Minnesota Secure Choice Retirement Program: Employer Compliance & Plan Alternatives

5/20/26

Agenda

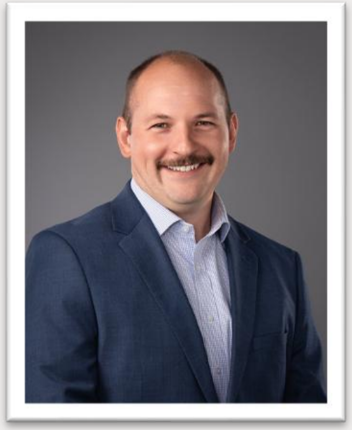
Overview and implementation

- Rollout timeline and employer process
- Employee options
- Resources available

Alternative Retirement Plans

- Qualified exclusions
- Plan designs and cost structures
- Participant and organizational outcomes

Your Presenters



Andy Rineck
Financial Planner
Andy.Rineck@aleragroup.com
715-246-8084

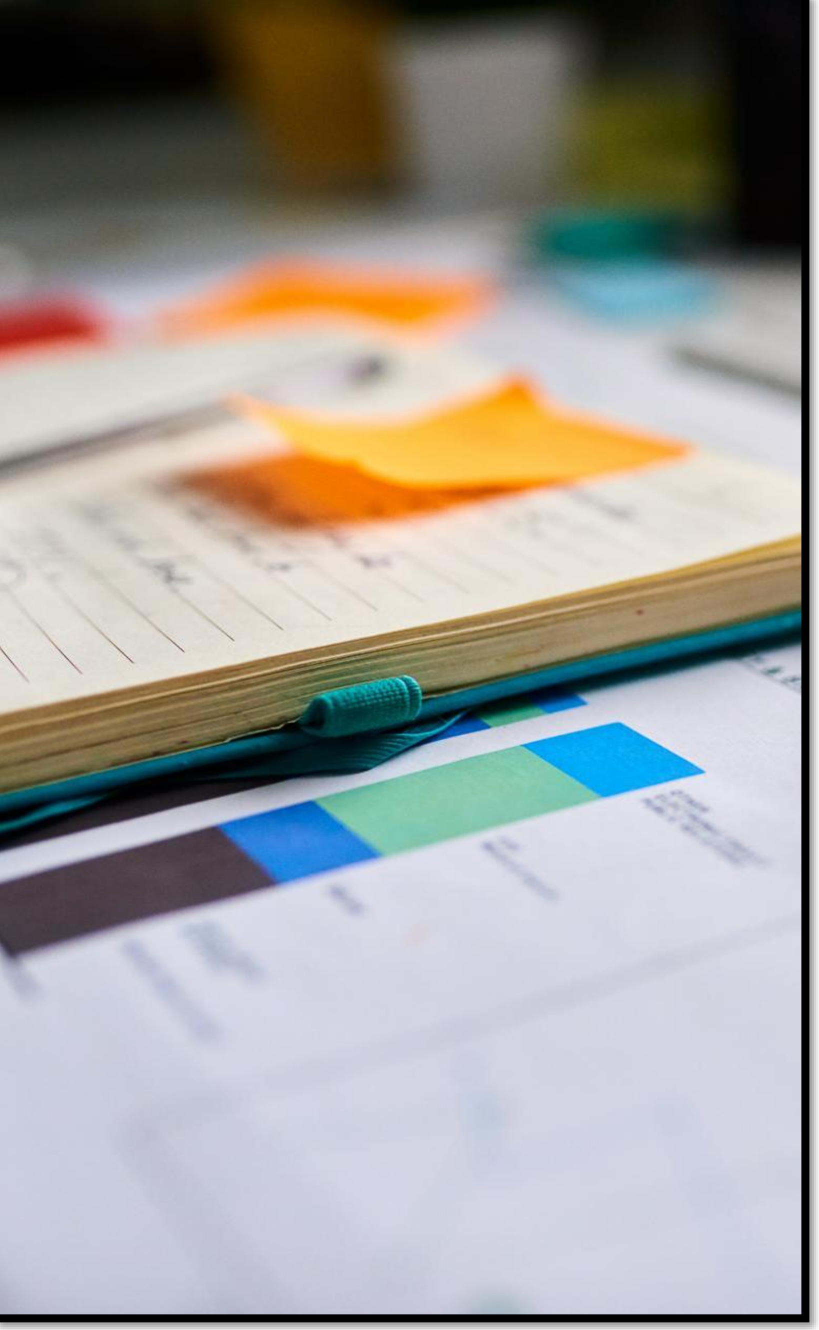
Purpose

- 40% can't meet an unexpected $400 expense
- 20% not able to pay all their bills in full
- 28% say Their Health has been impacted by their financial worries
- 71% constantly carry balances on their credit cards
  - one-third of those earning more than $250,000 have credit card debt.
- 48% say that personal financial issues are a distraction at work
- Less than 40% of non-retired adults think that their retirement savings are on track, and 25% have no retirement savings or pension whatsoever
- 60% have little or no comfort in managing their finances
  - Expressed comfort in financial decision making may or may not correlate with actual knowledge about how to do so. To assess actual financial literacy, respondents are asked five basic questions about finances (table 34).41 The average number of correct answers is 2.8 with one-fifth of adults getting all five correct.

ALERAGROUP

Program basics

- Qualifying Employers
  - 5 or more EEs w/ MN taxable wages*
  - Do not offer a retirement plan
- Eligible employees are automatically enrolled into Roth IRA accounts but can opt out or switch to Traditional IRAs.
- Default contributions start at 5% of gross pay with automatic 1% annual increases up to 8%, deducted via payroll.
