



December 17, 2022

Colorado Secure Savings Act

The Colorado Secure Savings Act mandates that qualifying employers provide an employer sponsored individual plan. The cost of this program will be funded through auto payroll deductions.

The Colorado General Assembly states that you, as an employer, will be required to implement this program if:

- You have five or more employees
- Have been in business for two or more years
- Don't have an existing qualifying plan.

Businesses already offering 401(K)s or qualified savings plans are not required to use the Colorado Secure Savings Program. The law states that employers with less than 5 employees or who have not yet been in business for 2 years will not be required to participate. However, they will have the option to offer the program to their employees.

Employers will be required to offer auto enrollment and facilitate payroll deduction into the program. Upon enrollment, employees will opt into the default savings rate of 5% of their gross pay. Age, marital status, and income play a role in the amount the employees can contribute.

Employers will have 14 days to send employees' contributions to the program administrator.

For non-compliance, fines will be \$100 per employee per year and can ratchet up to \$5000 annually.

This is a Roth IRA investment structure in which the board selects the investments. For 2023, annual salary deferral limits are \$6,500 (Extra \$1000 catch-up if over 50). The plan will "travel with" people if they change jobs or leave the state. IRS Roth contribution limits apply. Therefore, every employee should determine their eligibility and opt out if their income is too high. There are no employer contributions. There are no federal credits for employers.

Colorado Secure Savings will monitor your account and notify your employer to stop contributions when you are nearing the limit. However, Colorado Secure Savings will not have information on your contributions to another Roth IRA, or any other IRA's you may have.

According to the Colorado Secure Savings Act website, registration to the Colorado Secure Savings Program will be open to all eligible employers in early 2023. Businesses will be notified when it is time to register. Businesses will receive an Access Code from this notification.

Please refer to coloradosecuresavings.com for additional information.