

Engage PEO Client Alert

Businesses Must Comply with Connecticut's Mandatory Retirement Program by August 31, 2023

WHAT'S NEW: Employers who employ five or more employees in Connecticut, at least five of whom have been paid more than \$5,000 during the prior calendar year, must join the Connecticut Retirement Security Program via MyCTSAvings.com if the employers do not already offer a qualified, employer-sponsored retirement plan for their employees. In 2016, Connecticut passed legislation that established the Connecticut Retirement Security Program, which is a state-run individual retirement account ("IRA") program for the benefit of private sector employees.

Employer registration for the program opened in April 2022 and has been extended until August 31, 2023.

WHAT IT MEANS: The state of Connecticut implemented this program to provide retirement plan options for employees whose employers do not currently provide a qualified, employer-sponsored retirement plan option. Once an employer registers for the program, it will receive information and instructions regarding the program that are to be shared with its employees.

After an employer has registered, it must enroll its employees in the program so that they may review plan options that are available to them. Employees may opt out of the program within 30 days of enrollment.

Employers must remit payroll contributions to the program on behalf of employees who are enrolled in the program; employers are not required or permitted to make employer-sponsored contributions to the program.

The Office of the State Comptroller decides what investment options are available to program participants.

WHAT EMPLOYERS SHOULD DO: On or before August 31, 2023, Connecticut employers that employ five or more employees in Connecticut and do *not* offer a qualified, employer-sponsored retirement plan should register their business with MyCTSAvings.com. Connecticut employers that employ five or more employees and do offer a qualified, employer-sponsored retirement plan should claim an exemption from registration.

Such employers should also advise their employees of the existence of this investment program using the material provided by the state of Connecticut and begin deducting employee contributions and remitting them to the state.

Employees who would like advice regarding the program or their investment options should be directed to visit MyCTSAvings.com or call 833-811-7436.

The CT Office of the Comptroller will monitor businesses to ensure compliance with the program. If a business fails to register (or falls out of compliance), then the Office could investigate and impose financial penalties. In addition, an employer that fails to timely remit payroll contributions may incur penalties, including assessments for wage and hour violations.

Please reach out to your Engage Human Resources Consultant if you have any questions concerning this alert or other H.R.-related matters.