

A wide-angle photograph of a vast, green valley in New Mexico under a blue sky with scattered white clouds. In the foreground, there are several large, grey, rounded rocks. The middle ground shows rolling green hills and fields. In the background, there are dark, forested mountains. A graphic overlay is positioned in the upper left corner, featuring a green mountain range silhouette with a white arrow pointing upwards and to the right. The text 'New Mexico' is written in white on a blue background above the mountain range, and 'WORK & \$AVE' is written in large, bold, black letters on a green background below it.

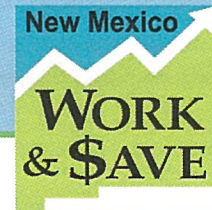
New Mexico

WORK & \$AVE

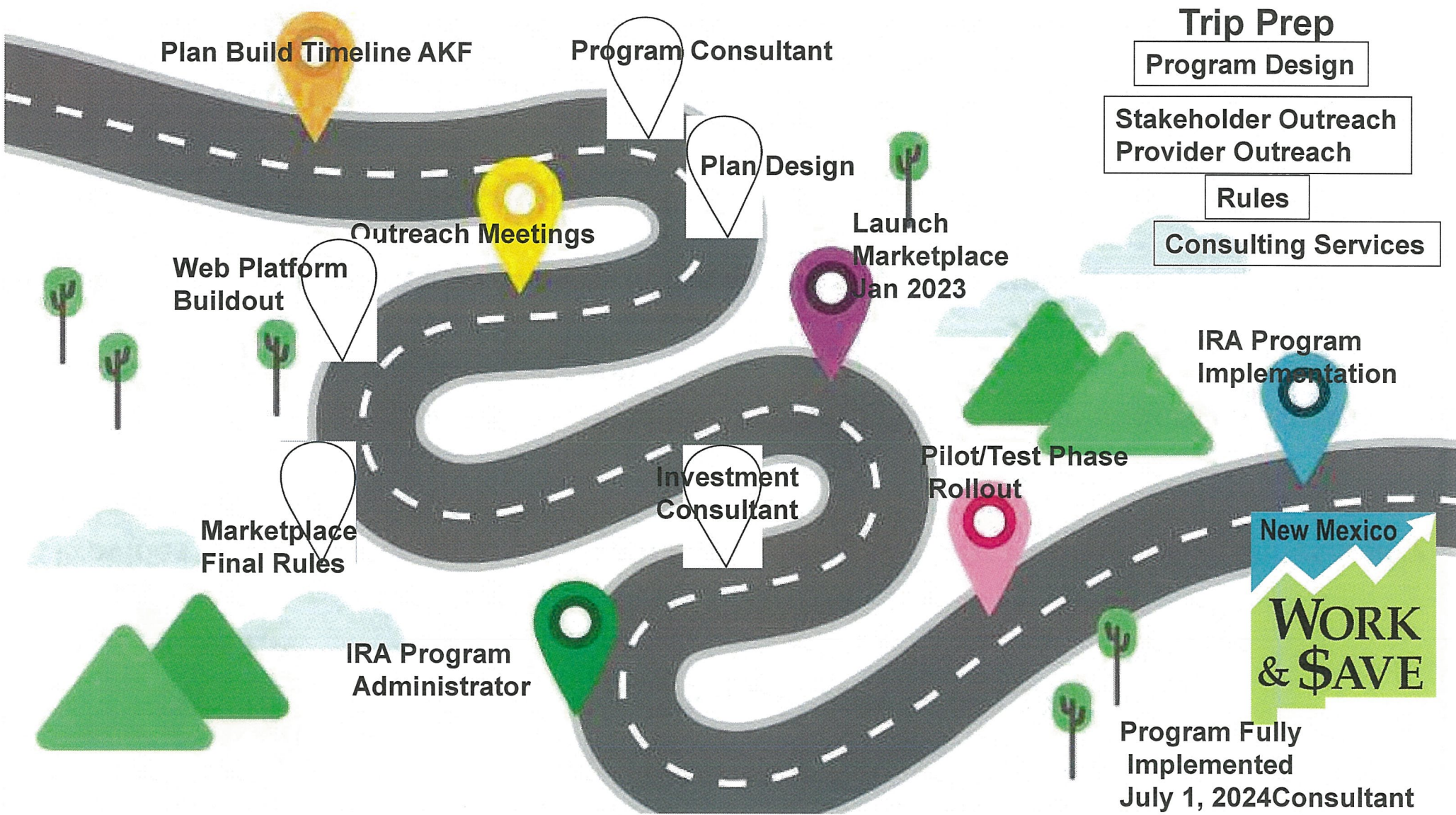
August 15, 2022

*NM Work and \$ave Updates presented to:
The Investments & Pensions Oversight Committee
Representative Patricia Roybal Caballero, Chair
Senator Roberto "Bobby" J. Gonzales, Vice Chair*

Two Work & Save Programs Designed Specifically *for* New Mexico Employers & Employees



IRA PROGRAM



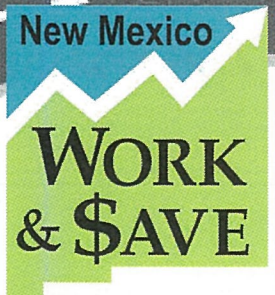
Trip Prep

Program Design

Stakeholder Outreach
Provider Outreach

Rules

Consulting Services



Program Fully Implemented
July 1, 2024
Consultant



A Good Road Map

What Does a Good Road Map Do?

- Provides a clear direction to our destination; using the best route without unnecessary delays, wrong turns, or unanticipated obstacles;
- Allows us to take alternative routes when necessary, all-the-while understanding the trade-offs in reaching our destination;
- Allows us to be adaptive to changes in the landscape and circumstances;
- It allows us to stop and start along the way; and
- It has good landmarks to help us chart our course with confidence that we will reach our destination within expected costs and estimated travel times.



83% of Restaurants Can't Find or Keep Workers

63% of Small Employers can't find the Employees they need.

Restaurants, travel/lodging, event management, construction, and the automotive industry. Plus, minority business owners, as well as veterans, are experiencing significant staffing Problems.

11.5 million job openings in the U.S., nearly two jobs for every unemployed person



New Mexico

WORK
& \$AVE

Retirement MARKETPLACE

Take care of your
greatest assets

Employees are 15 times more likely to
save if their employer offers a plan with
payroll deduction.



Translate »

Saving for your future just got a lot easier.

