

RETIREMENT SERVICES

BOOST YOUR ADVISORY PRACTICE: NAVIGATING SECURE 2.0 AND STATE MANDATES

Emm DeBord

November 10th, 2025

* Registered representative of ADP Broker Dealer, Inc. (ADP BD), Member FINRA, an affiliate of ADP, Inc., One ADP Blvd, Roseland, NJ 07068 and Associated person of ADP Strategic Plan Services, LLC (SPS) an SEC Registered Investment Adviser. Registration does not imply a certain level of skill or services.

Copyright © 2025 ADP, Inc. Proprietary and Confidential. FOR FINANCIAL PROFESSIONAL USE ONLY — NOT FOR DISTRIBUTION TO THE PUBLIC.



Always Designing
for People®

TODAY'S PRESENTER



EMMA DEBORD

Senior District Manager

*Registered representative of ADP Broker Dealer, Inc. (ADP BD), Member FINRA, an affiliate of ADP, Inc., One ADP Blvd, Roseland, NJ 07068 and Associated person of ADP Strategic Plan Services, LLC (SPS) an SEC Registered Investment Adviser. Registration does not imply a certain level of skill or services.

OUR AGENDA

- America's retirement savings gap

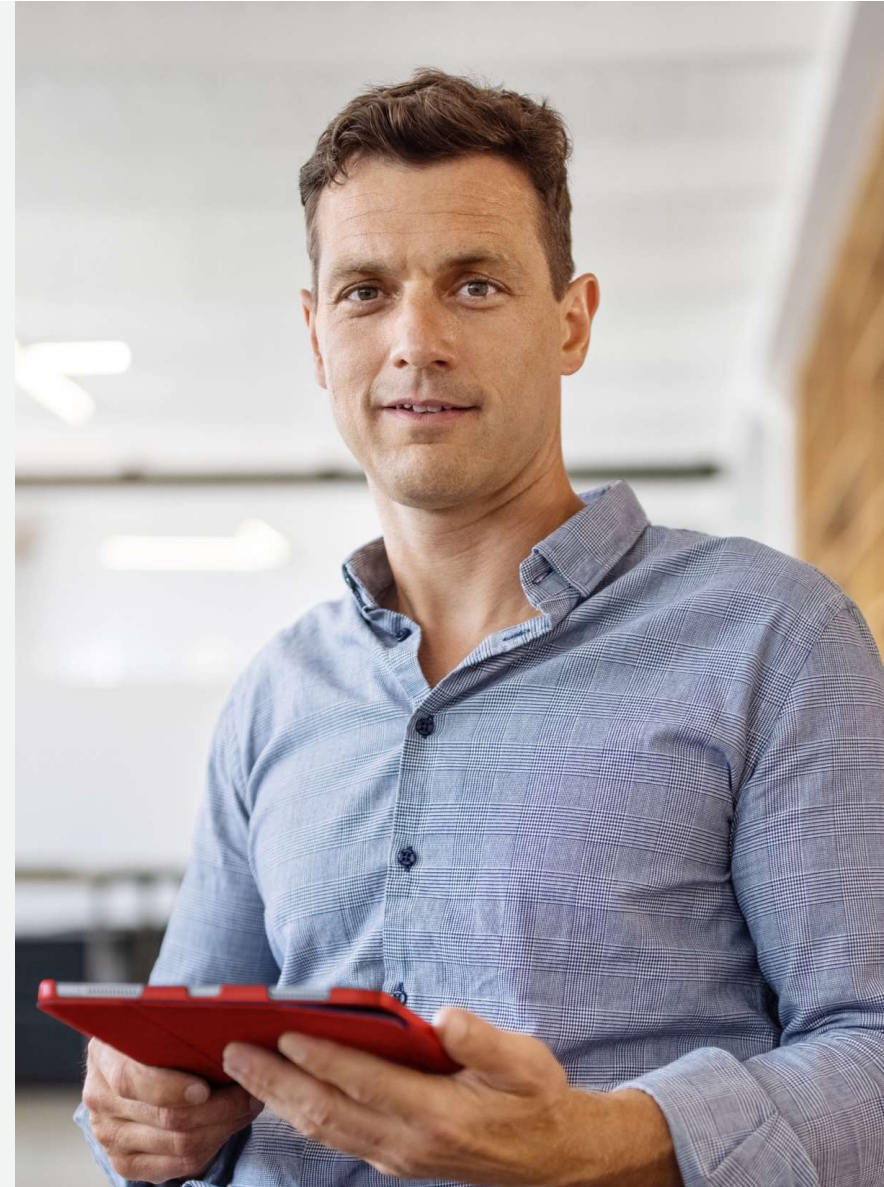
- New legislative actions

- State-mandated retirement plans

- SECURE 2.0 provisions

- Putting retirement into practice

- ADP resources



HELPING AMERICANS BUILD RETIREMENT SECURITY

Setting Every Community Up for Retirement Enhancement Act – SECURE Act of 2019 and SECURE 2.0 Act of 2022

Goals

- Expand retirement plan coverage so more Americans have the opportunity to save through employer-sponsored plans
- Provide incentives that make it easier for workers to save for retirement

¹ AARP, April 2024

Copyright © 2025 ADP, Inc. Proprietary and Confidential. FOR FINANCIAL PROFESSIONAL USE ONLY — NOT FOR DISTRIBUTION TO THE PUBLIC.



