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PENSION ANALYST COMPLIANCE BULLETIN



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Oregon's state-run retirement program requires employer action

In April 2017, the State of Oregon published [final rules](#) for OregonSaves, a state-run Individual Retirement Account (IRA) program for private sector employees without access to a retirement plan through their employer. Under these rules, employers that do not offer a retirement plan must register in the new OregonSaves program. Additionally, employers that do offer a retirement plan must certify their exemption from the program. The rules apply to all employers with employees based in Oregon.

OregonSaves is sponsored by the State of Oregon (the State) and overseen by the Oregon Retirement Savings Board (the Board).

Overview

OregonSaves is a mandatory program that requires employers to offer a state-run Roth IRA to their employees, unless the employer already offers an employer-sponsored retirement plan, such as a 401(a) plan (including a 401(k) plan), a 403(b) plan, a Simplified Employee Pension (SEP) plan, a SIMPLE IRA, or a governmental 457(b) plan.

The program is being made available to private sector employees in Oregon who do not have access to an employer-sponsored plan. Employees of participating employers are automatically enrolled in the Roth IRA through payroll deduction, unless they elect to opt out.

Employers who currently offer an employer-sponsored retirement plan to their employees are not required to participate in the OregonSaves program. However, these employers are required to file for a Certificate of Exemption.

Action is required by all employers with employees based in Oregon, regardless of the employee's state of residence.

Process for employers

The State is using a phased approach to roll out the program, which is currently in a pilot phase with a small group of employers. The schedule below includes the registration deadlines for employers in the subsequent phases.

- Employers with 100 or more employees – by November 15, 2017
- Employers with 50 to 99 employees – by May 15, 2018
- Employers with 20 to 49 employees – by December 15, 2018
- Employers with 19 or fewer employees – 2019 through 2020 (depending on number of employees)

All employers with employees based in Oregon are required to register for the program or file for a Certificate of Exemption by the applicable deadline. For each of the above phases, the State will send a notice to employers that includes instructions for completing the process online.

A Certificate of Exemption is valid for three years from the date filed as long as the employer continues to offer a retirement plan to its employees. A recertification process is being established by the Board and will be made available no later than December 31, 2019.

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At this time, employers offering an employer-sponsored retirement plan may not offer the state-run IRA program to employees who are not eligible for their employer-sponsored plan or in the plan's waiting period. However, the State is considering making this option available to employers in the future.

Next steps

Once notified by the State of Oregon that action is required, employers that currently offer an employer-sponsored retirement plan to its employees must file for a Certificate of Exemption before the deadline provided.

Additional details are available by accessing the [OregonSaves website](#) and in the [OregonSaves Frequently Asked Questions](#) published by the State.

Compliance Bulletin by Prudential Retirement

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