



HAWAII RETIREMENT SAVINGS ACT

Key facts of Hawaii's state-sponsored retirement program

HAWAII'S STATE-SPONSORED SAVINGS PROGRAM

The Hawaii Retirement Savings Act is Hawaii's mandatory retirement savings program. Let's take a look at the details.



What is it?

The Hawaii Retirement Savings Act requires that employers in the state who have been in business over two years with one or more employee offer a qualified retirement savings plan. Eligible employees include those over the age of 18 who are residents of the state.

If the employers that meet the qualifications above do not offer their own plan, they must join the state's program.

How does it work?

The program will establish IRAs for employees, allowing them to contribute a portion of their pay, up to \$2,500 a year, or over \$3,000 a year if the employee is over 65. Employees will not be auto-enrolled into the program.

The default contribution rate is set at 5 percent, but employees always have the option to contribute more or less, within the limit stated above. The program is expected to be up and running by July 1, 2024.

What steps must employers take to comply?

To comply, employers will be required to:

- Provide written notice to eligible employees that they may opt in to the program.
- Withhold employees' contributions from their salary or wages.
- Transmit employees' payroll deduction contributions to the program on the earliest date the amount withheld can reasonably be segregated from covered employees' assets, but no later than the 15th day of the calendar month following that in which the covered employees' contribution amounts are withheld.



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 limitations 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.*