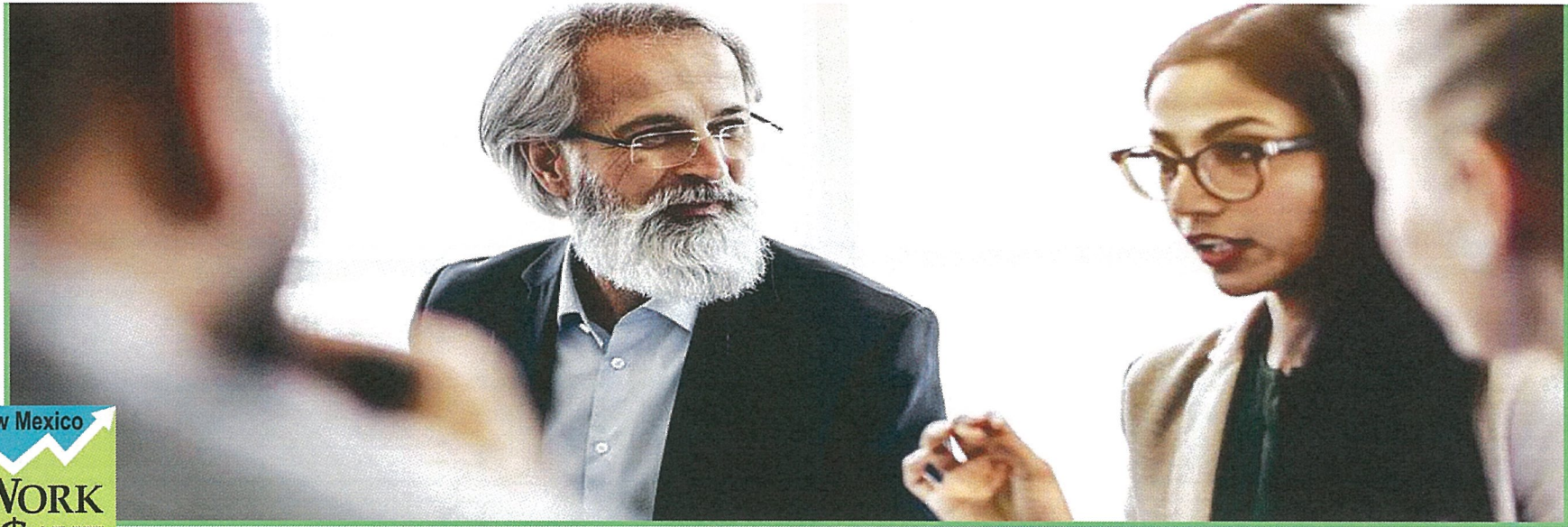
AVAILABLE PLANS

Are you a business owner?

Now it's easier than ever to set up a retirement savings plan that will help your small business attract and retain top talent.

Are you an individual?

Saving for retirement has never been easier. Plans are easy to understand, simple to set up and affordable. You control every aspect of your saving – the type of plan, how much you save and how often.



New Mexico
**WORK
& \$AVE**

MARKETPLACE Retirement

Employer Sponsored Plans Available

Defined Contribution Plans

- Traditional 401(k)
- Pooled Employer Plan (PEP)
- Multiple Employer Plan (MEP)
- Safe Harbor 401(k)

IRA Plans

- SIMPLE IRA: (Savings Incentive Match Plan for Employees)
- SEP IRA: (Simplified Employee Pension)

Multiple Employer Plans

- A multiple employer plan is an employee benefit offered by two or more unrelated employers.
- It is designed to encourage smaller businesses to share the administrative burden of offering a tax-advantaged retirement savings plan to their employees.
- Administrative and fiduciary responsibilities of the MEP are performed by a sponsor, which may be an employer, a trade group, or a third party



Pooled Employer Plan

- With a PEP someone else, the “Plan Provider” takes on most of that work and risk as the fiduciary of the retirement plan.
- PEPs are more affordable for the employer than other 401ks.
- PEPs allow business owners and employees to save up to the same amount per year, with the same tax advantages, as would with a traditional 401(k).
- Employees can earn a matching contribution from their employer. Matching contributions can significantly increase retirement account balances over time, which can increase savings and create an incentive for employees to save for the future.

The Employer may also qualify for new tax credits

In addition to creating PEPs, the SECURE Act authorized new tax incentives for businesses that begin offering a retirement plan for the first time. To learn more and see if you qualify, visit [IRS.gov](https://www.irs.gov).



By 2030, Aon predicts more than half of US employers will use a PEP



Less work ...

With simplified (and outsourced) plan administration through a PEP, HR departments can free up time for more pressing strategic initiatives while potentially reducing the risks of providing retirement benefits



Lower costs ...

48%
Average savings for an employer using a PEP vs. a single-employer 401(k) plan



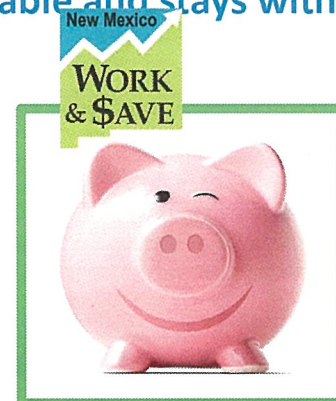
Less risk ...

In 2020, there was a
4x increase
in excessive-fee lawsuits related to defined contribution plans



Save for Retirement with NM Work and \$ave Saving even a little now could make a big impact later

- With the Work & \$ave IRA Program it's easy to start saving.
- You'll be enrolled by your employer.
- You'll have 30 days to decide to stay enrolled or opt out.
- You'll contribute through your paycheck to your Roth Individual Retirement Account (IRA).
- You can stick with the standard savings options and investments, or choose your own.
- Your account is portable and stays with you if you change jobs



IRA PROGRAM

Two Ways to Participate



1. Save through your employer

Most savers will participate the Work & \$ave IRA Program through their employer. You'll be enrolled then Work & \$ave will notify you that it's time to take action.

