

Patrick J. Deo, CPA, Cr.FA  
[patd@dldcpa.com](mailto:patd@dldcpa.com)  
Anthony LaManna, CPA  
[tonyl@dldcpa.com](mailto:tonyl@dldcpa.com)  
Michael J. Deo, CPA  
[miked@dldcpa.com](mailto:miked@dldcpa.com)

## CLIENT ALERT

### NEW JERSEY SECURE CHOICE SAVINGS PROGRAM

On March 28, 2019 Governor Phil Murphy signed into law the New Jersey Secure Choice Savings Program Act (“Act”) which establishes a state-run retirement program in the form of automatic employee payroll deductions paid into an IRA. The Act applies to all New Jersey employers that have at least 25 employees and do not already offer a qualified retirement plan to their employees.

The Act requires employers to enroll their employees into an IRA, known as the New Jersey Secure Choice Savings Program Fund, through automatic payroll deduction. An employee will default to an automatic IRA contribution of 3% of wages unless the employee opts out of the program or elects a different contribution percentage. The contribution may be pre-tax or post-tax. Contributions are subject to applicable Internal Revenue Service contribution limits (the maximum IRA contribution limit is \$6,000 for 2019, or 7,000 if age 50 or older).

To administer the program, the Act establishes the Secure Choice Savings Board comprised of:

- The State Treasurer, the State Comptroller, and the Director of the Office of Management and Budget,
- Two representatives of the general public with expertise in retirement savings plan administration (appointed by the Governor),
- One representative of participating employers (appointed by the Governor), and
- One representative of enrolled employees (appointed by the Governor).

Under the Act, the Board must implement the program, notify the New Jersey Treasury Department by March 28, 2021 of its implementation, and create a website to provide relevant program information. After the program is implemented, employers will have nine months to comply with the Act’s automatic payroll deduction mandate or face the assessment of penalties by the Treasury Department. Employers will be able to report compliance with the program on their State income tax returns.

April 8, 2019

**Disclaimer:** *This e-mail represents a general overview of tax developments and should not be relied upon without an independent, professional analysis of how any of these provisions may apply to a specific situation.*