

RETIREMENT SERVICES

SMARTSync®

Comprehensive Plan Automation



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Benefits of Payroll Integration With Your Retirement Plan

Research conducted by ADP in conjunction with Retirement Research, Inc. examined how plan sponsors value the integration of payroll with their retirement plans — along with other benefits solutions. Here's what survey respondents who have experienced the comprehensive integration provided by ADP with its payroll and retirement plan recordkeeping systems report:



86%
reported a time savings through the integration provided by SMARTSync¹



The majority of clients surveyed said integrating services reduced their compliance concerns.¹



60%
of employers stated that their employees recognize the benefits of more efficient transaction processing and are more engaged in managing their benefits.¹


¹ Service Integration Analysis – Small Market; Retirement Insights, LLC, February 2018.

Managing a successful retirement plan requires nearly flawless execution. Data accuracy is critical, because a single error can quickly compound and lead to severe consequences. And the list of day-to-day administrative details can be time consuming and complex. When it comes to ensuring the timely remission of employee contributions, verifying plan administration in accordance with your plan document, and maintaining accurate employee census and historical contribution data, there is simply no margin for error.

Not All Integration is Equal

Many retirement service providers offer their clients payroll “interfaces,” and some may claim they can provide the same services that are available through an integrated system. But an “interface,” or a bi-directional data feed, is not the same as integration. Bi-directional feeds use a semi-manual file transfer method, which typically involves a one-way file transfer of a limited amount of client payroll data to the retirement plan provider’s recordkeeping system. It is not an automated system, and manual data verification and reconciliation is typically required by the plan sponsor.

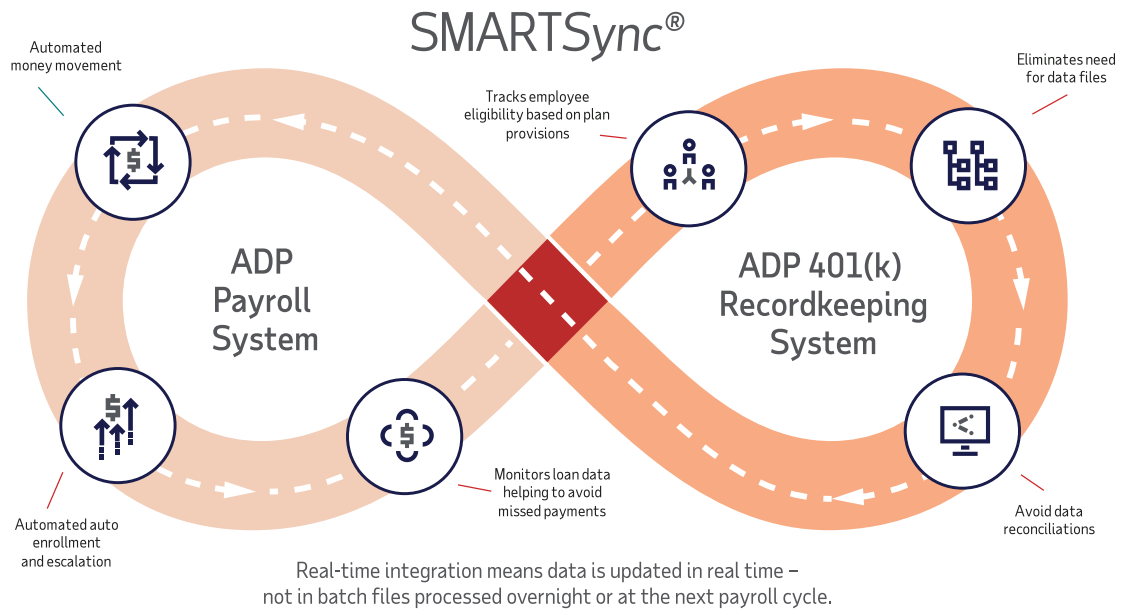
If you use this type of basic plan automation to manage your plan’s administrative tasks, you are increasing the risk of errors and jeopardizing plan compliance. Errors and omissions can lead to Department of Labor (DOL) penalties, IRS audits, and costly remediation processes for your business. The consequence for failed audits and non-compliance can extend beyond government penalties and legal fees. Many of these cases are the result of plan sponsor errors that can transform a valuable employee benefit into a source of liability.