You can choose to:

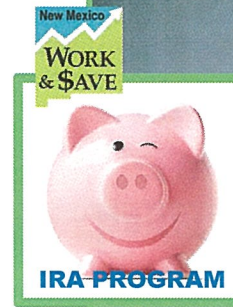
- Do nothing. If no action is taken, after 30 days you will be enrolled automatically with the standard 5% savings rate and investment options.
- Customize your account. You can choose to customize your savings choices and add beneficiaries.
- Opt-out. Participation in Work & \$ave is completely voluntary.

2. Save on your own

If you're self-employed or don't work for an employer registered with Work & \$ave, you can contribute directly to your own Roth Individual Retirement Account (IRA).

It's easy and takes only a few minutes to get started:

- Create an account. You'll just need your Social Security number, date of birth, and residential address.
- Customize your savings choices. Set up automatic contributions from your bank account to your Work & \$ave account, or choose the initial minimum contribution and select your investment options.



**Employers: You CAN offer a Retirement Benefit
Benefits to Help Your Business Succeed.**

New Mexico
**WORK
& \$AVE**



IRA PROGRAM

Employers:

- **Getting started is fast, easy, secure & FREE**
- **Simply register your business online in 5 – 10 minutes**
- **When notified by W&\$, start deducting contributions from employee wages**
- **Works seamlessly with any payroll process**
- **Stay competitive by offering a benefit that employees want**

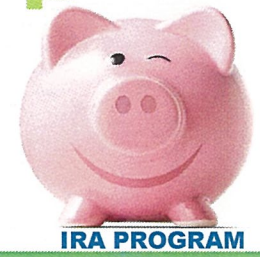
**Employers: You CAN offer a retirement benefit
Benefits to Help Your Business Succeed.**

