

## RETIREMENT SERVICES DIVISION MEMORANDUM 2024-2

November 25, 2024

**ATTENTION: Human Resource and Payroll Officers**

**SUBJECT: NEW Savings Plans Page for the Defined Contribution Plans**

### I. Introduction

The purpose of this memorandum is to announce an upcoming change to the enrollment process for the four (4) defined contribution plans offered by the State of Connecticut:

1. the State Employees Retirement System Tier IV Defined Contribution Plan (**Tier IV DC**),
2. the Alternate Retirement Program (**ARP**),
3. the State of Connecticut 457 Plan (**457 Plan**), and
4. the State of Connecticut 403(b) Plan (**403(b) Plan**).

All four of these defined contribution plans will now be administered through the “Savings Plans” page in Core-CT.<sup>1</sup> Agency personnel will experience a change in the method of enrolling employees in the Tier IV DC and ARP plans, which will no longer be processed via the “Create General Deductions” page. Agencies will no longer enter general deduction codes for these plans.

Instead, agencies now must enroll eligible employees in Tier IV DC or ARP using the Savings Plans page. Once an employee has been properly enrolled on this page, contributions will be deducted automatically, based on plan enrollment.

This new procedure will save time, as you will no longer have to enter individual general deductions to properly enroll an employee. The processing of 457 and 403(b) plan deductions will continue to be administered by the Retirement Services Division.

Please note that this is an internal process change related to Core-CT. This change will not affect external processes or administration of these plans by Empower.

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<sup>1</sup> Agency personnel may access this page at: [Main Menu → Core-CT HRMS → Benefits → Enroll In Benefits → Savings Plans](#).

## **II. Benefit Plan Deduction Code Changes**

Each defined contribution plan will be assigned new benefit plans on the Savings Plans page. When enrolling employees, agencies will select the benefit plan corresponding to the employee's retirement election.

As part of this new process, the deduction codes have been consolidated. For Tier IV DC and ARP, there will no longer be separate deduction codes for the employee and employer contributions. Each Tier IV DC and ARP benefit plan will have one (1) deduction *code* with two (2) deduction *classes*: pre-tax and nontaxable. The deduction *class* will indicate whether a contribution is an employee contribution or an employer contribution.

Additionally, the deduction *codes* will now have the same name as the benefit plan to which they correspond. A complete list of the new benefit plan names and their associated deduction codes is attached to this memorandum.

Please note that employees will see a slight change to the contribution descriptions on their paystub. The new paystub descriptions are more detailed, helping employees better understand the contributions being deducted from their paycheck.

## **III. Transition Schedule**

### **Active Employees**

All active employee records with open Tier IV DC and ARP general deductions will be converted to the new Savings Plans page on December 20, 2024.<sup>2</sup> No agency action is required to re-enroll active employees in the defined contribution plans.

### **New Employees**

Agency personnel will need to use the Savings Plans page to enroll employees who are newly hired or rehired on or after December 13, 2024, effective for the first paycheck of January 2025.<sup>3</sup>

## **IV. Enhancements to the Defined Contribution Plans**

### **Automatic Implementation of IRS Annual Limits**

As a result of the new functionality, the system will now automatically stop contributions to each of the plans when a participant reaches his or her IRS annual limit. Contributions will automatically re-start the following plan year. However, please be advised that if a plan enrollment error occurs, agencies will need to verify limits manually to ensure complete IRS compliance.

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<sup>2</sup> Employees on a monthly pay cycle will be converted on December 17, 2024.

<sup>3</sup> Those hired in the pay period beginning December 13, 2024, will be converted if their deductions are entered by the end of the day December 20, 2024.

## **Partial DC Contributions**

The new functionality further allows for partial contributions to be processed by Core-CT. If employees have insufficient earnings to cover a full contribution to any of the defined contribution plans, the system will now re-calculate the maximum amount that can be processed and deduct the re-calculated amount.

## **Automated Status Updates**

We have automated the process of notifying Empower about employees who have separated from service. A daily file will be sent to Empower to update the employee's status on their account, based on the effective date entered by the agency on the employee's "Job Data" record.

## **New 457 and 403(b) Employee Contribution Option**

The State of Connecticut is now able to allow participants in the 457 Plan and the 403(b) Plan to choose to contribute *either* a percentage of their compensation *or* a flat dollar amount. The option to choose a percentage-based contribution will be made available starting on December 9, 2024. Please note that employees will continue to make their elections through Empower.