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You need a solution that can help reduce the risk associated with plan administration. ADP's SMARTSync® — available to our joint ADP payroll and Retirement Services clients — is a sophisticated integration solution that can help you save time and mitigate your fiduciary risk. In the past, SMARTSync used 360 degree integration to communicate between ADP's 401(k) plan recordkeeping system and ADP's payroll systems. We've taken it one step further with real-time integration which offers many benefits:

- Important data such as employee deferral changes, immediate eligibility * and indicative information updates are updated in real time — not in batch files processed overnight or at next payroll cycle
- Sensitive information and data is passed safely and securely between our payroll and recordkeeping systems — no transmitting files via email or over the internet
- Manual and redundant data entry is eliminated which frees up time and greatly reduces the potential for errors.



Real-time integration means ADP retirement plan recordkeeping and ADP payroll systems

share key data — Synchronizing it

making updates in each system.

* if applicable to the plan

While the direct link between ADP's payroll and retirement plan recordkeeping systems syncs your plan data and checks it for accuracy, SMARTSync also applies its integrated smart, sophisticated programming to manage processes for you. For example, loan repayments can be managed using the preset conditions embedded in SMARTSync, which means the payments are applied promptly and repayment transactions cease when the loan has been satisfied. Such programming for loan administration can eliminate overpayments or missed payments resulting in retroactive corrections and associated fines.

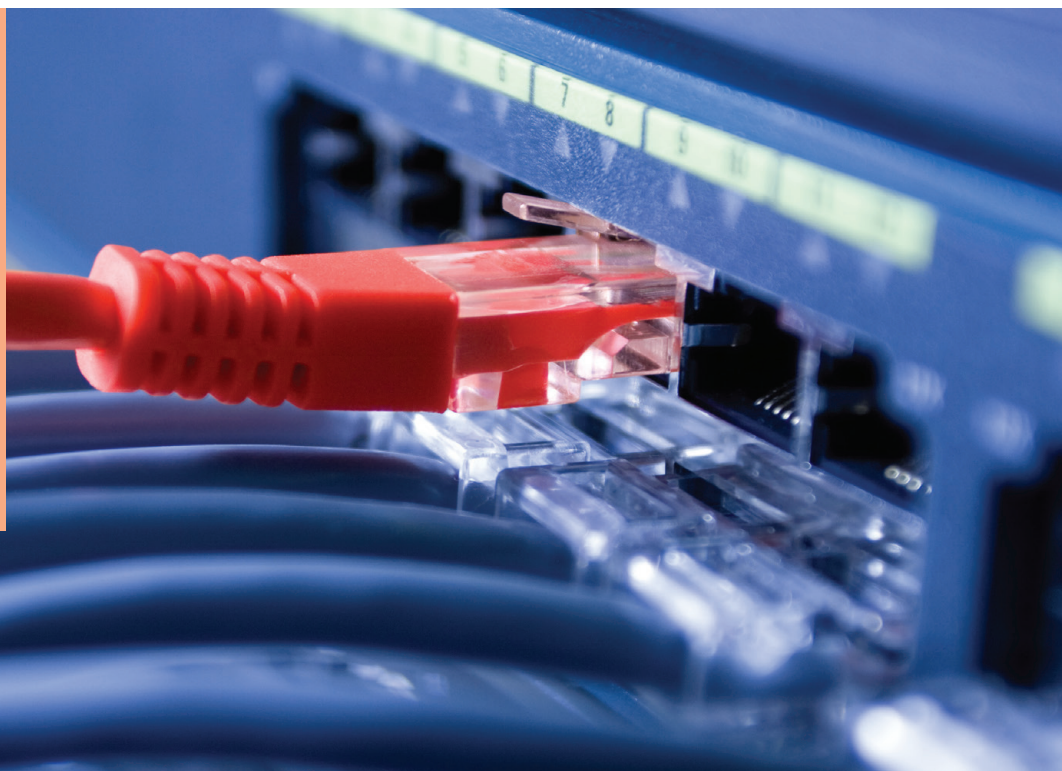
Some providers offer an Automated Clearing House (ACH) method for managing processes such as loan administration. However, this method may be able to handle some administrative calculations, but it likely also requires a manual set up process, multiple vendors, and additional fees to accomplish the tasks. This can leave your data open to security risks, and should an issue arise, resolving it would require inquiries and management of multiple service providers — which can cost time, money, and resources.

SMARTSync ensures whether it's employee deferrals withheld from your most recent payroll run, or a change to an employee's investment elections entered via the participant website — innovative programming continually checks the data for accuracy and potential errors are flagged. This kind of thorough validation gives you relief from the headache of fiduciary risk, and more confidence in plan compliance and the accuracy of participant accounts.

SMARTSync is a
powerful
integration solution:

In 2019, almost \$10B was moved annually, including over \$700M in contributions and loan repayments each month.