Americans' retirement security is at risk

- **56 million** private sector workers lack access to a workplace retirement plan¹
- **20% of adults age 50+** have \$0 retirement savings and **more than 50%** don't believe they will have enough to last in retirement¹

ADDRESSING AMERICA'S RETIREMENT SAVINGS GAP

Retirement plan legislation

- Tax incentives and mandates increase access to workplace retirement plans
- Automatic enrollment with auto increases will help get more people enrolled and increase savings rates
- New features help solve financial issues that prevent retirement saving such as debt and lack of emergency savings



Americans are...

15x more likely to save for retirement when they have a workplace plan, and

20x more likely if contributions are automatic ¹

1 AARP, 2024



STATE RETIREMENT PLAN MANDATES

STATE MANDATED RETIREMENT PLANS

Businesses are required to:

- Enroll employees into a state-sponsored retirement program
- OR
- Sponsor a plan through the private market



Typical plan structure

- Individual Retirement Accounts (IRAs)
- Offered by the state
- Funded by employees
- Contributions through payroll deductions facilitated by employers
- Plan types and requirements vary by state

BUT FIRST... WHY?



For many Americans, the prospect of a comfortable retirement remains an elusive goal. For example, 80%—or 47 million households with older adults—are financially struggling today or are at risk of falling into economic insecurity as they age.¹



The average 401(k) retirement account balance for ages 65-74 is \$200k, according to data from The Federal Reserve's Survey of Consumer Finances.



According to the Employee Benefit Research Institute's 2024 Retirement Confidence Survey, workers on average expect to retire at age 65. But it turns out the actual retirement age is typically 62. The study also found that 75% expect to work for pay once they retire, but only 30% of retirees report doing so.²

¹ August 2024, NCOA: <https://www.ncoa.org/article/addressing-the-nations-retirement-crisis-the-80-percent-financially-struggling/>

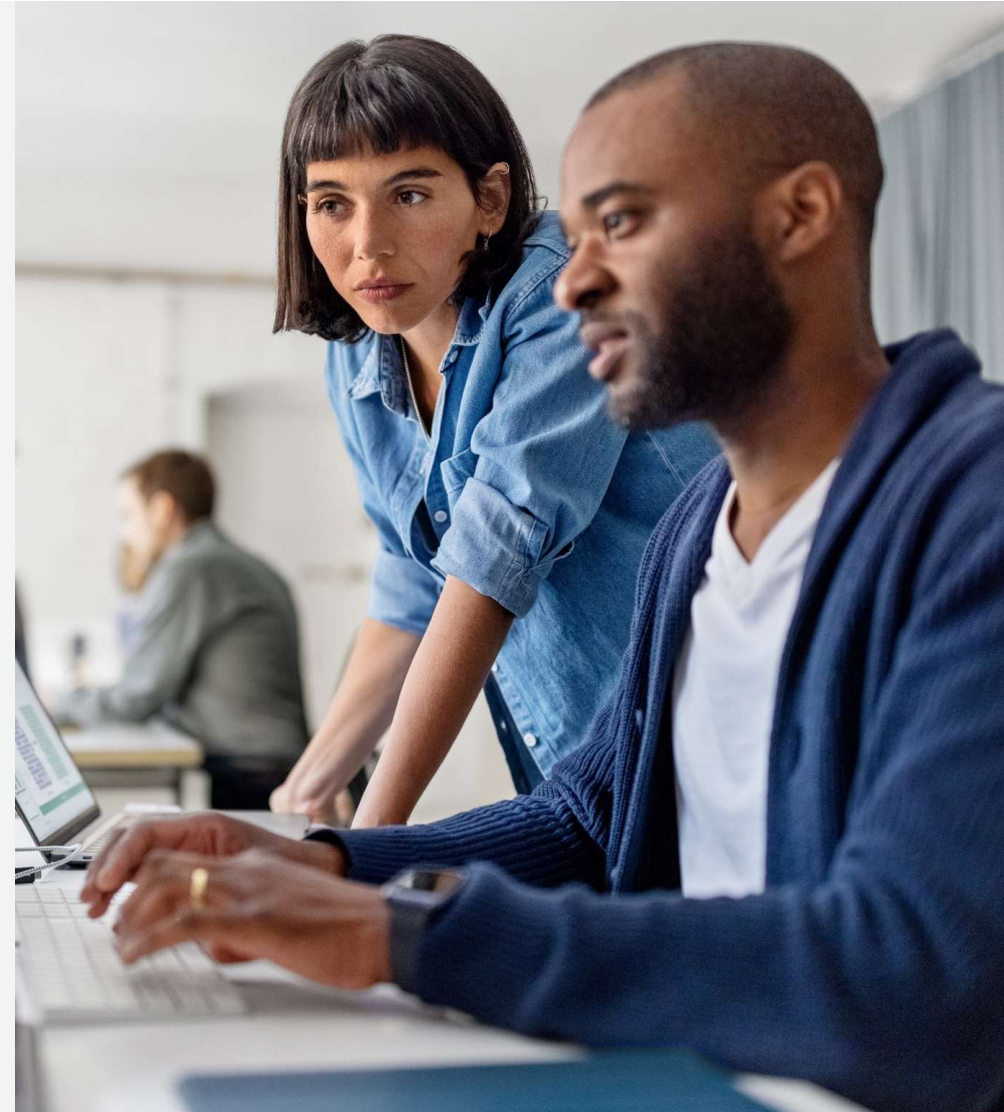
² Employee Benefit Research Institute "2024 Retirement Confidence Survey"

