



Employer payroll direct deposit procedures

Here's information to help you set up payroll direct deposit with New York's 529 College Savings Program *Direct Plan*. If you have any questions, call **800-420-8580** on business days from 8 a.m. to 9 p.m., Eastern time.

Payroll direct deposit basics

For employees who choose to contribute through payroll direct deposit:

- Contributions made through payroll direct deposit are *after-tax*.
- Recurring contributions can be established with as little as \$1, if using payroll direct deposit.
- Contributions must be made by the *Direct Plan* account owner.
- An employee must notify both the *Direct Plan* and you—the employer—of any changes to his or her payroll direct deposit instructions.

How to set up payroll direct deposit

Payroll direct deposit, or ACH (Automated Clearing House) direct deposit, is the preferred funding method and is similar to setting up electronic direct deposit. The only difference is that contributions are regularly directed to the employees' *Direct Plan* accounts rather than their bank accounts. Little administrative support is required from you, and employee contributions are generally invested sooner.

You and your employees simply need to complete these steps:

Step 1: You roll out the option.

You've opened up this new voluntary benefit; now introduce it to your employees. You can work with your institutional relationship manager to host a college savings workshop, set up an informational table, distribute or post materials, or send an email about it (all collateral and content will be provided). Be sure to revisit these activities on an annual or semiannual basis, and don't forget to include brochures in your new-hire orientation packages.

Step 2: Your employees enroll in the *Direct Plan*.

Those who want to take part in this benefit must set up a 529 account with the *Direct Plan* first and then authorize payroll direct deposit contributions with you before they can begin saving.

Let your employees know about the *Disclosure Booklet and Tuition Savings Agreement*, found at www.ny529atwork.org or in the enrollment kit. It contains important information, including certain risks associated with, and the terms under which they agree to participate in, the *Direct Plan*.

Two ways your employees can set up their 529 accounts:

- **Enroll online.** Your employees can quickly and securely enroll online at www.ny529atwork.org. By selecting **Open an account**, they can follow the step-by-step instructions. When they reach the **Pick a Funding Method** page, they should select **With Payroll Direct Deposit**. This funding method will generate a prefilled, printable *Payroll Authorization Form*, which they'll need to submit to you for processing. In as little as ten minutes, your employees will be on their way to saving for college. *Note:* Employees who already participate in the *Direct Plan* can log on to their accounts at www.ny529atwork.org and follow the instructions for initiating payroll direct deposit.
- **Enroll by mail.** Employees can enroll by mail by filling out the *Enrollment Application* (for new accounts) and choosing **Payroll Direct Deposit** as the method of funding their account. Employees who already have an account can complete the *Payroll Direct Deposit Instruction Form* for employees, which can be downloaded in the **Forms** section of www.ny529atwork.org or requested by phone by calling **800-420-8580**. Once your employees get the *Payroll Direct Deposit Authorization Form* from the plan, they need to sign it and submit it to your department.

Step 3: Start payroll direct deposit.

These steps will help you manage ACH direct deposit:

Confirm that each employee's *Payroll Authorization Form* contains his or her *Direct Plan* account number and signature.

Follow your existing procedures for setting up or changing bank deposits from employees' paychecks by entering the following information in your payroll system:

- The total amount being contributed by the employee per pay period.
- The three-digit prefix (531), followed by the first nine digits of the employee's *Direct Plan* account number.
- The ABA routing number for Mellon Bank (the *Direct Plan's* bank): 011001234.
- The ACH transmittal coded as "checking" account.

If your employees have access to an employee payroll portal, they can enter their own payroll direct deposit information—including the amount they want to contribute, their *Direct Plan* account number (with the 531 prefix), the routing number for Mellon Bank (found on the *Payroll Authorization Form*), and the appropriate ACH code ("checking" account).

If you have any questions about the payroll direct deposit process, call **800-420-8580** on business days from 8 a.m. to 9 p.m., Eastern time.

Processing tips and best practices

If we receive instructions or contributions from you "in good order" and by the close of regular trading on days the New York Stock Exchange is open, the closing unit value(s) for that day will be used. If we get instructions or contributions after the close of regular trading, they'll be invested at the closing unit value(s) of the next business day.

What does "in good order" mean?

- ACH instructions contain the *Direct Plan's* correct Mellon ABA routing number and employee's correct account number with the prefix 531. (*Note: You can locate the routing number on an employee's Payroll Authorization Form.*)
- An employee's *Direct Plan* account is established and payroll direct deposit allocations and instructions are set up for the account.

When is a contribution "not in good order"?

The contribution won't be considered in good order if the ACH instructions contain an account number that isn't recognized or is closed or frozen. (In all cases, the *Direct Plan* will reject the ACH direct deposit.)

What happens if there's an employer error?

If the employer provides incorrect instructions, any loss will be the responsibility of the employer. The *Direct Plan* will not process future contributions until the instructions are corrected.

What if the employer can't support ACH direct deposit?

Speak to your relationship manager to discuss alternative methods.