

## The Connecticut State Retirement Plan Mandate: MyCT Savings



### What is the State Retirement Plan Mandate?

Passed in 2016, the mandate states that if a business in Connecticut does not offer a qualified retirement plan (including 401(K), 403(b) and SIMPLE plans), then it **MUST** participate in the state run auto-enroll IRA program.

### What companies are required to comply?

**Wave 1 (June 30, 2022):** Employers with 100 or more employees

**Wave 2 (October 30, 2022):** Employers with 26 to 99 employees

**Wave 3 (March 30, 2023):** Employers with 5 to 25 employees



### What steps must be taken?

Based upon your company size, you must register with the state by the date above. If you **DO NOT** already have a qualified plan in place, you will be required to begin withholding Roth IRA contributions from your employees within 30 days from registration.

# Comparing MyCT Savings Plan v. a 401(k) Plan

	MyCT Savings	401(k)
Companies Covered	Any business with 5 or more employees (each earning more than \$5000 in the calendar year) unless it sponsors a qualified plan	Any legal business entity, at the option of the business
Eligible Employees	Age 19 or older and work 120 days (waiting period not mandatory); must have income level which permits Roth IRA contributions*	Flexible; maximum eligibility requirement permitted is Age 21 and 1 Year of Service
Self-Employed Individuals	Not covered	Covered
Employee Contributions	Auto-enroll Roth IRA; 3% of pay contribution is default rate; employee may increase or decrease in 1% increments; up to IRS limit (2022: \$6,000 under age 50, \$7,000 age 50 or over)	Pre-Tax and/or Roth; no compensation limit for Roth 401(k) contributions; up to IRS limit (2022: \$20,500 under age 50, \$27,000 age 50 or over)
Employer Contributions	Not permitted	Company may make Safe Harbor, Matching, and/or Profit Sharing contributions
Company Fails to Register	Civil penalties may be imposed	N/A
Employer's Contribution Responsibilities	Employee contributions must be deposited each payroll period	Employee deferrals must be deposited each payroll period
Plan Investments	Selected by, and monitored by, The Connecticut Retirement Security Authority; target date funds will be used	Selected by, and monitored by, Plan Sponsor and Investment Advisor of Plan Sponsor's choosing; not limited to target date funds only
Company Fees	No cost to employer	Customized for each plan; federal tax credits provided for certain start-up plans
Participant Fees	Mutual funds fees est 0.22%; annual account fee of \$26 (charged \$6.50 per quarter)	Investment fees vary

\* 2022 Roth IRA compensation phase out limits:

\$129,000 — \$144,000: Single taxpayers and head of household

\$204,000 — \$214,000: Married, filing jointly

\$0 — \$10,000: Married, filing separately

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