New Mexico
**WORK
& \$AVE**

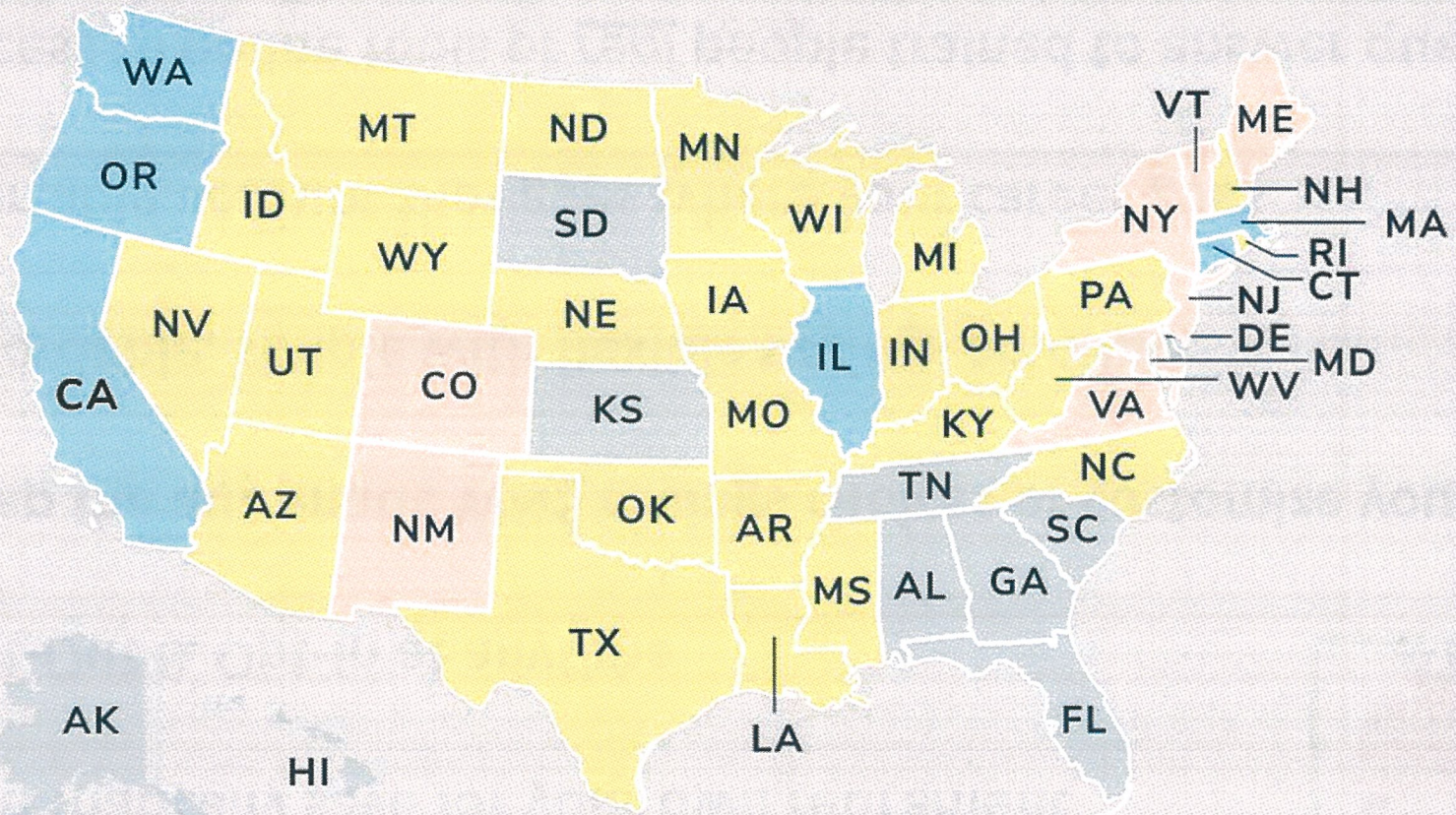


- **NO Employer fees & NO Employer contributions EVER**
- **NO Employer fiduciary responsibility**
- **NO Employer reporting requirements**
- **NO answering questions about the program, employee accounts or investments**
- **Employers make payroll deductions and remit to W&\$, just like any other auto-deduction.**

**EMPLOYEES – You CAN save for retirement at work
Benefits to Help You Succeed.**



- **Automatically save for your own retirement**
- **Opt-Out & Opt-In at anytime**
- **Keep the automatic W&\$ savings choices or customize your way**
- **Affordable, simple with flexible savings amounts**
- **Portable account that goes where your career goes**
- **Access to online tools or real people trained to answer questions**



- LEGISLATION PASSED & PROGRAMS LAUNCHED
- LEGISLATION INTRODUCED
- LEGISLATION PASSED & LAUNCH TBD
- NO LEGISLATION UNDER CONSIDERATION

