

RetireReady NJ

RetireReady NJ, created by the New Jersey Secure Choice Savings Program Act, states that New Jersey employers (profit or non-profit) that do not offer a 401(k) or other qualified retirement plan option must automatically enroll employees in the state's program. Let's take a look at the details.



What is it?

RetireReady NJ requires that employers who have been in business at least two years with at least 25 employees offer a 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 all W-2 employees (including part-time workers) into an IRA. Unless employees opt-out, they will automatically contribute 3% of their income into the plan (Roth IRA). The plan has several limitations, including an annual contribution maximum of \$7,000 (\$8,000 for those 50 or older), and no loans or employer contributions are allowed.

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 have a plan in place, they must take the following steps to comply with RetireReady NJ:

- Notify all eligible employees of the program
- Track opted-out, terminated, and new employees
- Track contribution rate changes
- Update employee and contribution rate changes on the state website
- If employees have not opted out, auto-enroll them in the plan at a 3% contribution rate (payroll deduction)
- Deposit deferral deductions with the state
- Repeat auto-enrollment process yearly for opted-out employees

What are the deadlines?

On June 30, 2024, enrollment will open for RetireReady NJ. This means, employers who meet the criteria (25 or more employees and in business at least two years) must either establish their own plan or enroll in RetireReady NJ by the deadlines below.

- **September 15, 2024** – deadline for companies with 40+ employees
- **November 15, 2024** – deadline for companies with 25+ employees



EGPS HAS BETTER OPTIONS

Due to the administrative burden and lack of flexibility 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. Below are just a few of the benefits of establishing a plan with EGPS vs. joining the state's program.

- Plan design flexibility, allowing for higher contributions, rewarding key employees, and avoiding stressful compliance testing
- Greater tax benefits from employer contribution options and plan establishment tax credits
- Employee retention and recruiting opportunities through incentive creation
- More investment and vendor options
- Ongoing customer service from EGPS retirement plan experts, with compliance oversight

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.*