

# 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.

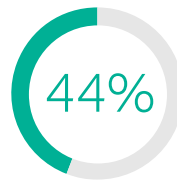
**There Is a Need for More Access to Retirement Savings. Consider:**

**Approximately**

57.3

**Million**

American workers don't have access to an employer-sponsored retirement plan<sup>1</sup>



**Less than half**

of small employers (1 to 99 employees) provide a 401(k) or similar plan to their employees.<sup>2</sup>

As of January 2022, over a dozen states and some cities 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 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	No	Yes
Employer Expenses	No	Yes
IRS Contribution Limit	\$6,000	\$20,500
Matching Contribution Option	No	Yes
Vesting Requirements	No	Yes
Financial Advisor Support	No	Yes
Employer Administrative Tasks	Yes	Yes/No

Is your state or city among those that have passed legislation establishing state-facilitated retirement savings programs? Or, is it one of the more than 30 states that have made the move recently?


### Current State-Sponsored Plans<sup>3</sup>

STATE	PLAN TYPE	ACTIVE
California	Auto-IRA	Yes
Colorado	Auto-IRA	No
Connecticut	Auto-IRA	Yes
Illinois	Auto-IRA	Yes
Maine	Auto-IRA	No
Maryland	Auto-IRA	No
Massachusetts	Multiple employer plan	Yes
New Jersey	Auto-IRA	No
New Mexico	Hybrid	No
New York	Voluntary IRA, Auto-IRA	No
New York City	Auto-IRA	No
Oregon	Auto-IRA	Yes
Seattle	Auto-IRA	No
Vermont	Multiple employer plan	No
Virginia	Auto-IRA	No
Washington	Marketplace	Yes


### States Considering Legislative Proposals<sup>3</sup>

STATE		
Arizona	Michigan	Oklahoma
Arkansas	Minnesota	Pennsylvania
Delaware	Mississippi	Rhode Island
Georgia	Missouri	South Carolina
Hawaii	Montana	Tennessee
Idaho	Nebraska	Texas
Indiana	Nevada	Utah
Iowa	New Hampshire	West Virginia
Kansas	North Carolina	Wisconsin
Kentucky	North Dakota	Wyoming
Louisiana	Ohio	

## Contact us to explore your retirement plan choices.

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<sup>1</sup> "What Are the Potential Benefits of Universal Access to Retirement Savings?," Georgetown University Center for Retirement Initiatives, December 2020

<sup>2</sup> "Navigating the Pandemic: A Survey of U.S. Employers," nonprofit Transamerica Center for Retirement Studies, June, 2021

<sup>3</sup> Georgetown University Center for Retirement Initiatives, States - Georgetown Center for Retirement Initiatives, States - Georgetown Center for Retirement Initiatives

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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