



THE BIRTH OF THE STATE MANDATED RETIREMENT PLAN.

TPC

401(K)

THE PAYROLL COMPANY

Not having enough money for retirement has become a top financial concern for Americans in recent years....and for good reason. Roughly 39 million US employees do not have a retirement savings account through their employer. The problem is more apparent in the small business market. In 2017, only 46% of private-sector employers with less than 100 workers offered a workplace retirement plan. This doesn't exactly make it easy for everyone to save for retirement.

In light of these concerns, state and federal governments have decided to intervene in order to try to remedy this problem. As many as 30 state legislatures have considered creating a state-sponsored retirement plan, and as of May 2018, 10 States have passed plan legislation: California, Connecticut, Illinois, Maryland, Massachusetts, New Jersey, New York, Oregon, Vermont, and Washington.

NEW LAWS = NEW RULES

What does this mean for you? With this new legislation comes new requirements for employers and business owners in these states. Among them, the requirement to offer a retirement plan, remitting employee contributions to these retirement plans, and providing workers with information and education regarding the plan options. The ultimate goal following the creation of these plans will be to fill in the "gaps" between social security and income at retirement by making a retirement plan available to employees who otherwise wouldn't have the option.

THE CHOICE: PUBLIC OR PRIVATE?

Business owners in states where legislation has passed will need to decide whether to offer a private retirement plan or to opt with the state/public option.

State plans could have certain upsides for small employers, such as possible lower costs and time commitment. In these plans, employers have little involvement apart from coordinating payroll deductions. However, as in any situation, it's critical to weigh cost vs. value. Many state plans are somewhat generic in nature, and are limited in investment and savings options. Employers and their employees could benefit more by exploring other saving vehicles that fit within the mandate. If a business owner should decide NOT to opt for the state plan option, they will need to implement a private-sector solution - generally speaking, a 401(k) OR a SIMPLE IRA. For this, there's a good chance that professional assistance and/or guidance will be needed. **The good news?** This service is already available to you as one of our valued clients. Decisely has partnered with 2 reputable companies prepared to offer you their guidance and expertise. Together, we can help you construct and customize a retirement plan that best fits the needs of both your business AND your employees, all while keeping quality high- and costs low.

LOOKING AHEAD

There is much attention shifted to the states who have implemented this legislature early. If results are positive, it's highly likely more states will follow suit. If you're currently not in a state that has already passed legislation, chances are you will be soon. It's best to be prepared. Contact us today! We're looking forward to helping you and your employees to reach your retirement goals.

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