

Employee Benefit Plans Alert

Connecticut Enacts New Mandatory Auto-IRA Program

By Louis F. LiBrandi, Principal and Jordan Mentry, Manager

States continue to address the lack of retirement plan offerings for their residents. As mentioned [in a previous EBP Alert](#), New York State, New York City and over a dozen other states have already rolled out mandatory IRA programs for small employers currently not offering retirement plans. Connecticut recently enacted their own “auto-IRA” program for its residents as well. The Connecticut (CT) Mandatory Auto-IRA program is required to be implemented if any type of employer has at least five (5) employees and has been in existence for at least one year. Additional details follow.

Employer Registration Dates

Depending on the size of the employer, there are different dates by which the employer must register for the program. Those dates are:

- For employers with 100 or more employees – June 30, 2022
- For employers with 26 to 99 employees – October 31, 2022
- For employers with 5 to 25 employees – March 30, 2023

Details of CT Program

Some of the details of the CT program are:

- All non-governmental employers in CT with five (5) or more employees in the prior year, who have been in existence for at least all of 2021, are required to sponsor a retirement plan or participate in the CT program.
- Employer contributions are not required.
- The participant accounts are Roth accounts ONLY. Roth contributions are post-taxed compensation.
- Employees must opt-out on the CT [state programs website](#); they cannot opt-out through their employer.
- After 120 days of employment, automatic deductions from the employee’s wages will be made via payroll deductions to their Roth IRA account in the program. Employees must be at least 19 years of age.
- The deduction amount will be 3% of the employee’s gross pay, up to the annual IRA limits. For 2022, the IRA contribution limit is \$6,000 (plus \$1,000 catch-up if over age 50).

Contact Us

The Employee Benefit Services Group at PKF O’Connor Davies is available to assist employers with all aspects of employee benefit plan compliance. For more information, please contact your client services partner or either of the following:

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