Vermont Saves

Vermont Arts Council

December 9, 2024

OFFICE OF THE VERMONT STATE TREASURER

Today's Agenda

Vermont Saves

1. Why is Vermont Saves Needed?
2. What is Vermont Saves?
   - ❖ Employer Requirements
   - ❖ Employee Requirements
3. Implementation Schedule
4. Answers to Frequently Asked Questions
5. Answers to Your Questions

Vermont's Retirement Landscape

- Approximately 40% of Vermonters – particularly those who are self-employed or work for small employers – lack access to a workplace retirement plan
- Among employers with 20 or fewer employees, about 55% do not offer retirement benefits.
- While about 60% of Burlington-area employers offer a plan, only about 50% of employers in the rest of the state do.
- Workers with access to workplace retirement programs are 15x more likely to save than those without.

Table 1

Projected Initially Covered Workers in VT (2023)	
Total Covered Workers	76,600
5-9 workers	13,100
10-24 workers	24,200
25-99 workers	5,600
100-499 workers	9,400
≥500 workers	24,300

Current Status of State Auto-IRAs

Active Programs

- Oregon
- Illinois
- California
- Connecticut
- Maryland
- Colorado
- Virginia
- Maine
- Delaware
- New Jersey

Enacted Legislation

- New York
- Hawaii
- Minnesota (2023)
- Nevada (2023)
- Rhode Island (2024)
- Washington (2024)

Who is Vermont Saves For?

Employers

- 5 or more employees
- Do not offer a retirement plan
- In business for 2 years

Employees

- Employed in Vermont
- Aged 18 years or older
- Social security number



Examples of Qualified Plans

- 401 (k) plans (including multiple employer
  or pooled employer plans)
- 403 (b) plans
- 403 (a) plans
- 408 (k) - Simplified Employed Pension (SEP) plans
- A governmental deferred compensation plan
- A simple IRA plan
- A traditional pension plan

Primary Features of Vermont Saves

Automatic Enrollment For Employees

- Participation is voluntary for employees
- Employees can opt out at any time

Public/Private Partnership

- Professionally managed and advised by financial services companies

Simple for Employers and Employees

- Enrollment and registration is fast and easy

Employer's Role in Three Easy Steps

- **No program cost**
- **Sign-up is fast and easy**
- **Works with payroll processes and can be managed by payroll providers**

Employers facilitate the program

1 **Register**

Go to VTSaves.vermont.gov to register

2 **Send Contributions**

Set up a payroll deduction and send contributions

3 **Maintenance**

Continue to send payroll contributions and maintain employee records

Vermont Saves Program Details

Employees will be automatically enrolled in a Roth IRA

- 5% of employee wages will be automatically withdrawn from each paycheck
- Increasing 1% per year up to a maximum of 8%
- Default Investment: Capital Preservation Fund; Target Date Suite of Funds

Vermont Saves Program Details

Employees will have Choices

- Employees can opt out of the plan
- Employees can change the percentage of wages contributed
- Employees can choose their investment options

Enrollment Decision Period

Enrollment

- Employers receive email or letter from Program with an Access Code
- Employers upload their employees into Vermont Saves portal

30 Day Period

- Employees can:
  - Do nothing and keep default options
  - Customize account
  - Opt out

Payroll Deductions Begin

- 30 days after being added by employer, employee is auto-enrolled in the Program
- Employer begins payroll deductions



Vermont Saves

Employer Verification

Verify your identity to begin

EIN *

This is the tax ID for your company.

XX-XXXXXXX

Access Code *

Your access code was sent to you by postal service or email.

Begin



Important Dates

Program Pilot Launch:

October 2024

Program Open:

December 2024

Enrollment Ends:

End of February 2025

Answers to some FAQs

- **Who is an "employee"?**
  - Seasonal, temporary, and part-time employees count toward 5 employees if they work 500 hours or more/calendar year
  - Business owners are employees if they receive a W-2
- **Offer a Qualified Plan to some, but not all employees**
  - You are exempt – even if the Plan is not available to all employees
- **What if I already have a qualified workplace retirement plan?**
  - Use the Code you received to Certify Your Exemption at vtsaves.vermont.gov.
- **Employees Who Opt Out**
  - May opt back in at any time

Answers to some FAQs

- **What type of business does this apply to?**
  - Applies to both for profit and nonprofits
- **When do I have to enroll new employees?**
  - Employers have up to 120 days to enroll a new employee
- **Penalties**
  - Employers must offer a plan or potentially face per employee penalty
- **Employer cost**
  - No employer fees; no plan-sponsor liability.
- **Ways to open an account**
  - Savers are “auto-enrolled” unless they’re voluntary participants.

Questions?

Contact us

vtsaves.vermont.gov

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