ARE STATE-SPONSORED PLANS THE ANSWER?

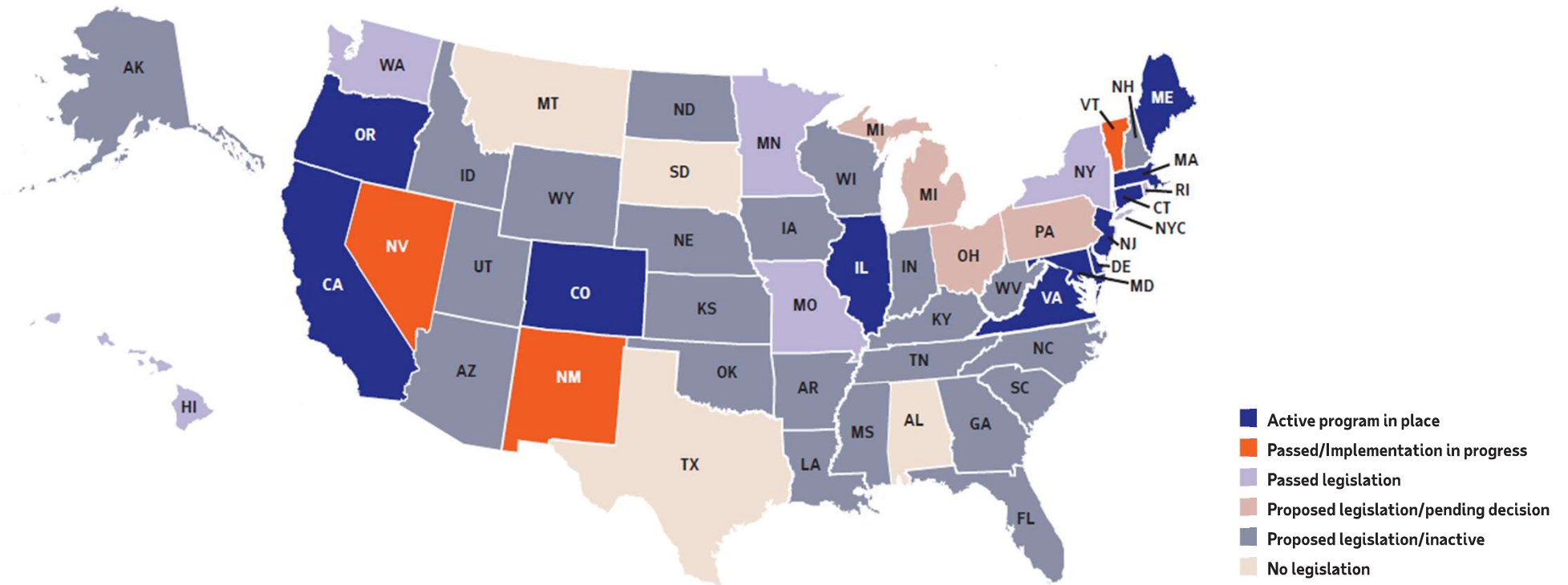


Several states now require that employers participate in a retirement program sponsored by their state if they do not already offer a retirement plan for their employees' benefit.

The plan-type may vary by state, so it is important to be aware of each state's provisions.



STATE MANDATED RETIREMENT PLANS



As of April 2025. See [ADP website](#).

STATES WITH ACTIVE MANDATES

These states have active mandates for employers to either offer their own employer sponsored retirement plan or participate in the state sponsored plan. ***Italicized/bold*** states have imposed penalties for non-compliance.



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

As of April 2025.

*Voluntary program

The information provided here is intended solely as a general summary and is not intended to serve as legal or tax advice applicable to particular matters or situations.

Copyright © 2025 ADP, Inc. Proprietary and Confidential. FOR FINANCIAL PROFESSIONAL USE ONLY — NOT FOR DISTRIBUTION TO THE PUBLIC.