- Employees maintain full control over their accounts and may adjust contributions and investment selections within set options.
- Run through Vestwell in Public private partnership
- ER contributions not permitted



Employer Responsibilities Under Secure Choice

Program Registration

Employers must register for Secure Choice or certify exemption by the deadline to comply with program requirements.

Payroll Deductions and Remittance

Employers are responsible for setting up payroll deductions and timely remittance of employee contributions to the program.

Employee Communication

Employers must distribute required notices to employees about enrollment, opt-out rights, and program information using standardized materials.

Compliance and Record Maintenance

Employers must maintain accurate records and ensure payroll processes comply to avoid penalties and issues.

Timeline and registration deadline

Number of covered employees at covered employer	Phase duration and/or start date
Soft launch for any sized Minnesota covered employer	Jan. 19, 2026 to March 30, 2026
100 or more	April 1, 2026 to June 30, 2026
50 to 99	July 1, 2026 to Dec. 31, 2026
25 to 49	Jan. 1, 2027 to June 30, 2027
10 to 24	July 1, 2027 to Dec. 31, 2027
5 to 9	Jan. 1, 2028 to June 30, 2028

ALERAGROUP

Qualifying for Exemption

Qualified plans offering exemption

401(a) - Including a 401(k)

403(a) - Qualified annuity plan

403(b) - Tax-sheltered annuity plan

408(k) - Simplified Employee Pension plan

408(p) - SIMPLE IRA plan

457(b) - Governmental deferred compensation plan

Standalone payroll deduction IRAs do not Qualify for exemption

Can exempt after participation in program

Common Employer Questions

Mandatory Participation

Participation is mandatory for covered employers without qualifying plans, but employees can opt out anytime.

