

**Automatic Enrollment Provisions
of the Pension Protection Act of 2006**

	Preemption ERISA § 514(e)	Withdrawals Permitted Code §414(w)	401(k)(13) Safe Harbor
Defined term	“Automatic contribution arrangement”	“Eligible automatic contribution arrangement”	“Qualified automatic contribution arrangement”
Effect	State anti-garnishment laws preempted	Permitted withdrawal taxed in year distributed; no early withdrawal penalty	401(k) safe harbor
Automatic contributions	Uniform percentage of compensation	Uniform percentage of compensation	3 to 10 %
Default investment	Contributions invested in default investment (DOL regs under 404(c)(5))	Contributions invested in default investment (DOL regs under 404(c)(5))	Not required
Notice	Notice before plan year	Notice before plan year	Notice before plan year
Opting out	Reasonable period to opt out or change percentage	Reasonable period to opt out or change percentage	Reasonable period to opt out or change percentage
Withdrawal rights	Not required	Plan may permit withdrawal of elective contributions (and earnings) if election made within 90 days of first elective contribution	Not required
Employer contribution	Not required	Not required	100% employer match of first 1%, 50% match between 1 and 6% OR 3% employer contribution for nonhighly compensated
Vesting	No special vesting	No special vesting	2-year vesting for matching contributions
Applies to	Any ERISA plan	Qualified plans, 403(b) annuities, 457 plans; not limited to plans that meet 401(k) safe harbor	401(k) plan