STATE MANDATE ACTIVE PROGRAM SNAPSHOT — CO, IL, CA

	Colorado	Illinois	California
Program name	Colorado Secure Choice Savings Program	Illinois Secure Choice Savings Program	CalSavers Program
Employers impacted	6/30/23 All employers with 5 or more employees, in business at least 2 years Opt-In allowed for sole proprietors and smaller businesses	11/01/2023 All employers with 5 or more employees, in business at least 2 years	6/30/2022 All employers with 5 or more employees. Registration deadline for employers with 1-4 employees is 12/31/2025
Plan type	Mandatory Roth IRA	Mandatory Roth IRA	Mandatory Roth IRA
Payroll integration	Manual via website or FTP	Manual via website or FTP	Manual via website or FTP
Auto enroll	5% following the employee's 180th day of employment	5% after 60 days for employee 18 or older	5% after 30 days 18 or older
Auto Escalation	Increase by an additional 1% on each January 1 following the enrolled Employee's enrollment, up to 8%.	1% annual increase on enrollment anniversary up to 10%	1% annual increase on enrollment anniversary up to 8%
Noncompliance penalties	\$100 per eligible employee per year, not to exceed \$5,000 annually	(1) \$250 per employee for the first calendar year and (2) \$500 per employee for each subsequent calendar year the employer is noncompliant. <small>*Noncompliance does not need to be consecutive to qualify for the \$500 penalty.</small>	(1) \$250 per eligible employee if noncompliance extends 90 days and (2) \$500 per eligible employee if found to be in noncompliance 180 days

STATES PENDING IMPLEMENTATION

These states have passed mandates, and implementation is in progress.
(TBD except where noted)



- Hawaii
- Minnesota
- Missouri*
(Sept. 1, 2025)

- New Mexico
- New York
- Nevada

- Rhode Island
- Vermont
- Washington

Over 25 other states have proposed legislation and are in the process of a decision

Research is done by ADP, Inc. as of April 2025. See ADP [website](#). *Voluntary program

The information provided here is intended solely as a general summary and is not intended to serve as legal or tax advice applicable to particular matters or situations.
Copyright © 2025 ADP, Inc. Proprietary and Confidential. FOR FINANCIAL PROFESSIONAL USE ONLY — NOT FOR DISTRIBUTION TO THE PUBLIC.

WHAT IS A STATE-SPONSORED RETIREMENT PLAN?

State-Sponsored
Retirement Plans

ARE NOT

- Sponsored by the employer nor associated with the employer's FEIN
- Paid for by the employer
- Generally eligible for employer contributions
- Eligible for tax benefits for the employer*
- These are simply an IRA available to employees, paid for by employees, where contributions can be made through payroll deductions facilitated by employers.

* Noted exception: Maryland does offer a \$300 filing credit for participation in either the state program or qualified plan.

WHAT IS AN EMPLOYER-SPONSORED RETIREMENT PLAN?

In contrast, Employer Sponsored Retirement Plans

ARE

- Sponsored by the employer under the employer's FEIN
- Typically paid for by the employer
- Eligible for employer contributions
- Eligible for tax benefits for the employer
- Offered to employees as a benefit of employment
- Flexible for employers with regard to eligibility, employer contributions, and other plan provisions

* Noted exception: Maryland does offer a \$300 filing credit for participation in either the state program or qualified plan.

STATE-SPONSORED RETIREMENT PLANS TYPES



Mandatory/Voluntary IRA Program

- Payroll deduction Roth IRA
- Requirements vary by state, but generally, the same limits, taxation, etc. apply



Mandatory/Voluntary MEP (Multiple Employer Plan)

- A pooled group of employers share the administrative costs of the plan



Voluntary Marketplace

- Typically, a website set up by the state where employers can shop for a plan

COMMON ELEMENTS IN STATE-SPONSORED RETIREMENT PLANS

While each state is unique, there are some common elements across the plans currently being rolled out:

Contribution limits are generally low since they follow Traditional/Roth IRA **\$7,000 (2025)**

Automatic enrollment is required in many programs and must be managed by the employer

Automatic escalation is required in many programs and must be managed by the employer

No administrative cost for the employer in most programs – all costs are paid by participants.

