



PENSION STRATEGIES

QUALIFIED PLAN DESIGN & ADMINISTRATION

Strategic Update

Ideas, news and tips from Pension Strategies

August 2015

Sponsor a Plan Now - Avoid State Mandates Later

Employer sponsored retirement plans represent the vast majority of retirement savings for workers throughout the United States. However, according to a study performed by the Employee Benefit Research Institute in 2014, only about 40% of US workers actually choose to participate in their employers' retirement plan when provided with the opportunity to save towards retirement.

Many states are exploring state-sponsored programs aimed at helping private-sector workers better prepare for retirement. Currently, there are five states that have passed bills providing for state-sponsored retirement programs (OR, WA, CA, IL, and MA). One such program named the Illinois Secure Choice Savings Program (ISCSP) was recently signed into law on January 5, 2015. Effective June 1, 2017, private-sector businesses within the state of Illinois must consider the following requirements:



- Employers with 25 or more employees must sponsor the ISCSP unless they are currently sponsoring an existing retirement plan
- Employees over the age of 18 must be automatically enrolled at 3% of compensation
- Employees may opt out of the program at any time
- Employees may modify their salary deferral percentages at any time
- Employees may withdraw their accounts at any time (taxes and penalties may apply)
- Employers will be subject to penalties for non-compliance.

Since 2012, more than 25 states have considered proposals for state-sponsored programs. Just last month, President Obama directed the Department of Labor to develop a proposed set of rules "to clear a path for states to create retirement savings programs." These programs may have a tremendous impact on small businesses and how private-sector workers save for retirement. Small business owners may wish to consider establishing and sponsoring their own retirement programs before any state-sponsored mandates restrict how they are allowed to run their business.

UPCOMING DEADLINES

September 15th

Funding Deadline for Calendar Year Plans

October 1st

Deadline to Establish a New Safe Harbor 401(k) Plan for 2015

October 15th

Form 5500 Filing Deadline for Calendar Year Plans

About Pension Strategies

Join Our Mailing List!

Department of Labor's ERISA Bond Compliance Initiative



In our June 2015 Newsletter, we detailed the Department of Labor's ERISA Fidelity Bonding requirements as well as the importance of having enough coverage to satisfy the bonding requirements. Since our June 2015 Newsletter was published, the Department of Labor has launched a new compliance initiative aimed at identifying individuals who are not in compliance with the ERISA Fidelity Bonding requirements. This compliance initiative allows the Department of Labor to issue citations to individuals who are not adequately covered. Please see the links below for additional information regarding bonding requirements:

[June 2015 Newsletter](#)
[DOL ERISA Bond Information](#)
[Small Pension Plan Audit Regulations](#)

Please let us know if you would like us to address any topics in upcoming issues of Strategic Update. We're here to be your best resource in the Retirement Planning Industry.

Please let us know if you would like us to address any topics in upcoming issues of Strategic Update. We're here to be your best resource in the Retirement Planning industry.

Sincerely,
Jack Lawless, CPA, APM
Pam Johnson, QPA, CPC
Jill Hastings, JD
David Schattenberg, APA, Senior Consultant
Mallory Young, Senior Consultant

And the entire Pension Strategies team