



NEW YORK SECURE CHOICE SAVINGS PROGRAM

Know the key facts of this state-sponsored retirement program

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Secure Choice is a workplace retirement savings option that could help millions of working New Yorkers save for their futures on the job through portable, payroll-deduction Individual Retirement Accounts (IRAs). The New York State Legislature passed a bill in 2021 to require that private companies and not-for-profit organizations offer their employees Secure Choice.



What is it?

Secure Choice requires that all private sector (both for-profit and not-for-profit) employers who have been in business for at least two years with at least 10 employees offer a retirement savings plan. If they don't provide their own plan, they must join the state's plan.

How does it work?

The program auto-enrolls all W-2 employees (including part-time workers) into an IRA. Unless employees opt-out, they will automatically contribute 3% of their pre-tax income to the plan. The plan has several limitations, including an annual contribution maximum of \$6,000 (\$7,000 for those 50 or older). The program will use only Roth IRAs, and employers cannot make contributions to the plan. New York State Secure Choice is scheduled to take effect in 2022.

What steps must employers take to comply?

If employers do not already have a plan in place, they must take the following steps to comply with the New York Secure Choice Savings Program:

- Participating employers will need to have a payroll-deposit retirement savings arrangement in place within nine months after the program opens
- Payroll deductions won't start until 30 days after an employee has enrolled
- If employees have not opted out, auto-enroll them in the plan at a 3% contribution rate (payroll deduction)
- Employees age 18 or older who have New York wages are eligible to participate.
- Following initial implementation of the program, at least once a year, the program shall designate an open enrollment period during which employees who previously opted out of the program may enroll in the program.

What if an employer has a retirement plan?

If the employer maintains a qualified retirement program already, the employer is exempt from this program.



EGPS HAS BETTER OPTIONS

Due to the administrative burden and penalties associated with this program, employers may be interested in seeking other options. Now is a great time for employers to look at setting up their own retirement plans. At EGPS, we specialize in helping find the perfect retirement plan solution for our clients. We're available and ready to guide employers to the best option that fits their organization's needs.

**Please note this information is not comprehensive. Review your state's specific guidelines for more information and updates.*