



CONNECTICUT STATE EMPLOYEES DEFINED CONTRIBUTION PLAN ENROLLMENT PROGRAM

Prepared by the Office of the State Comptroller's Retirement Services Division





Agenda



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- Introduction to the Savings Plans Page
- Review the Transition/Implementation Schedule
- Tier IV Defined Contribution Enrollment
- Alternate Retirement Program Enrollment
- Changes to Default Retirement Enrollment Program
- 457 and 403(b) Plans





Welcome to the Savings Plans Page!



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- The Office of the State Comptroller (OSC) has configured the Savings Plans page in Core-CT to administer the four State of Connecticut defined contribution (DC) plans:
 1. Tier IV Defined Contribution Plan
 2. Alternate Retirement Program
 3. 457 Plan
 4. 403(b) Plan
- DC plans will no longer be administered through General Deductions – agencies will no longer enter general deduction codes for the DC plans
- Each DC plan is assigned new benefit plans on the Savings Plans page
- Agencies will enroll employees in the appropriate DC benefit plan(s) on the Savings Plans page by selecting the benefit plan which corresponds to the employee's retirement election. Contributions will then be automatically deducted based on the plan enrollment
- Changes are internal and only impact Core-CT administration





Transition Schedule



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- All active employee records with open Tier IV DC and ARP general deductions will be converted to the Savings Plans page on December 20, 2024
 - No agency action is needed to re-enroll active records
 - Employees on a monthly pay cycle will be converted on December 17, 2024
- Agency personnel will need to enroll employees newly hired or rehired on or after December 13, 2024 in the Savings Plans page
 - Employees hired in the pay period beginning December 13, 2024 will be converted if general deductions are entered by the end of December 20, 2024
- All active employees with 457 and 403(b) contributions will be converted by December 27, 2024
- Benefit plans will be effective for the first paycheck of 2025





Agency Role Access



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- Agencies will need to request role “CT AGY PA SPECIALIST” for all personnel who require access to the Savings Plans page
- The role is currently available to request, but agencies will not receive access to the Savings Plans page until December 23, 2024, after the conversion is complete
 - Agencies should not make any changes to the Savings Plans page prior to December 23





Benefits of Savings Plans Page



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- IRS annual limits
 - System will automatically stop DC plan contributions upon reaching the IRS annual limits
 - Contributions will automatically re-start the following plan year
 - OSC advises agencies to continue to verify limits are not exceeded
- Increased automation
 - Contributions will be automatically deducted based on plan enrollment. Agencies will simply enroll the employee in the proper plan, eliminating the need to open individual deduction codes
 - More robust default deduction program, larger population of employees to be defaulted to the proper DC plan
- Automated daily status updates to Empower
 - New automated process to notify Empower of terminations, new hires, and rehires based on Job Data entries
- DC plan eligibility rules
 - DC plans are configured with eligibility rules to prevent ineligible contributions from occurring, ie a Tier IV DC contribution will not occur if an employee is employed in an ineligible job code
- Partial contributions
 - If an employee has insufficient earnings to make a full contribution, the system will re-calculate the maximum amount that can be processed and deduct the re-calculated amount
- Overall: fewer errors = less need for corrective action and manual intervention





Important Note on SERS Tier IV



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- For SERS, **ONLY** the Tier IV **Defined Contribution (DC)** plan is impacted by this update
- The Tier IV **defined benefit (DB)** plan and SERS Tiers I – III are ***not affected***
- The enrollment process for SERS **DB** plans ***remains the same***. Please continue to **enroll and review SERS DB deductions in General Deductions**
- Questions on the SERS DB plan enrollments should be directed to the Retirement Services Division customer service center: osc.rsd@ct.gov





Tier IV Defined Contribution (DC) Plan



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On the Savings Plans page, Tier IV DC has two benefit plans

<u>Plan</u>	<u>Benefit Plan Name</u>
Tier IV DC	4SERDC
Tier 4S DC	4SUBDC





Tier IV DC Deduction Codes



- New codes: the new deduction codes share the same name as the benefit plan
- Each Tier IV DC plan has **one** benefit deduction code with **two** deduction classes
- **Deduction class** indicates whether the contribution is an **employee contribution or an employer contribution**