No Employer Fees

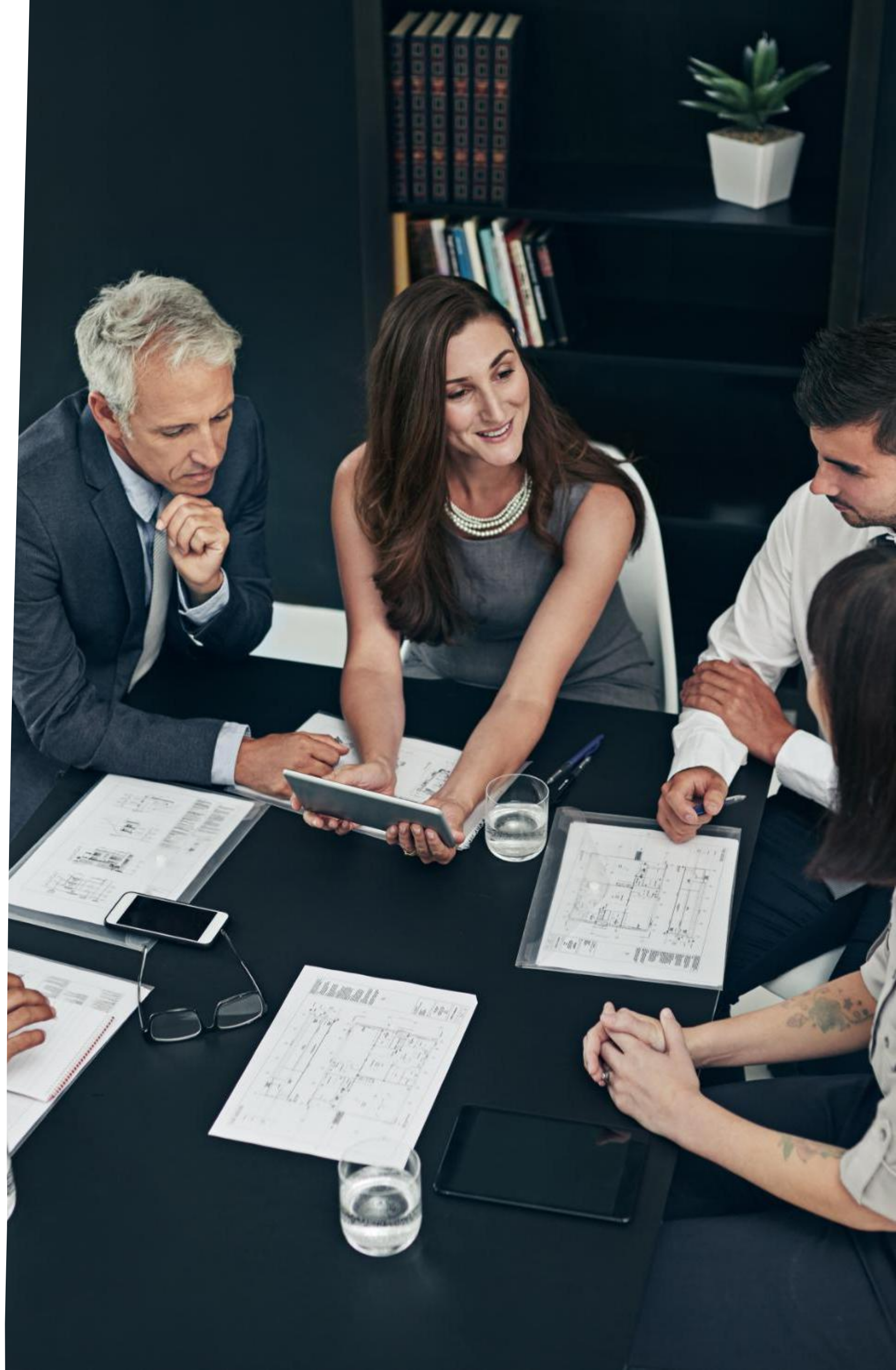
Employers do not pay participation fees and are not required to contribute financially to the program.

Payroll Integration

The program integrates seamlessly with various payroll systems, minimizing complexity and administrative burden.

Employer Responsibility

Employers are not fiduciaries and bear no investment responsibility under the Secure Choice program.



Payroll integrations

Abacus HCM
ABC Payroll
Accu Data Workforce Solutions
ADP Run
AllianceHCM
Amcheck Las Vegas - G&A Partners
ASAP Powered by Dominion Payroll
Asure
Auris (formerly Heartland)
Bangor Payroll / Bangor Savings Bank
BBSI - Barrett Business Services, Inc.
Bene-Care
CheckRight NW
Checkwriters Inc
Clarity HCM
Coastal Payroll
Complete Payroll
Complete Payroll Solutions
COPAC
Corporate Payroll Services (Corpay)
CSC Paymaster
Delaware Payroll Services (DPS)
Digit Payroll
Dominion

dSi Payroll
DSI Payroll
Empeon
Equity Financial Services
Firehouse Payroll
Greenleaf Business Solutions
Gusto
Infosync
Insperity Non-PEO
Insperity PEO
Journey Payroll
Liberty Payroll
LiftHCM
Managed Pay
Newtek Payroll
Olympic Payroll
Paper Trails
Paragon Payroll
Paycom
Paycor
PayDay Employer Solutions
Paylocity
Payroll City
Payroll Direct
Payroll Management