## **Improved 457 and 403(b) Enrollment Process**

Eligible employees enrolling in the 457 Plan or the 403(b) Plan for the first time will benefit from an improved enrollment process. The process will have fewer steps, making it more efficient to enroll. Employees will simply log in to their account at [www.CTDCP.com](http://www.CTDCP.com) and answer a few prompts to complete their enrollment.

## **457 Plan Contributions for Multiple Employment Records**

Employees with multiple employment records will now be allowed to contribute to the 457 Plan on *all* active records. If employees would like to contribute on multiple records, they will be required to complete the enrollment process for each record. Employees eligible for the 403(b) plan will continue to be allowed to contribute on multiple records.

## **V. Personnel Training**

All agency Human Resource and Payroll staff involved in the process of enrolling employees in retirement plans *must* attend one of the mandatory "Defined Contribution Enrollment Program" training sessions hosted by the Retirement Services Division. These sessions will provide additional details on the new Savings Plans page, demonstrate the new enrollment process, and conclude with a live Question & Answer session to address any questions.

Separate trainings will be hosted for higher education agencies and non-higher education agencies. Please use the following link to sign up for the training session of your choice: [Defined Contribution Plan Enrollment Training](#)

Enrollment guides will be provided to all agencies. In addition, reference material will also be given for agencies to distribute to their employees.

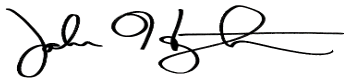
**VI. Questions**

If, after the training, there are further questions regarding the Savings Plans page and the changes described in this memorandum, agencies can contact the Defined Contribution Plans Unit at [DeferredCompPlans@ct.gov](mailto:DeferredCompPlans@ct.gov).

**VII. Conclusion**

We are excited about the opportunity to work with agencies on improving our current administrative process. This new process will not only benefit agency personnel, but also all State of Connecticut employees. To ensure the success of the Savings Plans implementation and to learn more about its benefits, it is crucial that you join us for a training session, available via Microsoft Teams.

Very truly yours,

A handwritten signature in blue ink, appearing to read "John W. Herrington", with a long horizontal flourish extending to the right.

John W. Herrington  
Director

# Defined Contribution Plans: Benefit Plan Names and Deduction Codes

<b>SERS Tier IV Defined Contribution (Tier IV DC)</b>			
<u>Plan</u>	<u>Benefit Plan Name</u>	<u>Employee Code</u>	<u>Employer Code</u>
Tier IV DC	<b>4SERDC</b>	4SERDC (Pre-Tax)	4SERDC (Nontaxable)
Tier 4S DC	<b>4SUBDC</b>	4SUBDC (Pre-Tax)	4SUBDC (Nontaxable)

<b>Alternate Retirement Program (ARP)</b>					
<u>Plan</u>	<u>Benefit Plan Name</u>	<u>Employee Code</u>	<u>Employer Code</u>	<u>Fringe Benefit Plan Name</u>	<u>Fringe Code</u>
Legacy ARP 401(a)(17) Limit	<b>ARPLGY</b>	ARPLGY (Pre-Tax)	ARPLGY (Nontaxable)	<b>FRARPL</b>	FRARPL (Nontaxable)
Legacy ARP 415(c) Limit	<b>ARP415</b>	ARP415 (Pre-Tax)	ARP415 (Nontaxable)	<b>FRA415</b>	FRA415 (Nontaxable)
New ARP 6.5% (Default)	<b>ARPDEF</b>	ARPDEF (Pre-Tax)	ARPDEF (Nontaxable)	<b>FRARPN</b>	FRARPN (Nontaxable)
New ARP 5%	<b>ARPNW5</b>	ARPNW5 (Pre-Tax)	ARPNW5 (Nontaxable)	<b>FRARPN</b>	FRARPN (Nontaxable)
Post Doc ARP	<b>ARPPD5</b>	ARPPD5 (Pre-Tax)	ARPPD5 (Nontaxable)	<b>N/A</b>	N/A

<b>457 and 403(b) Plans</b>		
<u>Plan</u>	<u>Pre-Tax</u>	<u>Roth (After-Tax)</u>
<b>457</b>	<b>457PRE</b>	<b>457RTH</b>
<b>403(b)</b>	<b>403PRE</b>	<b>403RTH</b>

Tier IV DC and ARP benefit plans have one (1) deduction code with two (2) deduction classes: pre-tax and nontaxable. The deduction class indicates whether a contribution is an employee contribution or an employer contribution.

For ARP, there are also separate fringe benefit plans.