

State Sponsored and Employer-Sponsored Retirement Plans

Choosing a retirement plan for your business

EMPLOYEES WITH ACCESS TO A RETIREMENT PLAN AT WORK HAVE THE OPPORTUNITY TO SAVE MORE FOR THE FUTURE. However, most small- to mid-sized businesses don't offer one — leaving many employees on their own to financially prepare for the future.

To help, some states are acting to establish state-run retirement plans for private sector workers who do not have access to an employer sponsored plan as a workplace benefit — and others are following suit. The legislation requires employers must either offer their own retirement plan or register and comply with a state-run retirement plan option. The mandates are structured around, generally speaking, a required 3 percent employee automatic payroll deduction into a retirement savings account that will occur unless the employee opts out. These plans do not free the employer of administrative responsibilities and in fact, employers who use a state run plan may be responsible for:

- Registering and providing eligible employee data
- Distributing program information to employees
- Manually enrolling participants and managing annual automatic deferral increases (if applicable)
- Tracking and submitting payroll contributions and plan opt out requests

Some states may also enforce compliance with program requirements through employer penalties.

Competitive retirement plan benefits are within reach

It's important that workers save for retirement, but running a business isn't easy, and often, small business owners pass on making a retirement plan available because they believe them to be costly, complicated, and time consuming to manage. And some state-run plans do require an administrative commitment from the business owner in addition to having limited contribution potential and few investment choices.

A retirement plan is a must-have benefit. Without one, it can be tough to attract and retain the best workers in today's competitive talent market. Retirement plan benefits for small business owners are within reach, and state-run plans are just one option available to employers. ADP offers a variety of retirement plan solutions to help you fit the needs of your business and your workforce, including SEP IRA, SIMPLE IRA, and 401(k) plans.



401(k) plans

offer the most flexibility in plan design and investment choice, along with high annual savings potential.



SIMPLE IRA

plans are easy to set up and manage and offer more annual savings potential than a state-run plan.



SEP IRAs

offer substantial annual savings potential, but are funded solely by the employer.



Our solutions **are affordable and offer the benefits of tax-deferred savings** and the opportunity to generally save more on an annual basis than through a state-run plan or IRA. And **because complex HR challenges are our specialty**, we can help you connect payroll, HR, and benefits administration to help reduce your administrative burdens and human resources management overhead through automation and outsourcing.

— Selecting a retirement plan for your workplace

The retirement plan you choose can have a big impact on your business, your employees' future — and yours. It's important that workers — and business owners — save for retirement. That's why it's important to choose a plan that meets the needs of your business and helps you and your employees succeed at getting retirement ready. While state-run plans provide employees with a workplace retirement savings option, these plans have limited contribution potential, few investment choices, and require an administrative commitment from the business owner.



You want to help your employees plan well for tomorrow, and so do we.

That's why it's so important to choose a provider with the flexibility and support you need to create a retirement plan that meets the goals of your business and your employees. For more information about ADP retirement plans or how we make them easier to manage, please visit www.adp.com/401k.

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