No employer contributions are allowed in most programs

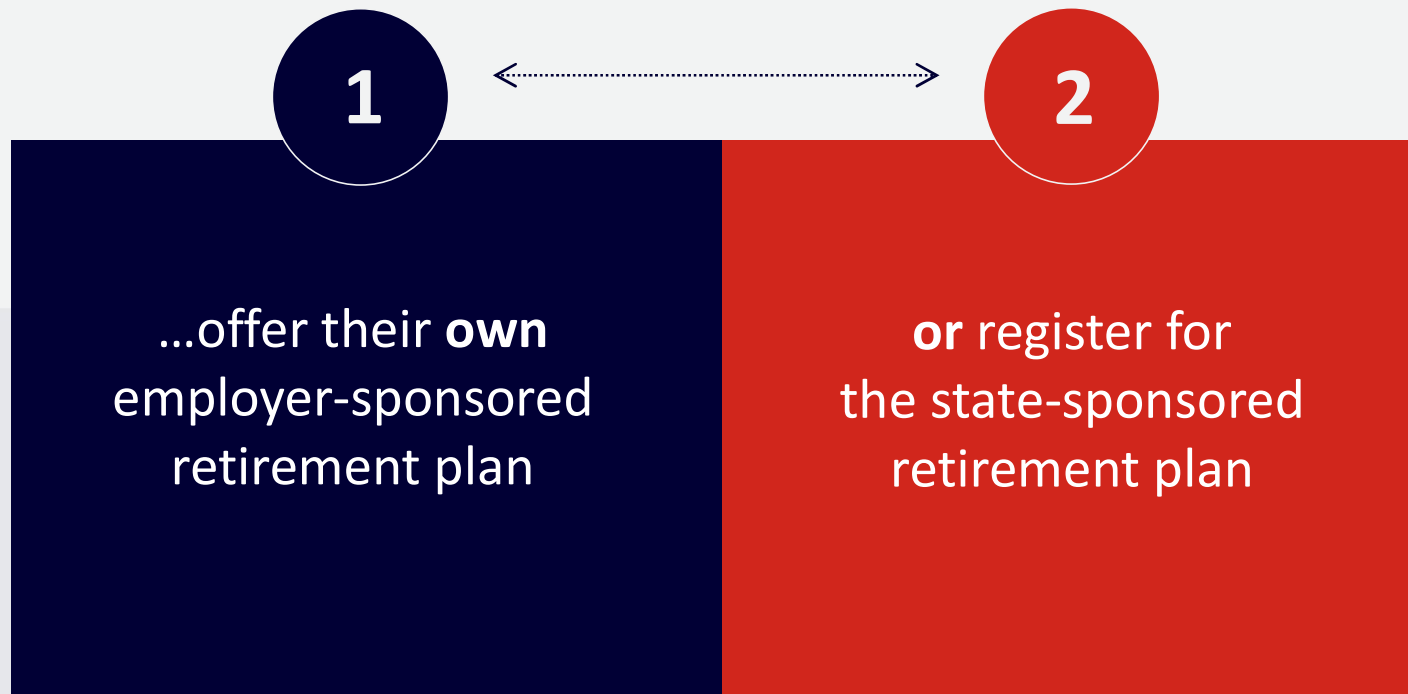
Roth IRA in many programs, which means no pre-tax benefit

No loans are available in most programs



WHAT DOES THIS MEAN FOR BUSINESS OWNERS?

Business owners have **two choices...**



WHAT DOES THIS MEAN FOR BUSINESS OWNERS?



One of the most attractive features of state-sponsored retirement plans is their no-cost to employers.

“What many business owners find is that free isn’t necessarily ‘free’... while there are no fees for employers with a state sponsored retirement plan, they’ll spend time and effort, and may expose themselves to more liability... and in the end, they may find less competitive edge in the benefits package they offer their employees.

And that may end up costing them quite a bit!”

“PRICE IS WHAT YOU PAY.

VALUE IS WHAT YOU GET.”

– More from Warren Buffet

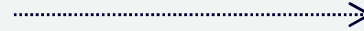
WHAT DOES THIS MEAN FOR BUSINESS OWNERS?

More administrative work

1



2



3

Initial Registration

Register Company

Create Payroll Connection

Add Employees

Payroll Set-Up

Set-Up Payroll Deduction

Employee. Communications
& Elections

Employee Changes

Send Contributions

Transmit Timely Contributions
to State

Update Employee Data

WHAT DOES THIS MEAN FOR BUSINESS OWNERS?

Less competitive edge

- No employer contributions
- Employee pays all plan costs
- Limited education and support for employees
- Employee perception is mixed so far



STATE PLAN SOLUTIONS



PROS

- Low cost
- Few fiduciary responsibilities
- No plan testing requirement



CONS

- Inflexible, one-size-fits-all design
- Low contribution potential – \$7,000 in 2024
- No pre-tax benefit (Roth IRA only)
- Limited investment selection
- Required automatic enrollment and auto escalation
- No employer contributions
- Loans not allowed



SECURE 2.0 ACT

SECURE 2.0 CHALLENGES

- 90 provisions
- Multi-year rollout
- Complex calculations
- Multiple payroll and recordkeeping implications

Some provisions are mandatory and will significantly affect payroll and retirement plan provisions.

December 29, 2022	2023	2024	2025	2026
<ul style="list-style-type: none"> ▪ For new plans established after this date, auto enrollment requirement will be effective January 1, 2025 ▪ Employer matching and nonelective contributions as Roth* 	<ul style="list-style-type: none"> ▪ Required Minimum Distribution (RMD) age increase 	<ul style="list-style-type: none"> ▪ Top Heavy rules modified ▪ Emergency Savings Account* ▪ Employer Matching for Student Loan Repayments* 	<ul style="list-style-type: none"> ▪ Automatic Enrollment & Escalation for new plans ▪ Long-Term, Part-Time expanded eligibility ▪ Catch-up Contribution Increase, ages 60-63 	<ul style="list-style-type: none"> ▪ Roth catch ups for participants earning over \$145,000



SECURE 2.0 ACT REQUIRED PROVISIONS

INCREASED TAX INCENTIVES FOR NEW PLANS

Currently, employers with no more than 100 employees, are eligible to receive a 3-year tax credit of 50% of costs, up to \$5,000.