True Payroll Integration (TPI Pay)
Unify Payroll
Valley Processing Payroll
Vida HR
Vision Payroll

Payroll integrations

- **180 payroll integrations**
  - Retirement plan automatically receives data from payroll system
    - Commonly seeing wages, Contributions, hire/ term dates, demographics (DOB, SSN, Address, Etc.)
  - Requires any changes made in Retirement plan to be manually entered into payroll software

- **360 payroll integrations**
  - Same data feed as 180 PLUS data feeds back to Payroll software from retirement plan

Penalties and Enforcement

Grace Period and Warnings

The program board issues written warnings and offers assistance during the initial noncompliance period to encourage adjustment.

Civil Penalties Post-Grace

After the grace period, civil penalties may be imposed on employers who fail to comply with registration and payment requirements.

Legal Consequences of Noncompliance

Not forwarding employee payroll deductions may lead to misdemeanor charges under Minnesota law, emphasizing legal accountability.

Employee Remedies

Employees harmed by employer noncompliance may pursue remedies, highlighting the protective measures for workers.

Program details employees

- 0.20% asset based fee
- 24$ annual account fee
  - Some additional investment cost and withdrawal fees may apply
- 30 day enrollment window
- Open to other workers that aren't automatically enrolled.
- Opt outs can be completed online or via paper form
  - Needed per employer

- **360 payroll integrations**
  - Same data feed as 180 PLUS data feeds back to Payroll software from retirement plan

Employer-Sponsored Plan Alternatives

SEP IRA

SEP IRAs are **employer-funded** with easy administration but require equal contributions for all eligible employees.

SIMPLE IRA

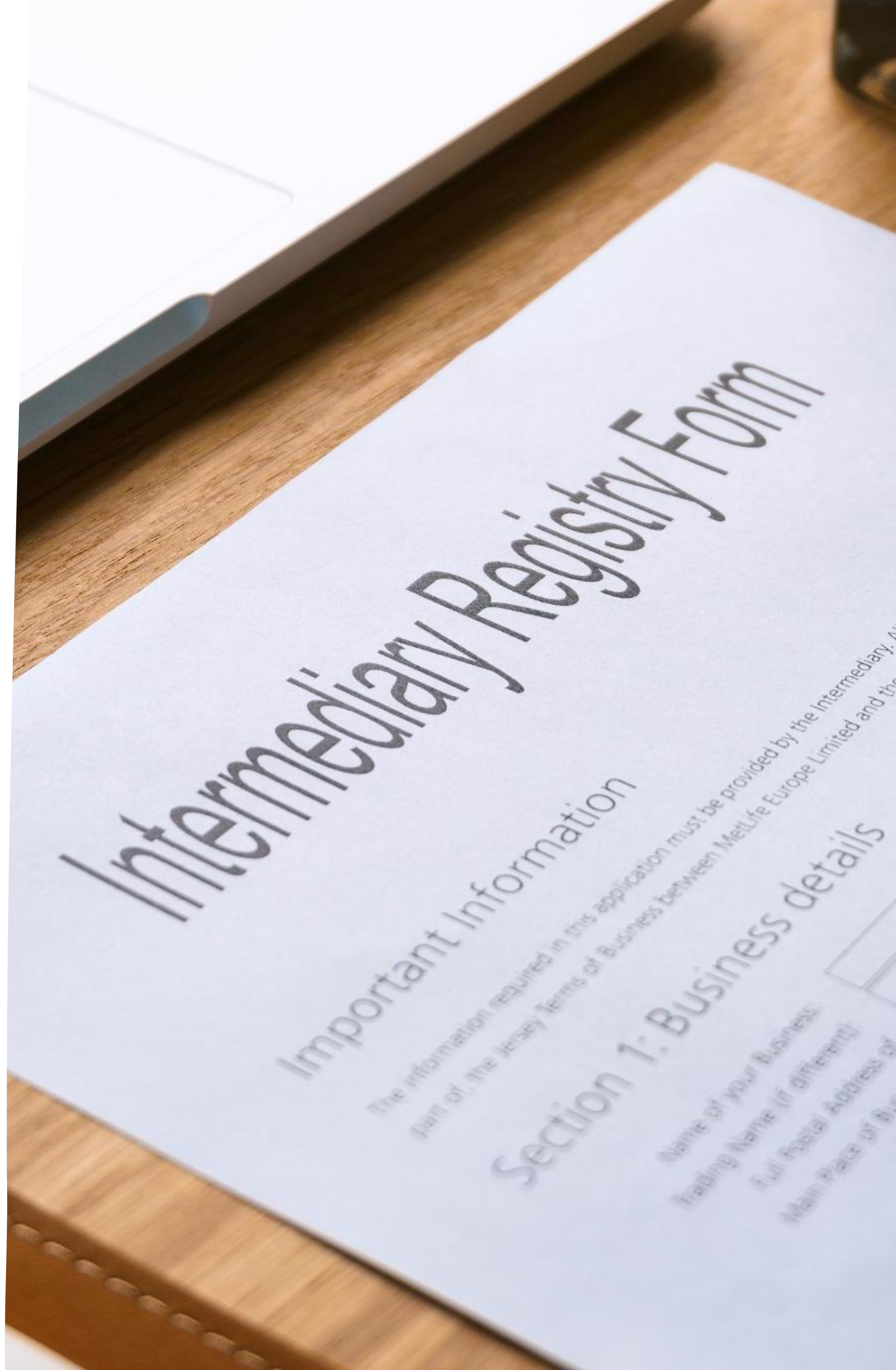
SIMPLE IRAs allow **both** employee deferrals and **mandatory employer contributions** for small businesses with up to 100 employees.

