

Maryland State-Mandated Retirement Plan Options



Millions of Americans across the United States don't have access to an employer-sponsored retirement plan, creating a gap of employees without the means to properly prepare for a financially secure future. To help close that coverage gap, many states like yours are creating legislation that requires employers to either offer a state-run individual retirement account (IRA) or another relative retirement plan like a 401(k) or pooled employer plan (PEP).

In Maryland, if you have one or more employees, you have three options to meet your state's retirement program mandates.

Maryland State Retirement Legislation Important FAQs

Which employers are impacted by the state mandates?

Employers with one or more W-2 employees that have been in operation for at least two years and use an automated payroll system.

If I am one of these impacted employers, how can I satisfy my state's retirement program requirements?

You have three options; each is described in more detail in this document.

- **Option 1:** Participate in the MarylandSaves state-run IRA program
- **Option 2:** Sponsor a relative retirement plan through the private sector
- **Option 3:** Join a pooled employer plan (PEP)

What are my deadlines?

Enrollment is open to all eligible businesses. Employers that register and start payroll contributions for MarylandSaves or certify that they already have a retirement plan by December 31 will not have to pay Maryland's annual report filing fee. This amounts to a savings of \$300 beginning the next year and every year after.*

Get more information at marylandsaves.com.

* The \$300 annual report filing fee for entities doing business in Maryland is waived for registered employers. Md. Code, Corporations and Associations Art., § 1.203(b)(3)(ii), (13).

Option 1 – Participate in the MarylandSaves state-run IRA program

The MarylandSaves retirement savings program provides employees with an easy and automatic way to save part of their paychecks for retirement. If you choose to register your company in your state-run program, each enrolled employee receives a WorkLife account with the following features:

**ROTH
IRA**

SAVINGS RATE:
5% of each
paycheck

AUTO-INCREASE:
1% annually,
up to 10%

Employees can
change their rate
or **opt out** at any time¹

To enroll in the MarylandSaves state-run program:

- Register your company via the website.
- Add eligible employee contact information to the portal by the deadlines provided by the program.
- Update employee contribution rates and process contributions via payroll deduction each pay period.
- Mark employees as inactive in the employer portal when they leave the company or are terminated.

What are the benefits of the MarylandSaves program?

- Employers have no fees, no employer contributions, no fiduciary responsibility, and limited administrative responsibilities.
- Employees are offered investments with low fees and their accounts are portable if they leave their current employer.

Option 2 – Sponsor a relative retirement plan through the private sector

Although your state has a mandated retirement program in place, you don't need to participate to satisfy your state's requirements. Instead, you have the option to sponsor a private sector retirement plan, such as a traditional 401(k) through a recordkeeping provider like Ascensus. A 401(k) can give you more flexibility to design a retirement plan that fits your unique business needs while still providing a valuable benefit for your employees.

What are the advantages of a traditional 401(k) plan?

Compared to a state-run plan, a 401(k) may offer additional benefits to employers and their employees.

Employers can:

- Set vesting schedule options, which can help retain employees.
- Choose from a range of investment options, depending on their specific goals.
- Get business tax savings and credits.²
- Set eligibility requirements.
- Choose to make employer contributions on top of deferrals.

Employees can:

- Get access to financial advice and professionally managed investment strategies, to help them invest wisely.

¹Employees can move a contribution originally made to a Roth IRA into a Traditional IRA, also known as recharacterize.

²The SECURE 2.0 Act modified an existing credit and created a new one. Read more about [additional potential tax benefits](#). Ascensus recommends consulting with your accountant to discuss eligible tax credits available to your business. Credits are not applicable to Individual(k)™ plans.

A 401(k) plan can also offer additional benefits in terms of higher and more flexible contribution limits, as seen in the 2025 Contribution Comparisons table below:

	Roth IRA	401(k)
Participant contributions	Can contribute up to \$7,000 with an additional catch-up contribution of up to \$1,000 if age 50 and over.	Can contribute up to \$23,500 with an additional catch-up contribution of up to \$7,500 if age 50+ OR anyone aged 60-63 can contribute up to \$11,250 .
Tax treatment	Earnings grow tax deferred. Contributions to Roth IRAs are not deductible, but qualified distributions are not taxed.	Contributions can be made pre-tax or Roth. Pre-tax contributions reduce participant taxable income, but are taxed when distributed. Roth contributions are taxed up front, but when the contribution is a qualified distribution it is tax free.
Income caps	Follow federal guidelines: To be eligible, employees must make less than \$165,000 (single household) or \$246,000 (married filing jointly).*	Contributions may be limited for highly compensated employees (HCEs). However, there are no 401(k) income limits.
Employer contributions	Employers may not contribute to the participant's Roth IRA.	Employers may match a portion of participant contributions. Employers may offer profit sharing. Employer contributions are tax deductible .

*Based on modified adjusted gross income (MAGI). Roth IRAs have a contribution phase-out amount based on MAGI. To see the amounts, visit the [IRS Roth IRA page](#).

Is a 401(k) more work for me?

Not necessarily. In a 401(k), there are a variety of ways you can outsource processes to experts to minimize your fiduciary responsibilities.

- You can streamline your payroll contribution submission process by using a payroll integrated provider.
- You can reduce your fiduciary risk by including:
 - » A 3(38) investment manager that selects and monitors the funds in your retirement plan, so you don't have to.
 - » A 3(16) administrative fiduciary service that will reduce your workload and limit your responsibility with plan administration.



Option 3 – Join a pooled employer plan (PEP)

A PEP is a unique solution that enables multiple employers to join or “pool” together to offer a tax-advantaged workplace retirement plan. With a PEP, like those offered through Ascensus, you simply plug into an existing plan managed by a pooled plan provider (PPP) who is responsible for your plan’s daily operations, annual audits, and most fiduciary responsibilities.

What are the advantages of a PEP?

With a PEP, employers can enjoy **all the benefits of a traditional 401(k) plan, plus:**



Cost efficiencies

Costs are generally lower than offering a private sector plan because they are spread across a larger number of employees and assets.



Less administrative burden

The PPP also assumes many of the administrative tasks on behalf of all employers in the PEP.



Less fiduciary risk

Almost all fiduciary responsibilities are taken off your plate and outsourced to the PPP and an ERISA 3(38) investment fiduciary.



Increased focus

Employers can use fewer resources managing the plan and instead focus on growing their business.

Is a PEP more work for me?

Not at all. With the PPP and investment managers covering most of the fiduciary and administrative responsibilities, you do the following:

- Submit payroll deductions via your payroll system and provide complete census information for employees.
- Periodically evaluate the PPP and investment managers.

For more information, visit ascensus.com.

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