SECURE 2.0 Act provisions:

- SECURE 2.0 increases this credit to 100% of qualified start-up costs for employers with up to 50 employees. It remains 50% for employers with 51-100 employees.
- Adds an additional credit for eligible employer contributions of up to \$1,000 per each employee who earns less than \$100,000. The full credit applies to employers with 50 or less employees and phases out for employers with between 51 and 100 employees.
 - 100% in first two years, then 75%, 50%, 25% in next three years.



REQUIRED MINIMUM DISTRIBUTION (RMD)

Currently, participants can delay taking distributions from their retirement plan up until the age of 72, and if they are still working, until they retire.

SECURE 2.0 Act:

- Increases the age requirement for participants to begin taking RMDs to age 73 beginning in 2023 and then increasing to age 75 in 2033.
- The penalty for failing to take an RMD will decrease to 25% of the RMD amount not taken, from 50% currently, and in some cases can be further reduced to 10% if corrected timely. This is effective upon enactment.
- Beginning in 2024, the required minimum distribution rule for Roth 401(k) accounts during a participant's lifetime was eliminated.



SIMPLE IRA PLAN TO 401(K) MID-YEAR CONVERSION

Allows for a Simple IRA plan to convert to a Safe Harbor 401(k) plan in the middle of a plan year (previously only on 1/1).

Requirements for conversion:

- Simple IRA plan must give notice of termination 30 days in advance of the termination date
- Contributions to Simple must continue up until termination date
- New Safe harbor 401(k) plan must start immediately following the termination date of the Simple plan
- Contributions are prorated between Simple IRA limits and 401(k) limits



EXPEDITE LONG-TERM, PART-TIME (LTPT) EMPLOYEE PARTICIPATION

The original SECURE Act expanded eligibility for long-term, part-time workers (those who worked at least 500 hours for three consecutive years) to contribute to their employers' 401(k) plan.

- SECURE 2.0 Act reduces the time period to two years effective 1/1/2025. This does not apply to employees who participate in collectively bargained plans, or to non-resident aliens

NOTE: Employees who will have met the first 3 years of eligibility under SECURE 1.0 may have become eligible to participate in 2024.



AUTOMATIC ENROLLMENT

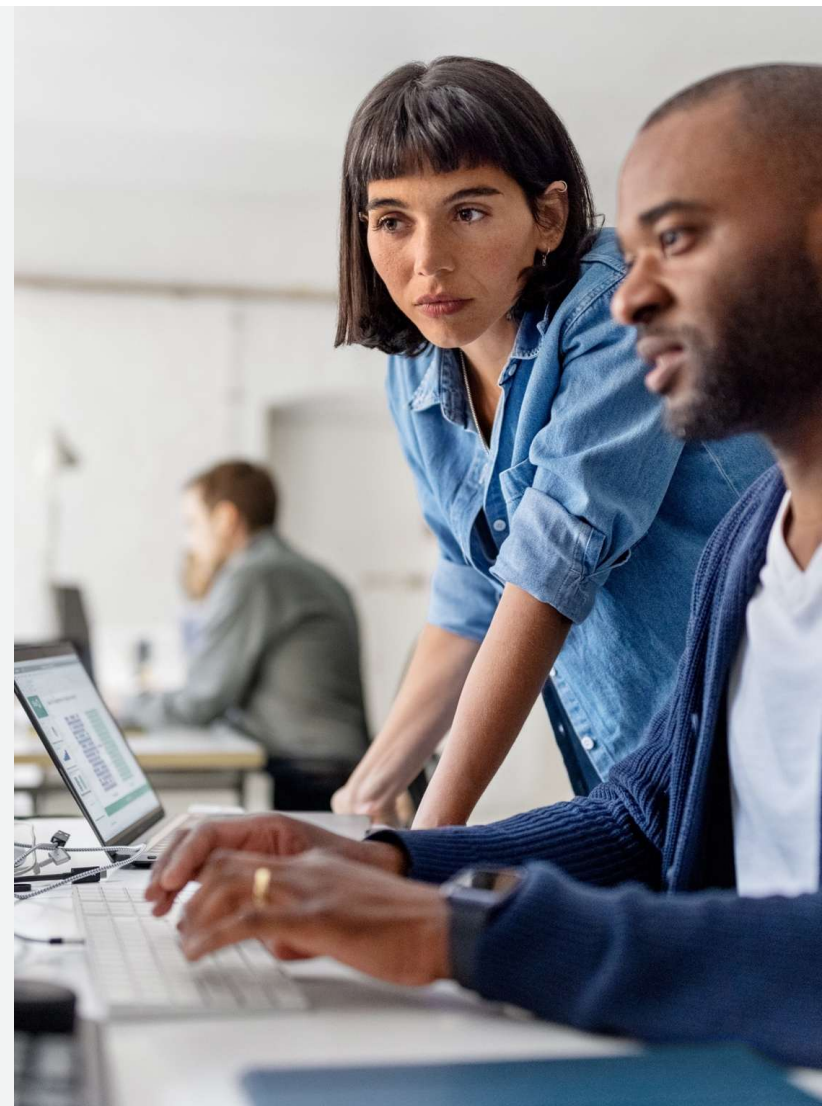
SECURE 2.0 Act would require all new plans to include an automatic enrollment feature beginning in 2025.

