



Always Designing  
for People®

A young woman with long dark hair, wearing a red ribbed sweater, is sitting at a wooden desk and looking down at a laptop screen. The background is a bright, out-of-focus window with greenery. In the foreground, there is a white coffee cup and a small potted plant on the desk.

State sponsored  
and employer-  
sponsored  
retirement plans

# Choosing a retirement plan for your business

Employees with access to a retirement plan at work are significantly more likely to save for the future.<sup>1</sup> 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. To date, California, Illinois, Oregon, Connecticut, Maryland and Massachusetts are the first states to enact legislation intended to help support retirement security — 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 which automatically enrolls employees into a state-sponsored retirement account. The mandates are structured around, generally speaking, a required 3 percent employee auto-deposit into a retirement savings account that will occur unless the employee opts out. While these plans require little commitment from the business owner, they don't free the employer of administrative responsibilities. Employers who use a state-run plan will 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.

## 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.

1 Retirement Confidence Survey. Employee Benefit Research Institute (EBRI), 2018.

## 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. That can be a mistake. 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

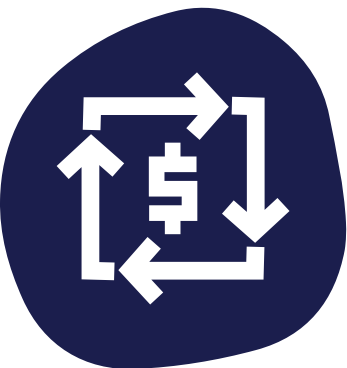
plans are easy to set up and manage and offer more annual savings potential than a state-run plan.



### 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.



ADP's payroll integration solution **continuously shares critical plan data** between ADP's payroll and the retirement plan recordkeeping system — **to help reduce plan administration and save you time and money.**

## Supporting Your Workforce Needs

A well-designed retirement plan can make your workforce stronger by attracting and retaining motivated, productive workers with financial benefits they value.

When you work with ADP, you get the long-term experience of a trusted provider who:

- Leverages innovation to help drive plan success
- Makes managing your plan and controlling administrative risk easy
- Puts you and your plan's interests first because that's the smart — and right — thing to do

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, please contact 800-432-401k.

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