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

- **Notable change** from prior process where there are separate deduction codes for employee and employer contributions
- Pre-Tax deduction class = employee contribution
- Nontaxable deduction class = employer contribution
- Deduction class shows on the employee's paycheck in Core-CT





Tier IV DC Paycheck and Paystub



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Employee paycheck in Core-CT Review Paycheck:

Deduction Code	Description	Class
4SERDC	Tier IV DC	Before-Tax
4SERDC	Tier IV DC	Nontaxable Benefit

Employee paystub descriptions:

<u>Plan</u>	<u>Paystub Description</u>
Tier IV DC	Tier IV DC
Tier 4S DC	Tier 4S DC





Enrolling in Tier IV DC



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View a demonstration of Tier IV DC enrollment at:

<https://www.youtube.com/watch?v=8WfQa60dfRs>





Terminating Tier IV DC



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View a demonstration of terminating Tier IV DC at:

<https://www.youtube.com/watch?v=18kM2jPfNcA>





Alternate Retirement Program (ARP)



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- Like Tier IV DC, ARP will have new benefit plans and deduction codes

<u>Plan</u>	<u>Benefit Plan Name</u>
Legacy ARP 401(a)(17) Limit	ARPLGY
Legacy ARP 415(c) Limit	ARP415
New ARP 6.5% (Default)	ARPDEF
New ARP 5%	ARPNW5
Post Doc ARP (UConn Only)	ARPPD5

- ARP benefit plans cover the employee contribution and the employer contribution. We will discuss the fringe benefit shortly





ARP Deduction Codes



- New codes – each plan has **one** benefit deduction code with **two** deduction classes
- **Deduction class** indicates whether the contribution is an **employee contribution or an employer contribution**

<u>Plan</u>	<u>Benefit Plan Name</u>	<u>Employee Code</u>	<u>Employer Code</u>
Legacy ARP 401(a)(17) Limit	ARPLGY	ARPLGY (Pre-Tax)	ARPLGY (Nontaxable)
Legacy ARP 415(c) Limit	ARP415	ARP415 (Pre-Tax)	ARP415 (Nontaxable)
New ARP 6.5% (Default)	ARPDEF	ARPDEF (Pre-Tax)	ARPDEF (Nontaxable)
New ARP 5%	ARPNW5	ARPNW5 (Pre-Tax)	ARPNW5 (Nontaxable)
Post Doc ARP (UConn Only)	ARPPD5	ARPPD5 (Pre-Tax)	ARPPD5 (Nontaxable)

- Pre-Tax deduction class = employee contribution
- Nontaxable deduction class = employer contribution





Legacy ARP Changes



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Two significant changes are occurring with Legacy ARP benefit plan coding

There is NO impact to the ARP contributions or to the plan itself

1) There will no longer be a separate code/plan for employees who are not contributing to Social Security

- There is no equivalent to general deduction code RARNSS in Savings Plans
- Employees who do not contribute to Social Security will still not contribute – only change is that the ARP codes will no longer note the distinction





Legacy ARP Changes



2) There are separate benefit plans for Legacy ARP participants depending on the IRS annual limit to which they are subject

- Legacy ARP participants who entered ARP prior to 1/1/1996 → 415(c) Limit

<u>Plan</u>	<u>Benefit Plan Name</u>
Legacy ARP 415(c) Limit	ARP415

- Legacy ARP participants who entered ARP on/after 1/1/1996 → 401(a)(17) Limit

<u>Plan</u>	<u>Benefit Plan Name</u>
Legacy ARP 401(a)(17) Limit	ARPLGY

- Current active employees will be automatically enrolled in the correct plan based on their limit
- ARP entry date = first day of employment for which they made their first ARP contribution





ARP Limit Examples



Participated in Legacy ARP
Made first ARP contribution 10/12/1993
Terminated 1/30/2005
Now being rehired into an ARP eligible position
Which Legacy ARP benefit plan should she be placed in? →