- Employees would be initially enrolled at a contribution level of at least 3% of pay, but no more than 10%
- The contribution rate would increase annually by 1% up to at least 10%, but not more than 15% of the employee's pay
- Must allow employees to withdraw contributions within the first 90 days
- Businesses with 10 or fewer employees, new companies in business for less than 3 years, church plans and governmental plans are excluded from this requirement
- IRS recently provided some helpful guidance on this provision
 - Must enroll anyone without an affirmative election
 - Mergers and acquisitions relief



CATCH-UP CONTRIBUTIONS AS ROTH

- Beginning in 2026, any catch-up contributions for employees who earn more than \$145,000 from the employer in the previous tax year must be made as Roth contributions.
- Guidance allows for default election (automatically “spillover” from pre-tax to Roth)
- Provides 3 correction methods
 1. Correct W2 forms and adjust plan records (only if W2 not sent yet)
 2. Recharacterize the pre-tax amounts to Roth within the plan and send 1099R
 3. Distribute the amounts as excesses and send 1099R





SECURE 2.0 ACT OPTIONAL PROVISIONS

EMPLOYER MATCH AND NON-ELECTIVE CONTRIBUTIONS AS ROTH



Allows an employee to elect if they want to treat employer contributions to the plan as Roth contributions

- Optional provision for plans
- Roth Contributions would be includible in income and subject to current taxation
- Must be 100% vested when contributed to the plan
- Taxable to employees on a 1099R from the plan, not reportable on W2
- No payroll withholding available so employees would have to pay taxes outside the plan



STUDENT LOAN MATCH

This new provision allows employers to make matching contributions based on an employee's qualified student loan repayment.

- The contribution amount cannot be higher than any regular matching contribution limits under the plan
- Employee must certify that payment has been made to a qualified education loan
- Employee must otherwise be eligible for contributions and matching contributions under the terms of the plan
- Allows for the contribution to be at a different time than other matching contributions (for example after the end of the year for a plan making matching contributions each pay period)
- Allows for beneficial treatment of these amounts for non-discrimination testing
- IRS provided some helpful guidance on employee certifications and timing



42.7 million

Americans owe over

\$1.6 trillion

in student loan debt with

66% indicating it impacts their ability to
save for retirement. ^{1,2}

¹ U.S. Dept of Education, April 21, 2025.

² 2023 New Year's Resolutions Study from Allianz Life Insurance Company of North America, November 2023.

EMERGENCY SAVINGS – STILL AWAITING GUIDANCE

Emergency savings

Employees would be able to set up an emergency savings account through automatic payroll deductions with contributions up to a total of \$2,500.

- Available to non-HCEs only
- Contributions would be made as Roth
- Employees could be automatically enrolled, or make an affirmative election
- Distributions must be allowed at least monthly
- Withdrawals are penalty free
- Must be invested in a money market or investment designed for protection of principal

Once the \$2,500 limit is reached — contributions would be stopped, or directed to a Roth deferral account in the defined contribution plan.



24%

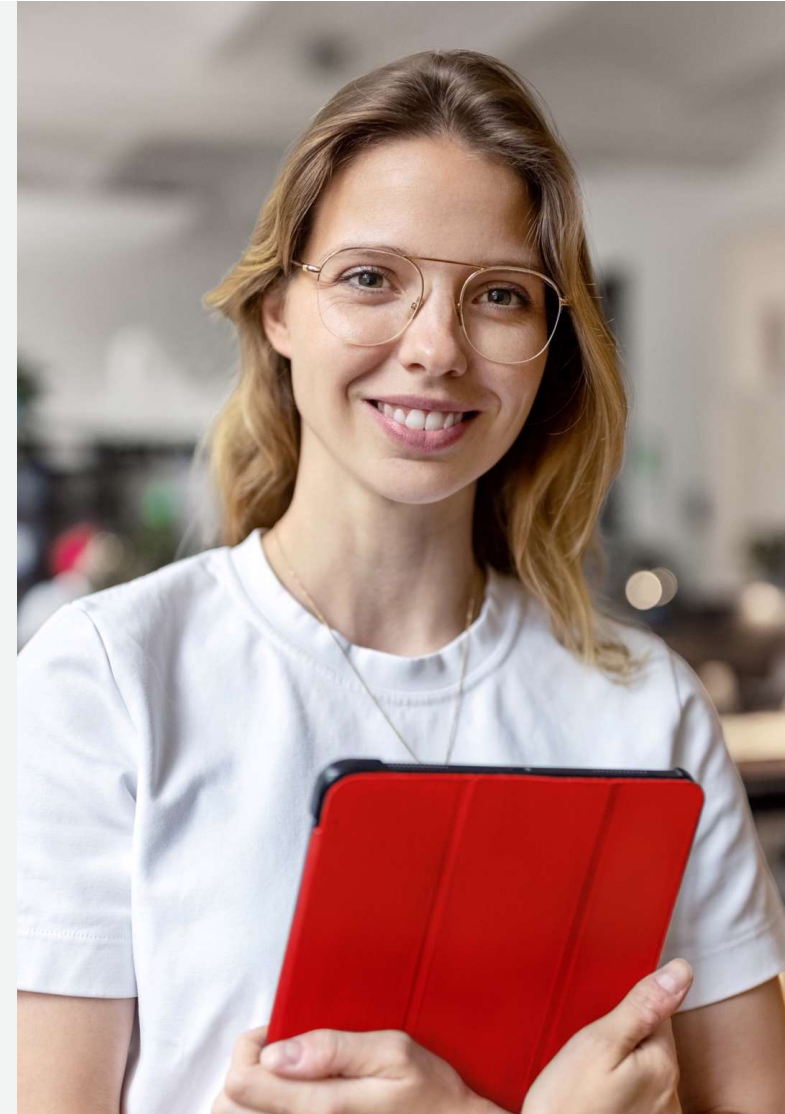
have zero
emergency savings
and another 30%
have less than
3 months worth

