

# State-Facilitated or Sponsor a Tax-Qualified Plan

In more and more states, legislators have established a mandate or are studying options to require private companies without a retirement plan to offer one or join a state-facilitated program. The goal is to help ensure private-sector employees have access to a plan that will help them save for retirement.

## There Is a Need for More Access to Retirement Savings.

Approximately

56

Million

private sector workers in the United States in 2024 / 2025 have no access to an employer-sponsored qualified retirement plan<sup>1</sup>



About half

of small private sector employers (1 to 99 employees) in the United States do not sponsor a qualified retirement plan such as a 401(k) or pension plan<sup>1</sup>

In 2025, at least 16 states have passed legislation for private-sector workers. Each of these state-facilitated programs have a due date by which an employer must join the program or take the step to sponsor a tax qualified plan for their employees' benefit. Several types of plans are available that can help employees achieve a brighter, more secure future—Each has features that might be a better fit for an employers' budget and business goals:

- Defined benefit
- Traditional 401(k)
- Simplified employee pension plan (SEP IRA)
- Savings incentive match plan for employees (SIMPLE 401(k) or SIMPLE IRA)
- Multiple employer plan (MEP)
- Pooled employer plan (PEP)
- Pooled plan arrangement (e.g., Group Plan Solution<sup>SM</sup> or Retirement Plan Exchange<sup>®</sup> solution)

## How State-Run Plans Compare to Private Plans

	STATE-RUN IRA	WORKPLACE 401(K)
Employer Fiduciary Responsibility	Limited <sup>2</sup>	Yes
Employer Expenses	No	Yes
IRS Contribution Limit	\$7,500	\$24,500
Matching Contribution Option	No	Yes
Vesting Requirements	No	Yes
Financial Advisor Support	No	Yes
Employer Administrative Tasks	Yes	Yes/No

Is your state among those that have passed legislation establishing state-facilitated retirement savings programs?


**Current State-Sponsored Plans<sup>1</sup>**


STATE	PLAN TYPE	ACTIVE
California	Auto-IRA	Yes
Colorado	Auto-IRA	Yes
Connecticut	Auto-IRA	Yes
Delaware	Auto-IRA	Yes
Hawaii	Auto-IRA	No
Illinois	Auto-IRA	Yes
Maine	Auto-IRA	Yes
Maryland	Auto-IRA	Yes
Massachusetts	Voluntary MEP	Yes
Minnesota	Auto-IRA	Starting in 2026
Missouri	Voluntary MEP	No
Nevada	Auto-IRA	Yes
New Jersey	Auto-IRA	Yes
New Mexico	Hybrid	No
New York	Auto-IRA	Starting in 2026
Oregon	Auto-IRA	Yes
Rhode Island	Auto-IRA	No
Vermont	Auto-IRA	Yes
Virginia	Auto-IRA	Yes
Washington	Auto-IRA	No


**States Considering Legislative Proposals<sup>1</sup>**

Arizona	Michigan	Pennsylvania
Arkansas	Mississippi	South Carolina
Georgia	Montana	Tennessee
Idaho	Nebraska	Texas
Indiana	New Hampshire	Utah
Iowa	North Carolina	West Virginia
Kansas	North Dakota	Wisconsin
Kentucky	Ohio	Wyoming
Louisiana	Oklahoma	

**Contact us to explore your retirement plan choices.**

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<sup>1</sup> Mercer Consulting. "Resources for Tracking State and Local Retirement Initiatives." October 21, 2025. <https://www.mercer.com/content/dam/mercer-dotcom/migrated-assets/blogs/law-and-policy/2025/10/pdf-2025-resources-for-tracking-state-and-local-retirement-initiatives.pdf>

<sup>2</sup> Employer responsibilities vary by program and may include enrollment facilitation, payroll processing, and compliance with state

Before adopting any plan you should carefully consider all of the benefits, risks, and costs associated with a plan. Information regarding retirement plans is general and is not intended as legal or tax advice. Retirement plans are complex, and the federal and state laws or regulations on which they are based vary for each type of plan and are subject to change. In addition, some products, investment vehicles, and services may not be available or appropriate in all workplace retirement plans. Plan sponsors and plan administrators may wish to seek the advice of legal counsel or a tax professional to address their specific situations.

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