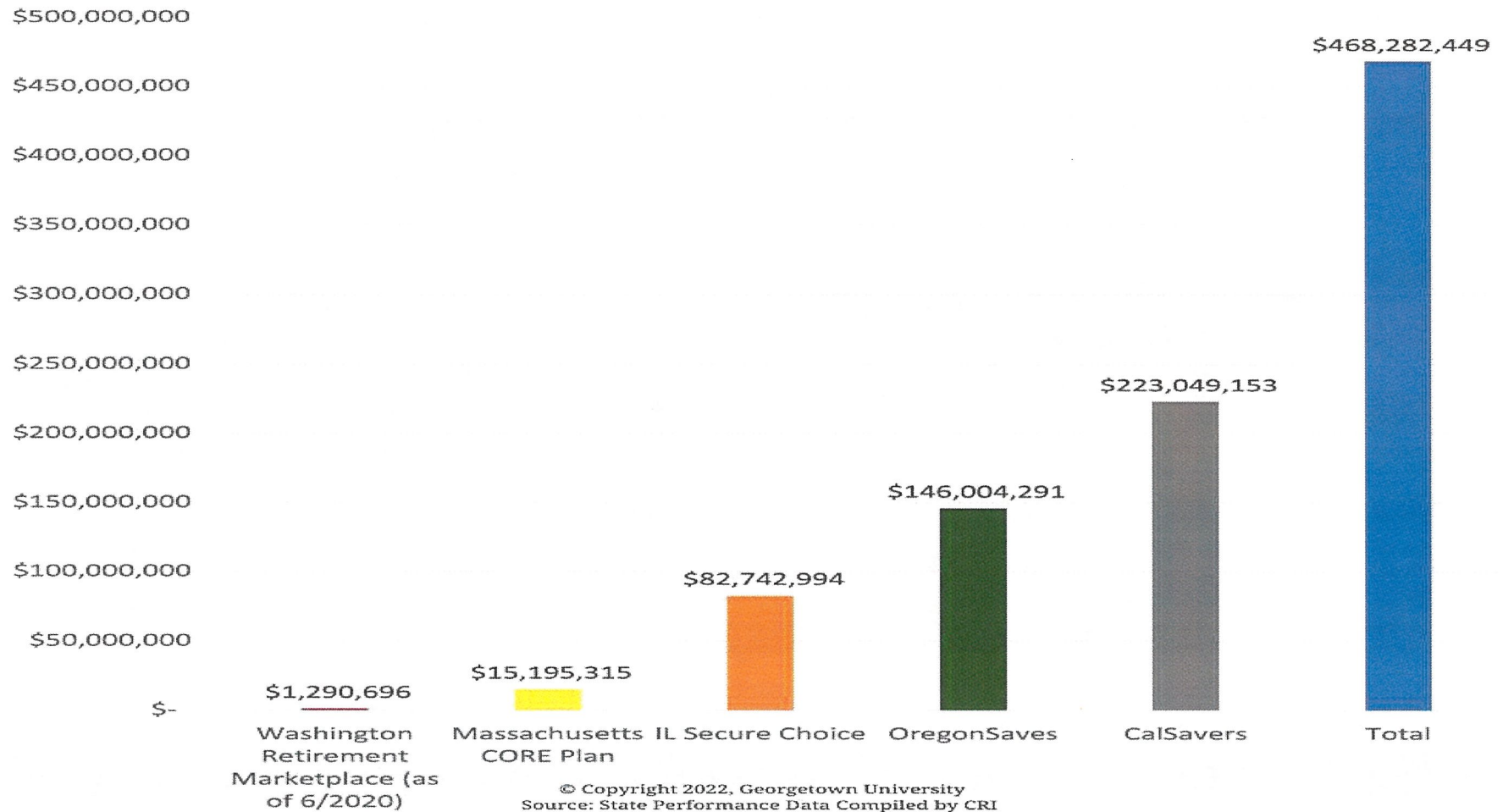
State-Facilitated Retirement Savings Programs

\$468+ **Million in**
Assets

CA, IL, OR, MA: 6/30/22 | WA: 6/2020

(CA, IL & OR represent \$451 million of this total)

Total Assets by State Program (as of 6/30/2022)



Person Making \$12.50 per hour, never contributing more than 5%

Account Holder's Age	Monthly Savings Amount	Annual Rate of Return	Year	End of Year Balance	Annual Rate of Return	Year	End of Year Balance
25	\$50	5%	1	\$613.94	5.5%	1	\$615.36
30	\$50	5%	5	\$3,400.30	5.5%	5	\$3,444.04
35	\$50	5%	10	\$7,764.11	5.5%	10	\$7,975.38
40	\$50	5%	15	\$13,364.45	5.5%	15	\$13,937.28
45	\$50	5%	20	\$20,551.68	5.5%	20	\$21,781.37
50	\$50	5%	25	\$29,775.49	5.5%	25	\$32,101.87
55	\$50	5%	30	\$41,612.93	5.5%	30	\$45,680.59
60	\$50	5%	35	\$56,804.62	5.5%	35	\$63,546.17

Based Upon a Beginning Balance of Zero

Calculations Derived from Online Retirement Calculator Tool

<https://investinganswers.com/calculators/saving/simple-savings-calculator-how-much-could-i-save-over-time-3679>

**Wage Earner Making \$30,000a year never contributing more than 3%
[SS payments for this person at age 66 will be \$31,865 annually]**

Account Holder's Age	Monthly Savings Amount	Annual Rate of Return	Year	Total Employee Contributions	Total Interest Earned	End of Year Balance
25	\$75	5%	1	\$ 900	\$ 20.91	\$ 920.91
30	\$75	5%	5	\$ 4,500	\$ 473.07	\$ 4,973.07
35	\$75	5%	10	\$ 9,000	\$ 2,320.10	\$ 11,320.10
40	\$75	5%	15	\$ 13,500	\$ 5,920.71	\$ 19,420.71
45	\$75	5%	20	\$ 18,000	\$ 11,759.36	\$ 29,759.36
50	\$75	5%	25	\$ 22,500	\$ 20,451.39	\$ 42,951.39
55	\$75	5%	30	\$ 27,000	\$ 32,794.96	\$ 59,794.96
60	\$75	5%	35	\$ 31,500	\$ 49,788.28	\$ 81,288.28

Based Upon a Beginning Balance of Zero.