401(k) Plan Benefits

401(k) plans offer **high flexibility** and contribution limits but require **more administrative effort** from employers.

Choosing the Right Plan

Plan selection depends on workforce size, budget constraints, and employer benefit goals.



Employer sponsored retirement accounts

Options

- Eligibility
- Vesting
- Contributions
- Cost structure
- Investment line up
- Distribution Options

Benefits

- Group pricing
- Plan Establishment
- Payroll contributions
- Knowledge base and servicing
- Large contribution maximums

Federal Tax Credits for Starting a Plan

Startup Cost Tax Credit

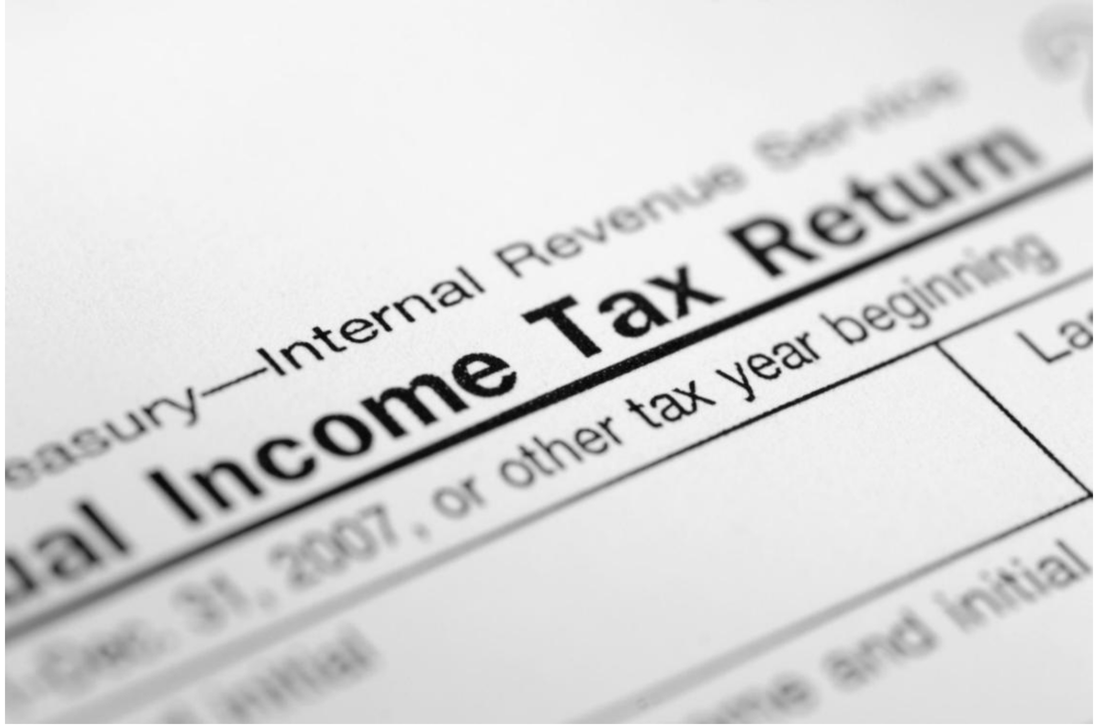
Small employers can receive up to $5,000 annually for three years to offset retirement plan setup expenses.