<u>Plan</u>	<u>Benefit Plan Name</u>
Legacy ARP 415(c) Limit	ARP415



Participated in Legacy ARP
Made first ARP contribution 11/30/1997
Terminated 12/1/2014
Now being rehired into an ARP eligible position
Which Legacy ARP benefit plan should he be placed in? →

<u>Plan</u>	<u>Benefit Plan Name</u>
Legacy ARP 401(a)(17) Limit	ARPLGY





ARP Fringe Benefits



- ARP fringe benefits also have their own benefit plans

<u>Plan</u>	<u>Fringe Benefit Plan Name</u>	<u>Fringe Code</u>	<u>Corresponding ARP Benefit Plan</u>
Legacy ARP 401(a)(17) Limit	FRARPL	FRARPL (Nontaxable)	ARPLGY
Legacy ARP 415(c) Limit	FRA415	FRA415 (Nontaxable)	ARP415
New ARP 6.5% (Default)	FRARP	FRARP (Nontaxable)	ARPDEF
New ARP 5%	FRARP	FRARP (Nontaxable)	ARPNW5
Post Doc ARP (UConn Only)	N/A	N/A	ARPPD5

- The fringe benefit plan enrollment will occur automatically during the overnight cycle after an employee is enrolled in the main ARP benefit plan
- If you would like to verify a new employee is enrolled in the fringe benefit plan, you can either manually enroll them in the fringe benefit plan, or wait until after the overnight default process occurs to check the employee's enrollment
- Fringe benefit plans will also have the IRS annual limits applied automatically





ARP Paycheck



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Employee paycheck in Core-CT Review Paycheck:

Deduction Code	Description	Class
FRARPEN	New ARP Fringe	Nontaxable Benefit
ARPDEF	ARP 6.5%	Before-Tax
ARPDEF	ARP 6.5%	Nontaxable Benefit





ARP Paystub



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<u>Plan</u>	<u>Paystub Description</u>
Legacy ARP 401(a)(17) Limit	ARP Legacy
Legacy ARP 415(c) Limit	ARP Legacy
New ARP 6.5% (Default)	ARP 6.5%
New ARP 5%	ARP 5%
Post Doc ARP (UConn Only)	ARP PD





Enrolling in ARP



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View a demonstration of ARP enrollment at:

<https://www.youtube.com/watch?v=CJ8bczdehG8>





Enrolling ARP Fringe



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View a demonstration of ARP Fringe enrollment at:

https://www.youtube.com/watch?v=X_J0IL1kVjY





Enrolling Multiple Records



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View a demonstration of multiple record enrollment at:

https://www.youtube.com/watch?v=DK0t_m8-rcl





Waivers



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- Employees who waive retirement membership should continue to be entered in General Deductions as RWAIVE
 - When RWAIVE is entered, the Savings Plans page will default to a waiver for both Tier IV DC and ARP
- Employees who are only eligible for ARP and choose to waive, such as UConn Adjuncts. These employees' waivers should be entered in General Deductions with the code ARWAVE
 - When ARWAVE is entered, the Savings Plans page will default to a waiver for ARP only





Defaults and Agency Role



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- New DC plan default enrollment programs are being put in place to capture a larger population of employees
 - New hires
 - Rehires
 - Multiple job records
- Not **all** employees will be defaulted – remains agency's responsibility to verify proper enrollment for **all** hired and rehired employees
- Employees who elect a plan that differs from their default will need to be terminated on the Savings Plans page if the default enrollment process has already occurred





457 & 403(b) Plans



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- Administration of the 457 and 403(b) plans remains OSC's responsibility
- There is no change to the agency's responsibility regarding the voluntary DC plans
- Requests for manual updates (as needed) should continue to be emailed to DeferredCompPlans@ct.gov





457 & 403(b) Benefit Plans



- 457 and 403(b) participants will be enrolled in the 457 and/or 403(b) benefit plan(s) based on their election made through Empower
 - Separate benefit plan for pre-tax and Roth contributions

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

- All state employees, except non-resident aliens, are eligible to participate in the 457 Plan
- Only employees of certain educational agencies are eligible to participate in the 403(b) Plan – see Appendix for list of 403(b) eligible agencies
 - 403(b) eligible agencies **must** notify RSD when a new Dept ID is added in Core-CT