Calculations Derived from Online Retirement Calculator Tool

<https://investinganswers.com/calculators/saving/simple-savings-calculator-how-much-could-i-save-over-time-3679>

Stock Market Historical Rate of Return

The average annualized return since its inception in 1926 through Dec. 31, 2021, is 10.49%.

The average annualized return since adopting 500 stocks into the index in 1957 through Dec. 31, 2021, is 10.67%.

KEY TAKEAWAYS

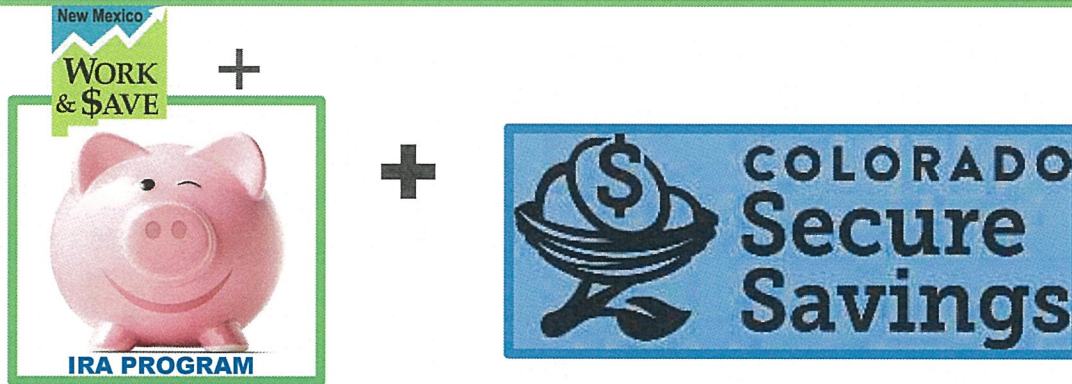
- The S&P 500 index acts as a benchmark of the performance of the U.S. stock market overall, dating back to the 1920s (in its current form, to the 1950s).
- The index has returned a historic annualized average return of around 10.5% since its 1957 inception through 2021.



Colorado, New Mexico

Forge Unique Retirement Savings Partnership

By Annie Miller | March 17, 2022 | [State Legislatures News](#)



“Partnership for a Dignified Retirement” The First-in-the-Nation Auto-IRA Partnership

Colorado State Treasurer Dave Young:

“With this historic partnership, Colorado and New Mexico are working to ensure that a dignified and sustainable retirement isn't only a dream for the privileged few. This is one step in the right direction for a truly portable retirement benefit—one that carries across state lines,”

New Mexico, State Treasurer Tim Eichenberg:

“The partnership exemplifies the best in forward thinking and collaboration. Together Colorado and New Mexico can forge a pathway by working with private sector employers and workers to build retirement savings security for those who might otherwise be left behind.”

Safe Harbor 401(k)

Requires employer contributions and those contributions are fully vested when made. The safe harbor 401(k) plan is not subject to the complex annual nondiscrimination tests that apply to traditional 401(k) plans. Allows highly compensated employees to maximize contributions.

- Minimum employer contribution required
- Employer contribution can vary year to year
- Employer contributions are tax deductible
- Allows employees to maximize contributions
- Annual filing of form 5500 required

Solo 401(k) – also known as a Self Employed 401(k) or Individual 401(k)

Is a traditional 401(k) plan covering a business owner with no employees, or the owner and his/her spouse. These plans have the same rules and requirements as any other 401(k) plan. The business owner wears two hats: employee and employer. Contributions can be made to the plan in both capacities.

- Single business owner, may include spouse
- Contributions can be made as both employer and employee

Traditional 401(k) A traditional 401(k) plan allows eligible employees to make pre-tax elective deferrals through payroll deduction. In addition, employers have the option of making contributions on behalf of all participants, making matching contributions based on employees' elective deferrals, or both. Employer contributions are deductible on the employer's federal income tax return.