Employer Contribution Credit

Employers may receive credits up to $1,000 per employee for matching contributions, phasing down over five years.

Automatic Enrollment "Incentive"

Additional $500 annual credit for three years is available to employers who implement automatic enrollment.



SEP IRAs

- Limited eligibility restrictions
- Contributions are typically levelized as % of compensation
- Only Employer contributions allowed
- Only Pre-tax no Roth money
- Limit is lesser of 25% of EE compensation or $72,000
- all money is 100% vested to employee

Benefits

- No annual filings
- Flexible amount of employer contribution
- High limits

SIMPLE IRAs

- ER must have fewer than 100 workers
- Contributions are typically 3% match (allow 2% Non elective)
- EE Can be Pre-tax or Roth
- Limited eligibility changes (0,1,2 calendar year & $5k comp)
- EE Limit is $17,000 ($4,000 catch up)
- All money is 100% vested

Benefits

- No annual filings
- Easy to administer
- Match calculation flexibility
- Group contracts are emerging

401Ks

- ADP,ACP testing and HCE restrictions
- Pre-tax, Roth, After-tax contributions
- EE Limit is $24,500 ($8,000 catch up) ottal limit at $72,000
- Require IRS & DOL filings
- Employer has fiduciary liability for plan

Benefits

- Very flexible Eligiblity, Vesting, Contributions
- High limits
- Plans are priced at group level

Cost and Complexity Comparison

Plan Type	Administrative Complexity	Employer Cost Profile
SEP IRA	Very low; no annual filings	Employer contributions optional but must be equal %
SIMPLE IRA	Low; no Form 5500	Mandatory employer contributions each year
401(k)	Higher; annual filings and testing	Admin fees plus optional employer contributions

Example 401(k): Alera Group with Vestwell

Workplace Tier Features

Includes ERISA 3(16) services, third-party administration, recordkeeping, custody, and payroll integration at fixed and per participant fees.

Plus Tier Enhancements

Offers additional plan design flexibility, profit sharing, and plan consulting for higher monthly fees plus participant costs.

Pricing Details

Fees exclude investment expenses, a setup fee, and profit sharing arrangement costs; pricing is educational and subject to change.

ALERA GROUP | Vestwell

Pricing Tiers

WORKPLACE

Ideal for businesses setting up their first plan. Affordable, all-in price.

MONTHLY FEES*

$115
+ $8 / participant

SERVICES

- ERISA 3(16) Services
- TPA
- Recordkeeping
- Custody
- 3(38) Investment Fiduciary Services Alera Retirement Advisors
  Advisor managed accounts available.
- Plan Design
- Plan Oversight
- Streamlined Administration
- Payroll Integration
- Dedicated Service Team
- Plan Document Maintenance Program

PLAN FEATURES

- Start-up Only
- Required Auto Enroll
- Eligibility Options
  Choose no service requirement or elapsed time only (1, 3, 6 or 12 months).
- Loans, In-Service, and Hardship Withdrawals
- Safe Harbor Options
  Choose match or non-elective

PLUS

Ideal for conversion plans & profit sharing. Balance of flexibility & price.

