund sponsors the 401(a) Retirement Plan, which is a defined contribution, money purchase church pension plan that elected into certain provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

### **Q. Do all Y employees have to be enrolled in the 401(a) Retirement Plan?**

**A.** Yes. As a condition of employment, individuals employed at Ys that participate in the 401(a) Retirement Plan must be enrolled as soon as they are eligible. Only new employees, hired for the first time by a Y after age 60, who are working for a Y that requires employees to make contributions, may elect to waive participation. If the employee chooses to waive, they must complete a *Waiver of Participation*.

### **Q. Can an employee waive enrolling in the 401(a) Retirement Plan because of financial hardship?**

**A.** No, an employee cannot waive enrollment because of financial hardship.

### **Q. When are employees eligible to be enrolled in the 401(a) Retirement Plan?**

**A.** Employees become eligible when they have completed 1,000 hours of service during each of any two 12-month periods, beginning with their date of hire ("anniversary date"). These 12-month periods do not have to be consecutive. Employees are enrolled on the first day of the month following their anniversary date, after they complete the service requirement if they are age 21. If their anniversary date falls on the first of the month, they are enrolled on their anniversary date. If the employee is not yet 21 but has met the service requirement, they are enrolled on the first day of the month *after* they turn 21. If they were born on the first of the month, they are enrolled on their 21st birthday.

### **Q. Should part-time employees be enrolled in the 401(a) Retirement Plan?**

**A.** Yes, a part-time employee is eligible if he or she satisfies the eligibility requirements. Once enrolled, employees continue to participate even if they work less than 1,000 hours in subsequent years.

### **Q. What if an employee moves from one Y to another, or works at multiple Ys?**

**A.** Ys must take into account all of the employee's prior and concurrent service at participating Ys when establishing eligibility to be enrolled in the 401(a) Retirement Plan.

If there is no break in Y employment, or a minimal break in Y employment (less than 12 months), employees who have completed the service and age requirements will be enrolled on the first day of the month following their original anniversary date, even if by that time they are employed by a participating Y other than the one that first hired them. (If their original anniversary date has already passed when they begin employment with the new Y, they will be immediately enrolled.) See the next question for time restraints if there is a significant break in Y employment.

Example: Maria, age 23, was hired on July 31, 2021. On January 1, 2022, she was hired part-time at a second participating Y. During each of the 12-month periods beginning on July 31, 2021 and July 31, 2022, she accumulated well over 1,000 hours between her two Y jobs. She was enrolled in the 401(a) Retirement Plan on August 1, 2023.

Example: Nick, age 36, was hired on February 15, 2021. He worked 1,000 hours in the 12-month period beginning on February 15, 2021. From February 15, 2022 to November 30, 2022 he completed another 1,000 hours before leaving his Y. On December 1, 2022, he was hired by another participating Y. Because Nick had met the eligibility and age requirements already, his new Y employer enrolled him in the 401(a) Retirement Plan on March 1, 2023, the first of the month following his original date of hire.

Example: Gary, age 50, was hired on May 15, 2020. He worked 1,000 hours in the 12-month period beginning on May 15, 2020. From May 15, 2021 to August 31, 2021, he worked 500 hours before leaving his Y. On January 1, 2022, he was hired by another participating Y and worked 500 hours from January 1 to May 14, 2022. His new Y employer enrolled him in the 401(a) Retirement Plan on June 1, 2022, the first of the month following his original date of hire.

Example: Lydia, age 39, was hired on July 1, 2021. She worked 1,000 hours in the 12-month period beginning on July 1, 2021. From July 1, 2022 to May 31, 2023 she completed another 1,000 hours before leaving her Y. On September 1, 2023, she was hired by another participating Y. Because Lydia had met the eligibility and age requirements already, her new Y employer enrolled her immediately in the 401(a) Retirement Plan (her original date of hire had already passed).

### **Q. What if an employee leaves one Y, and years later is employed by the same or another Y?**

**A.** For employees who were previously enrolled in the 401(a) Retirement Plan and vested in employer contributions, the rule is easy: they resume participation immediately upon their return regardless of how long they have been gone. For employees who were previously enrolled but not vested in employer contributions, the rules vary. The employee resumes participation immediately if they were away less than six years. If they were away more than six years, they will be treated as a new hire, and prior service will not count towards eligibility.

Employees who have a Personal Account and/or an Additional Y Account are always vested in them, regardless of who made the contributions originally. Therefore, employees who worked for a Y that made contributions to their Personal Account on their behalf or to an Additional Y Account must resume participation immediately upon their return, regardless of the length of their period of severance from Y employment.

If you need assistance in making this determination, please contact the Fund.

For employees who were never enrolled in the 401(a) Retirement Plan, enrollment depends on two factors: a) how long the employee was away, and b) the extent to which the employee met eligibility prior to leaving the Y.

- If an employee was away longer than six years, they will be treated as a new hire and prior service will not count towards eligibility.
- If an employee returns to a participating Y within six years, any previous 12-month periods wherein the employee completed 1,000 hours of service will count towards eligibility. If they completed two such periods before leaving, they will be enrolled immediately upon hire. If they completed one such period, begin counting hours toward the second period, starting with their most recent date of hire.

Example: Ayesha, age 31, was hired on November 1, 2021. She worked 1,000 hours in the 12-month period beginning on November 1, 2021. From November 1, 2022 to April 30, 2023 she completed another 1,000 hours before leaving her Y. On October 1, 2023, she was hired by another participating Y. Because she had already completed the service and age requirements, her new Y employer enrolled her immediately in the 401(a) Retirement Plan.

Example: James age 40, was hired on January 15, 2019. He worked 1,000 hours before leaving employment on September 1, 2019. He was hired by another participating Y on July 1, 2022. Since he returned to work within six years, his first 1,000 hours of service counted. He must complete another 1,000 hours of service within a 12-month period using his new date of hire (since there was a break in his Y employment of more than 12 months). Once he meets this requirement, he will be enrolled in the 401(a) Retirement Plan.

### **Q. What if an employee believes that they achieved eligibility but was not enrolled by their Y?**

**A.** The employee should approach the Local Plan Administrator at their Y and ask them to recheck their eligibility calculations. The employee may also call the YMCA Retirement Fund. If the matter is not resolved to the employee's satisfaction, the employee can make a written request for a review of the matter in accordance with the claims procedures in the *Summary Plan Description Booklet* for the 401(a) Retirement Plan.