- Employer contributions are optional
- Employer contributions are tax deductible
- Highly customizable
- Annual filing of form 5500 required

Auto Enroll 401(k)

Automatic enrollment permits the employer to automatically reduce the employee's wages by a fixed percentage or dollar amount and contribute that amount to the 401(k) plan unless the employee has affirmatively chosen not to have his/her wages reduced or has chosen to have his/her wages reduced by a different percentage. This has been an effective way for many employers to increase participation in their 401(k) plans.

- Employer contributions are optional
- Employer contributions are tax deductible
- Assists with high level of employee participation
- Employees may opt-out
- Annual filing of form 5500 required

SIMPLE IRA

The SIMPLE IRA (Savings Incentive Match Plan for Employees) is similar in many ways to an employer-sponsored 401(k). It primarily exists for small companies and the self-employed. Unlike the SEP IRA, employees are allowed to contribute to the account via salary deferral. Some plans even allow an employee to select the financial institution they want to use to hold their account. Tax-wise, [SIMPLE IRA rules](#) are much like those that apply to traditional IRAs. Other considerations:

- Contribution limits are lower than for 401(k)s — \$13,500 in 2021 and \$14,000 in 2022.
- Employers are generally required to kick in up to a 3% matching contribution or a fixed contribution of 2% of each eligible employee's compensation.
- To qualify to participate in a SIMPLE IRA, an employee must have earned at least \$5,000 during any two years before the current calendar year and expect to receive at least that amount in the current year.
- Unlike the SEP, catch-up contributions are allowed: If you're 50 or older, you can save an additional \$3,000.
- Unlike most workplace plans, participants can roll the money from the account into a traditional IRA after two years of participation in the SIMPLE IRA plan.
- Early withdrawals from a SIMPLE IRA within the first two years of contributing to the account may be subject to a punishing 25% penalty (on top of regular income taxes).

Best for: Smaller companies with fewer than 100 employees. If you're self-employed, you may be better off opening a SEP IRA for the higher contribution limits.

Roth IRA

The [Roth IRA](#) provides a nice tax-saving counterbalance to the traditional IRA. Here are its key features:

- While contributions are not deductible — meaning there's no upfront tax break — withdrawals in retirement are completely tax-free.
- The maximum annual contribution is \$6,000 (\$7,000 if age 50+). There are [income limits](#) to contribute to a Roth IRA, but if you earn too much to contribute, there's a completely legal way to open one anyway via a [backdoor Roth](#).
- Roth IRA withdrawal rules are more lenient, allowing tax- and penalty-free withdrawals of contributions at any time. Taxes and penalties apply to withdrawing earnings before retirement, with a few exceptions.

Best for: Savers who anticipate being in a higher tax bracket in retirement, to take advantage of those tax-free withdrawals. A Roth is also a better choice than a traditional IRA if you might need to access some of the money before retirement age, although we discourage dipping into retirement savings early. Interest piqued? Here's a rundown of the [best Roth IRA accounts](#).

Traditional IRA

The elder statesman of IRAs, the [traditional IRA](#) remains the most popular of the individual tax-advantaged retirement savings accounts, according to Investment Company Institute data. The classic features include:

- An upfront tax break of up to \$6,000 in 2021 and 2022, plus an extra \$1,000 catch-up contribution if you're age 50 or older: Contributions may be deductible, thus lowering your taxable income for the year. It all depends on your current income plus whether you or your spouse has a workplace retirement plan.
- Investment earnings are not taxed as long as the money remains in the protection of the account.
- Withdrawals in retirement are taxed at your tax rate at that time.

Best for: Those who are in a higher tax bracket now than they think they'll be in during retirement, as well as workers who do not have access to (or are not eligible to contribute to) a workplace-sponsored retirement plan. Here is our rundown of the [best IRA accounts](#).

Save the Date



Featuring

Guest Moderator, Gene Grant
from New Mexico in Focus

and

Special Guest and Keynote Speaker

Kathleen Kennedy Townsend

Retirement Advisor to Marty Walsh, U.S. Labor Secretary

