

CONNECTICUT'S STATE-SPONSORED SAVINGS PROGRAM

Sponsored by the state of Connecticut's Retirement Security Authority, MyCT Savings is a mandatory retirement savings program. Let's take a look at the details.



What is it?

MyCT Savings requires that employers with five or more employees (paid more than \$5,000) offer a qualified retirement savings plan. If they don't offer their own plan, they must join the state's plan.

How does it work?

The program auto-enrolls employees into a Roth IRA, unless they choose to opt out within 30 days. Then, they will automatically contribute 3% of their post-tax income into the plan. Employees can change their deduction percentages at any time. Participants must be 19 years old and employed for 120 days to be eligible.

The plan has several limitations, including an annual contribution maximum of \$6,000 (\$7,000 for those 50 or older), and no loans or employer contributions are allowed. In addition, participants earning over \$135,000/year cannot participate.

Employees must also pay an asset-based fee of approximately 0.22%, meaning they will pay about \$0.22 for every \$100 in their account. Participants will be charged a \$26 annual account fee, as well.

What if an employer has a retirement plan?

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

What steps must employers take to comply?

If employers do not already sponsor a plan, they must take the following steps to comply with MyCT Savings:

- Notify all employees of the program and provide enrollment packets 30 days after hire
- Track opted-out employees
- If employees have not opted out, auto-enroll them in the plan at a 3% contribution rate (payroll deduction)
- Repeat auto-enrollment process yearly for opted-out employees
- Hold open enrollment into the program every two years
- Submit an employee census file to MyCT Savings annually

What are the deadlines for compliance?

Wave 1 (employers with 100 or more employees)

- Registration opens: 4/01/22
- Registration deadline: 6/30/22

Wave 2 (employers with 26 to 99 employees)

- Registration opens: 4/01/22
- Registration deadline: 10/31/22

Wave 3 (employers with 5 to 25 employees)

- Registration opens: 4/01/22
- Registration deadline: 3/30/23



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.*