



Are Your Clients Ready for State Retirement Mandates?

More than half of U.S. states have proposed or implemented a state retirement savings program. Many of these programs require mandatory participation. In other words, employers must offer employees a retirement plan. If they don't comply, they may incur state fines—and the penalties can be steep.

These programs are a growing trend. Even if your client isn't in a mandated state, they should establish a retirement plan now to avoid future complications.

State IRA or private 401(k): what's the best fit?

Employers have the option to enroll in the state's IRA program or offer their own plan. A 401(k) plan from a qualified provider can satisfy state requirements and may be a better fit for your clients.

Let's look at the differences:

- Startup tax credits.** 401(k) clients can take advantage of up to \$16,500 in SECURE Act tax credits. These are not available with state IRAs.
- Higher contribution limits.** 401(k) plans allow participants to contribute higher limits: up to \$23,000 versus only \$7,000 for a state IRA in 2024.
- Less work for the employer:** With state IRA programs, employers do their own administration. With a 401(k) plan, the provider takes on most of that burden.
- Employer contributions.** State IRAs don't offer these contributions. Plus, companies with less than 100 employees can qualify for an employer contribution credit of up to \$1000 per employee.

State retirement programs—by the numbers

As of July 2024 – 29 states are in some stage of program adoption. 11 states have established programs, nine are in development, and nine have proposed legislation. Other states are expected to follow suit over the next few years.

In mandated states, 39.7% of employers now offer a retirement plan compared with the national average of 37.6% ¹

Are your clients in a retirement-mandated state?

To find out, click on our [State Retirement Program](#) information page and see what each state's requirements are.

¹ The Road to Retirement, a Special Paychex Report, 2024

Resource Corner

Compliance Deadlines:

- October 15:**
Form 5500 / 5500-SF Filing Deadline
 - Deadline (with extension) to file Form 5500/5500-SF, as applicable, for the prior calendar plan year with the U.S. Department of Labor.
- Form 8955-SSA Filing Deadline**
 - Deadline (with extension) for filing Form 8955-SSA for the prior calendar plan year in either paper or electronic form with the IRS.
- Form 5330 Return of Excise Taxes Filing Deadline (With Extension)**
 - (if applicable, consult with your CPA) (with extension)

- Extended Tax Filing/Deductible Contribution Deadline - Sole Proprietorships and C-Corps**
 - Deadline (with extension) for tax return filing and contribution deductibility for sole proprietorships and C-corps operating on a calendar-year

- November 1**
SIMPLE IRA Plan Notice Deadlines
 - Deadline to distribute annual SIMPLE IRA notice to participants.
 - Deadline to distribute notices to terminate a SIMPLE IRA Plan effective January 1 of the next year.

For more details, download the [2024 Retirement Compliance Calendar for Financial Advisors](#)

Knowledge Center:

On-demand Webinar: **401(k) vs. State IRA: Strategies For Your Clients.** [Watch now](#)

Did you know that as of January 1, 2025, 401(k) auto-enrollment will be mandatory? For details, read our article, [SECURE Act 2.0 Auto-Enrollment Mandate Deadline: What Business Should Know.](#)

- Watch Now:**
 - [Importance of Plan Benchmarking for Advisors](#)
 - [Tips for growing your retirement plan base](#)
 - [5 Steps to Winning Share of Plan Business](#)



Save Your Clients Up to \$2,000 in 401(k) Fees

Refer your clients to us and we'll take up to \$2,000 off their plan set-up fees. This offer applies to both new and conversion plans. Clients do not need to have payroll with Paychex to qualify for this offer.

[Get the details](#)