



KNOW THE LANDSCAPE

THE POTENTIAL IMPACT OF STATE-MANDATED RETIREMENT PLANS

Small-business owners are accustomed to calling the shots — and with good reason. Many built their business from scratch and achieved success through dedication, determination, and hard work.

So why would they want politicians dictating how they administer a retirement plan for their employees? In 2019, 20 states introduced legislation to either establish new programs or study the possibility of requiring private companies to join a state-run retirement plan if they don't offer their own plan for employees.¹

Today, there are 11 states and one city that have programs for private sector workers.¹ Small-business owners can beat politicians to the punch by sponsoring a retirement plan for their employees.

KNOW THE OPTIONS

Eighty-six percent of workers view an employer-sponsored plan as an important benefit,² meaning offering a plan can help attract and retain talented workers. In addition to defined benefit and 403(b) plans, here are common defined contribution plan types available to business owners:

- Traditional 401(k)
- Simplified Employee Pension Plan (SEP-IRA)
- Savings Incentive Match Plan for Employees (SIMPLE 401(k) or IRA)
- Multiple Employer Plan (MEP)
- Pooled Asset Arrangement (the *Retirement Plan Exchange*®)

Nearly

86%

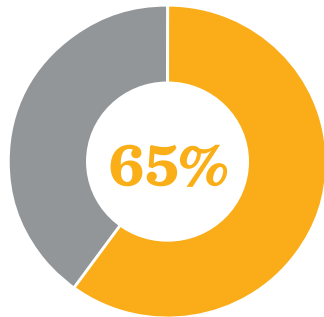
**of workers view a 401(k)
or similar plan as an
important benefit**

HOW STATE-RUN PLANS COMPARE TO PRIVATE PLANS:

	STATE-RUN IRA	WORKPLACE 401(K)
IRS CONTRIBUTION LIMIT	\$6,000	\$19,500
MATCHING CONTRIBUTION OPTION	No	Yes
VESTING REQUIREMENTS	No	Yes
FINANCIAL ADVISOR SUPPORT	No	Yes
EMPLOYER ADMINISTRATIVE TASKS	Yes	Yes/No



LIMITED ACCESS



of smaller employers provide a 401(k) or similar plan to their employees.

Source: Employers: The Retirement Security Challenge, Nonprofit Transamerica Center for Retirement Studies®, October 2019

CURRENT STATE SPONSORED PLANS

Here are the 11 states that have passed legislation requiring employers to offer a retirement plan or join a state-sponsored program:¹

STATE	PLAN TYPE
California	Auto-IRA
Connecticut	Auto-IRA
Illinois	Auto-IRA
Maryland	Auto-IRA
Massachusetts	Multiple Employer Plan
New Jersey	Auto-IRA
New York	Voluntary IRA
Oregon	Auto-IRA
Vermont	Multiple Employer Plan
Washington	Marketplace
New Mexico	Hybrid

■ Active Programs

Source: Georgetown University Center for Retirement Initiatives

COVERAGE GAP

APPROXIMATELY

38 MILLION

AMERICAN WORKERS DON'T HAVE ACCESS TO AN EMPLOYER-SPONSORED RETIREMENT PLAN

Source: U.S. Department of Labor, 2019

STATES CONSIDERING LEGISLATIVE PROPOSALS


Here are 33 states with recent movement toward establishing state-facilitated retirement savings programs:

STATE	STATE	STATE
Arizona	Maine	Oklahoma
Arkansas	Michigan	Pennsylvania
Colorado	Minnesota	Rhode Island
Georgia	Missouri	South Carolina
Hawaii	Montana	Tennessee
Idaho	Nebraska	Texas
Indiana	Nevada	Utah
Iowa	New Hampshire	Virginia
Kansas	North Carolina	West Virginia
Kentucky	North Dakota	Wisconsin
Louisiana	Ohio	Wyoming

*Contact your Transamerica representative about the current status of these states.

Source: Georgetown University Center for Retirement Initiatives

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¹ Georgetown University Center for Retirement Initiatives

² 19th Annual Transamerica Retirement Survey of Workers, Nonprofit Transamerica Center for Retirement Studies®, 2019

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Before adopting any plan you should carefully consider all of the benefits, risks, and costs associated with a plan. Information regarding retirement plans is general and is not intended as legal or tax advice. Retirement plans are complex, and the federal and state laws or regulations on which they are based vary for each type of plan and are subject to change. In addition, some products, investment vehicles, and services may not be available or appropriate in all workplace retirement plans. Plan sponsors and plan administrators may wish to seek the advice of legal counsel or a tax professional to address their specific situations.

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