SOURCE: Bankrate, June 2025

EMERGENCY WITHDRAWALS

Emergency Withdrawal Provisions

- Under the new law, effective in 2024 plan participants will be able to withdraw up to \$1,000 per year from their retirement savings account for emergency expenses without having to pay the 10% tax penalty for early withdrawal if they're under age 59½
- Can be repaid to the plan.
- Only 1 distribution allowed within 3 years unless prior distribution is repaid
- Employees can self-certify they are eligible for a distribution
 - Unforeseeable or immediate financial need relating to necessary personal or family emergency expenses





PUTTING RETIREMENT INTO PRACTICE

WINDOW OF OPPORTUNITY FOR ACCOUNTANTS

97%

of accountants
get involved with payroll in some capacity for their clients

70%

want to **grow advisory services** over the next 2 years

67%

get **involved with retirement** plus another 11% want to start getting involved

SECURE 2.0 – PUTTING IT INTO PRACTICE

Topic	Value Prop
Cost of Retirement Benefit	A small business is entitled to 100% (up from 50%) of qualified startup costs up to \$5,000 for the first three years for new plans with up to 50 employees; matching tax credit of up to \$1,000 for employees making \$100,000 or less
Auto Enroll Feature	Required beginning 2025 but can help with retention for employees that potentially wouldn't have actively opted into a retirement benefit with a payroll deduction
Mid-Year SIMPLE to 401(k) Conversion	Educate employers and participants on the benefit of a safe harbor 401(k) – professional fiduciary oversight, option for loans, higher contribution limits, Roth Option
State Mandated Plans	While the state sponsored solution may be the easiest option, reviewing a pretax benefit like a company sponsored plan may be worth the investment of time for business owners and their employees
Employee Retention	Businesses hire educated talent and many recent graduates face debt in the form of student loans — so any effort to assist these candidates with loan repayment, with or without matching support, can serve as a major attraction and retention tool. We believe this trend will take off in 2024 making this provision key in recruiting talent
Retirement Plan Integration	SECURE 2.0 provisions are heavily payroll dependent which is why true, real-time integration – like what you get from ADP – can simplify administration, help eliminate errors, and reduce fiduciary risks (LTPT, Auto Enroll, Student Loan Matching)

RETIREMENT PLAN CONVERSATION STARTERS

As a business owner, what are you personally doing to save for your future?

Did you know that thanks to SECURE 2.0 it's easier and more affordable for small businesses to offer a valuable benefit your employees want?

Are you familiar with the tax credits that SECURE 2.0 Act offers business owners who opt to setup an employer-sponsored retirement plan?

Have any of your employees expressed interest in a pretax savings plan?

Are you aware that your business resides or has employees in a state that has passed legislation requiring that employers enroll their workers in a state-sponsored retirement program or sponsor a plan of their own or face penalties?

Have you ever calculated how much you may need to retire comfortably?

Do you have issues hiring and retaining talent?

Are you up to speed on the timeline for your state's retirement mandate?

STUDENT LOAN MATCHING SOLUTION

Participants can save for retirement AND tackle student loan debt!

Benefits of a student loan matching solution:

- Attract and retain key talent
- Increase employee engagement
- Help reduce employee stress while increasing productivity
- Employees save for retirement while paying down student debt



Key facts

- Over 42.7M Americans have student loan debt
- Over \$1.6T in student loan debt in the U.S.

* U.S. Dept of Education, April 21, 2025.

PUTTING IT ALL INTO PRACTICE

For the Plan Sponsor

Consider how to discuss all of these new features with plan sponsors. Help them to decide what to implement and when in conjunction with their overall benefits program.

For the Participants

Consider how to educate participants without overwhelming them. How does automatic enrollment work with more choices? Consider annual benefits election process for retirement options (i.e. match and NEC as Roth election/reminder each year).

For You

Stay informed! Additional guidance on many SECURE 2.0 regulations are coming and more provisions become effective from now until 2027.



QUESTIONS?