MONTHLY FEES*

$165
+ $8 / participant

All **WORKPLACE** features, plus

SERVICES

- Plan Consultation
- 3(38) Investment Fiduciary Services Alera Retirement Advisors
- Plan Document Maintenance Program
  Optional additional fee

PLAN FEATURES

- Flexible Plan Design
- Optional Auto Enroll
- Hours-Based Eligibility
  Actual hours worked - up to 1,000 hours
- Optional Match and Profit Sharing
  New Comparability, Integrated & Pro-rata
- Safe Harbor Options
  Choose match, non-elective or QACA
- Vesting
  Immediate, Graded, or Cliff options

CUSTOM

Custom pricing is available for plans with over 100 participants or more complex requirements.

Key Takeaways

Compliance Responsibilities

Employers must understand their coverage under Minnesota Secure Choice and track important registration deadlines.

Retirement Plan Options

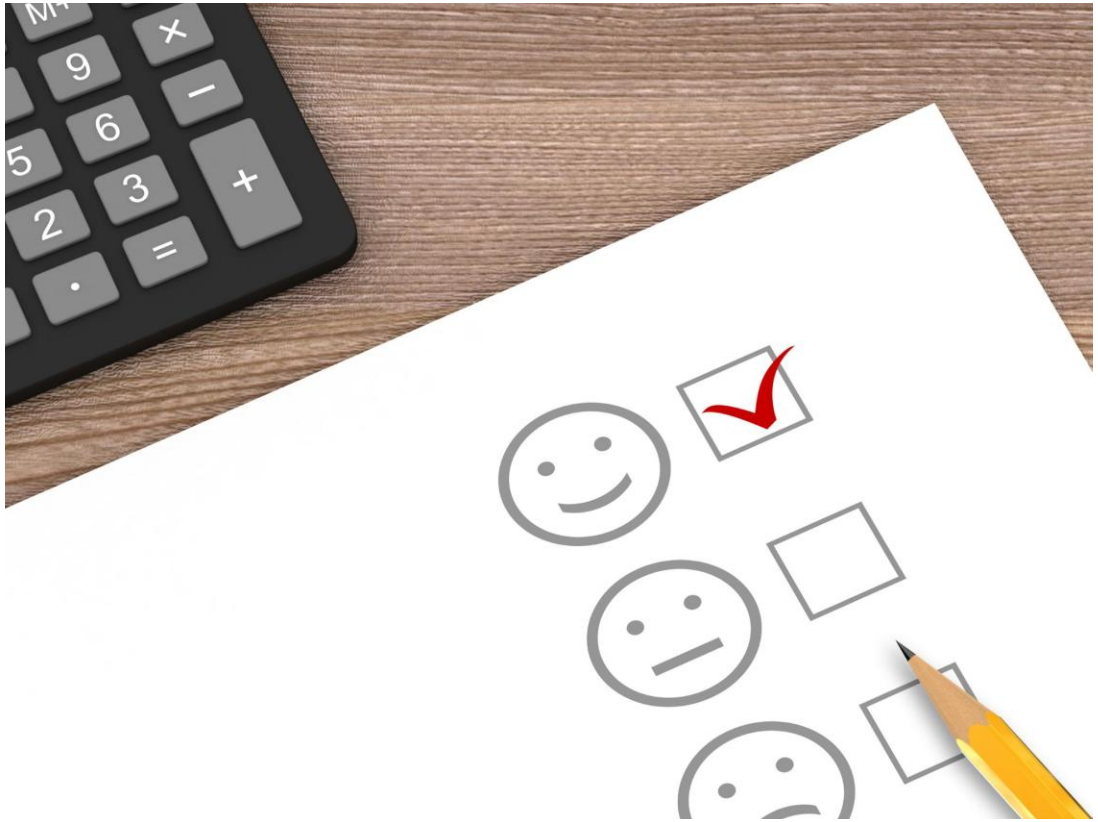
Employers should evaluate whether Secure Choice or private retirement plans better meet their organizational needs and benefits goals.

Opportunities Through Planning

Proper planning and use of tax credits can turn compliance into a strategic advantage for total rewards programs.

Session Q&A

The session ends with Q&A to address specific employer questions and concerns related to compliance and retirement plans.



QUESTIONS

- Investment advisory services offered through Alera Investment Advisors, LLC. Securities offered through **Osaic Wealth, Inc.** member FINRA/SIPC. **Osaic Wealth** is separately owned and other entities and/or marketing names, products or services referenced here are independent of **Osaic Wealth.**