

URGENT: Action required before Dec. 1st.

Maryland is requiring all employers to offer retirement savings plans to their employees. However, there is currently no penalty if you do not comply. Instead, Maryland is taking a "carrot" approach by waiving the \$300 annual report fee (which maintains your corporation or LLC in good standing) to employers who either offer Maryland Saves or their own retirement plan to their employees. To qualify for the waiver for the 2023 annual report, you must comply by Dec 1, 2022, just weeks away.

Your business may have received an email from one of the many companies offering to assist you with the registration process. We would like to give you more information so you may make an informed decision on whether to engage such services. If you are eligible for an exemption you may be able to certify yourself.

Maryland Saves is a new program that employers can enroll in to offer a retirement savings plan to their employees. Maryland Saves is free to the employer (aside from additional bookkeeping and payroll needed) and will offer Roth IRAs to your employees. You must keep MD Saves updated with your employee list; they will enroll your employees and manage their account, including requests for changes in contribution amounts. Because the employee's account is a Roth IRA, there is no tax deferral for them and so it will not affect their W2 (it does need to be reported on their paystubs however). Sole Proprietors without employees can enroll themselves if they are interested.

You must register your business and either certify your exemption or enroll your business in Maryland Saves Retirement Plan by December 1st, 2022 to get the waiver of the \$300 annual filing fee for 2023. If you are exempt, you must certify this every year by December 1st, as that is the date that Maryland Saves will send a list of businesses qualifying for the waiver (either enrolled or exempt) to SDAT.

Registration requires an access code, tied to your EIN and MD Department ID. Access codes were emailed to a business contact from MarylandSaves Program <no-reply@sumday.com>, which may have gone into your spam folder. However, many businesses never received an access code. If you request one now it will not arrive until after December 1st.

Although you can certify an exemption without an access code this year, it is required to enroll in the Maryland Saves plan. This year only, if you are enrolling in Maryland Saves and need an access code, the Maryland Saves program will add your business to its December 1st list of businesses eligible for an annual fee waiver if you request your access code before December 1st. The program will follow up with you to make sure that you do enroll once you have the access code.

Education

Your employees may have questions about this new retirement plan. First, each employee is automatically enrolled but they can opt out. Please make sure your employees are aware they must take steps if they want to opt out as you cannot change their contribution amounts or opt out for them. The contribution to the plan is 6% of their income for the first year. That percentage increases by 1% each year until it reaches 10%. (Self-employed persons can contribute a set dollar amount.) The first \$1,000 in contributions is not invested but is available as a "rainy-day" fund, meaning the employee can withdraw that amount for emergencies. After the initial \$1,000 is contributed, the money is invested in an age-target fund. Contributions can always be withdrawn without any tax penalties but any earnings will be taxed and an early-withdrawal penalty may apply. Advise your employees to discuss this with their tax professionals.

Follow the flowchart on the next page to determine how to get your annual fee waiver

Does your business have employees? (i.e. wages reported on a W-2)

YES

NO

Do you already offer a retirement plan to your employees (such as a 401K, SIMPLE IRA, SEP)?

Have you already established a retirement plan under the business (such as a 401K, SIMPLE IRA, SEP - NOT an individual retirement account)?

YES

NO

YES

NO

EXEMPT
You need to register and certify your exemption. You must list your exemption as "your business already offers a qualified retirement program" to qualify for the waiver.

MD SAVES
You need to register and enroll in MD Saves.

I have an access code
<https://marylandsaves.vestwell.com/register/exempt>
OR Marylandsaves.com and look for green "Employers" box and click on "Certify my exemption"

I have an access code
<https://marylandsaves.vestwell.com/register/employer>
OR Marylandsaves.com and look for green "Employers" box and click on "Register my business"



I do NOT have an access code
<https://www.marylandsaves.org/claim-exemption/>
OR Marylandsaves.ORG and look for "certify my exemption" button on the top right of the page.

I do NOT have an access code
<https://www.marylandsaves.org/register-my-business/>
OR Marylandsaves.ORG and look for dark green box "Don't have an Access Code" and click on "request one"