Non-Resident Alien Status



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When hiring an employee who is a non-resident alien (NRA), you must mark their NRA status on the “Update Employee Tax Data” page

Update Employee Tax Data

Federal Tax Data State Tax Data Local Tax Data Ct Tax Pfmia Bypass

Employee Type Person ID

Tax Data Company CT State of Connecticut *Effective Date 12/13/2014 Updated By System Date Last Updated 12/19/2014 + -

Federal Form Version *Form Version W-4 - 2019 or Earlier

Federal Withholding Elements *Special Withholding Tax Status None

*Tax Status Maintain taxable gross
No taxable gross; no tax taken
None
Nonresident alien

Withholding Allowances Additional Amount \$0.00
Additional Percentage 0.000

> Federal Unemployment Tax





457 & 403(b) Plan Enhancements



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- Participants will have the opportunity to contribute *either* a percentage of compensation *or* a flat dollar amount
 - Percentage option will be available to elect with Empower starting December 9, 2024
 - May only elect one option per plan
- New and improved enrollment process for new enrollees
 - Employees will simply log into their Empower account to complete a faster, easier enrollment process
- Rehired retirees are now eligible to contribute to the 457 and/or 403(b), subject to plan eligibility
- Employees with multiple employment records can now contribute to the 457 on all active records
- Starting in 2025: there is a new catch-up limit for employees turning ages 60 – 63 in the plan year
- Automated status updates to Empower – each termination, new hire, and rehire
 - Each time an employee is rehired after a termination, they will need to make a new election with Empower to re-start their contribution on that record





Contact Information



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Office of the State Comptroller's Retirement Services Division

- Defined Contribution Unit: DeferredCompPlans@ct.gov
- Customer Service Center: osc.rsd@ct.gov | 860-702-3480
- OSC website: www.osc.ct.gov

Empower

- Website: www.ctdcp.com
- Phone: 844-505-7283





Appendix 1 – Tier IV DC Benefit Plans and Codes



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SERS Tier IV Defined Contribution (Tier IV DC)

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

Appendix 2 – ARP Benefit Plans and Codes



Alternate Retirement Program (ARP)					
<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	ARPLGY	ARPLGY (Pre-Tax)	ARPLGY (Nontaxable)	FRARPL	FRARPL (Nontaxable)
Legacy ARP 415(c) Limit	ARP415	ARP415 (Pre-Tax)	ARP415 (Nontaxable)	FRA415	FRA415 (Nontaxable)
New ARP 6.5% (Default)	ARPDEF	ARPDEF (Pre-Tax)	ARPDEF (Nontaxable)	FRARPN	FRARPN (Nontaxable)
New ARP 5%	ARPNW5	ARPNW5 (Pre-Tax)	ARPNW5 (Nontaxable)	FRARPN	FRARPN (Nontaxable)
Post Doc ARP (UConn Only)	ARPPD5	ARPPD5 (Pre-Tax)	ARPPD5 (Nontaxable)	N/A	N/A

Appendix 3 – 457 and 403(b) Benefit Plans and Codes, 403(b) Eligible Agencies



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

403(b) eligible agencies:

- University of Connecticut, including the University of Connecticut Health Center
- State universities, including the Board of Regents
- Community and technical colleges, including the boards of trustees
- Department of Higher Education
- Department of Education, including the vocational/technical high schools
- Board of Academic Awards

Appendix 4 – New Paystub Descriptions



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<u>Plan</u>	<u>Paystub Description</u>
Tier IV DC	Tier IV DC
Tier 4S DC	Tier 4S DC
Legacy ARP 401(a)(17) Limit	ARP Legacy
Legacy ARP 415(c) Limit	ARP Legacy
New ARP 6.5% (Default)	ARP 6.5%
New ARP 5%	ARP 5%
Post Doc ARP (UConn Only)	ARP PD
457 Pre-Tax	457 Pre-Tax
457 Roth	457 Roth
403(b) Pre-Tax	403(b) Pre-Tax
403(b) Roth	403(b) Roth

— THANK YOU FOR WATCHING! —

Please visit our website at OSC.CT.gov/Retirement for further video presentations.



CONTACT

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