ADP Retirement Services, December, 2019





If your plan information isn't continuously updated to your payroll system, you've potentially left your plan — and yourself — exposed to a higher level of risk.

SMARTSync Can Reduce The Risk Of Costly Errors And Time Spent On Plan Administration

ADP Retirement Plan Services with SMARTSync can help you avoid mistakes, keep your plan in compliance, and help you get back to focusing on your business.

- Real-time updates between the payroll and recordkeeping systems
- Data is securely transferred between our payroll and 401(k) recordkeeping systems
- Identifies and flags potential data errors
- No manual data entry or funding requests required
- Automated Rehire Solution streamlines eligibility tracking and rehire process
- Uses ongoing reconciliation of data in both systems to verify accuracy
- Automatically creates a record of transactions

SMARTSync eliminates manual and redundant data entry, so operational processes are quicker. Preset programming manages tasks and checks for errors, delivering greater data accuracy — which means less work and less compliance risk.



With SMARTSync you can have greater confidence in the accuracy of participant accounts and plan compliance. The table to the right details the advantages of intelligent, fully integrated systems.

		SMARTSync	Bi-directional Data Feeds for Payroll and Retirement Plan Recordkeeping Systems
Contribution Processing – contribution remittance and changes to deferral elections	Reviews each request	Automated	Manually by you
	Verifies request meets plan rules	Automated	Manually by you
	Funds automatically impounded for contributions and reconciled to the contribution listing	Automated	Manual funding requests required
	Transmits changes to ADP's payroll and retirement plan recordkeeping systems	Automated	Manually by you
	Implements the changes	Automated	Manually by you
	Sends confirmation of deferral election changes to participant	Automated	Manually by you
Loan administration – when employee takes loan	Funds automatically impounded for loan repayment	Automated	You must calculate and process manually
	Reviews and verifies data	Automated	Manually by you
	Flags payment discrepancies and sends notification to plan sponsor	Automated	Manually by you
	When loan has been satisfied, payments cease	Automated	Manually by you
	Verifies whether loan matches plan provisions	Automated	Manually by you
Data reconciliation – verifies employee data	Checks and verifies ADP payroll and retirement plan recordkeeping data continuously	Automated	Manually by you
	Automated audit of data in both systems	Automated	Manually by you
Enrollment and eligibility – Identifying and enrolling eligible employees	Automated transfer of data needed to track potential plan eligibility from ADP payroll system	Automated	Manually by you
	Sends mobile alert to eligible employees to encourage enrollment	Automated	Manually by you
	Sends welcome letter to eligible employees	Automated	Manually by you
	Sends employee confirmation letter once enrolled	Automated	Manually by you
	Sends employee contribution data to the ADP payroll system to update the elected amount from a participant's paycheck once enrolled	Automated	Manually by you (in some cases, payroll providers may accommodate a file feed to the plan's recordkeeper)
Automated Rehire Solutions	Identifies and updates rehires on incoming payroll data Automatic participant resets ² include: - Removal of termination date and code - Clearing of prior deferral elections - Turn off Save Smart (if applicable) - Deletes prior PIN and reissues new PIN - Updates participant status, rehire status and enrollment status as appropriate - Automatic Enrollment plan participants go back through the automatic enrollment process with no plan sponsor intervention ³	Automated	Manually by you
Deferral election changes – transmit changes	Automated transmission of changes to both ADP payroll and recordkeeping systems	Automated	Manually by you
	Verifies requests to meet plan rules	Automated	Manually by you
	Report sent using intelligent automation	Automated	Manually by you
Census information – collection of data for compliance testing	Automated gathering of data from ADP's payroll and retirement plan recordkeeping systems	Automated	You must manually gather and send census data
	Reconciles ADP retirement plan data with ADP payroll data	Automated	Manually by you
	Verifies annual compensation data in ADP's retirement plan recordkeeping system with data in ADP's payroll system	Automated	Manually by you
	Proactively completes ADP/ACP tests three times annually	Automated	Manually by you
Incremental costs in time, money and data security	Allocation reports, wire transfers, and/or checks	Provided at no additional expense	Potential additional expense
	Reconciling the same information several times from different sources	Not necessary	Manually by you
	Programming changes to keep your payroll system up to with your recordkeeper's data requirements	Not necessary	Manually by you

2 Deferrals, Save Smart, and Automatic Enrollment resets are bypassed on an employee that submits a deferral on their initial rehire payroll

3 Not available for EACA/QACA plans

Let's talk.

For more information about ADP retirement plans or how we make them easier to manage, please contact your Retirement Services District Manager or visit www.adp.com/401k.

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