

Client Alert

DANZIGER &
MARKHOFF LLP
Attorneys at Law

New York's Secure Choice Savings Program: Why New York Employers Should Act Now to Adopt a Qualified Retirement Plan

The age of strictly voluntary employer-based retirement programs will soon come to an end in New York State. New York employers will likely be surprised to learn that the New York State Secure Choice Savings Program may soon require them to provide their employees with the opportunity to enroll in a state-sponsored payroll deduction Roth IRA program. **However, businesses that offer a qualified retirement plan, such as a 401(k) plan, are exempt from this new mandate.** With enhanced federal tax credits available, now is the time to consider adopting your own qualified retirement plan.

Now's the Time: New York State Mandate Implementation Dates

March 18, 2026	Employers with 30 or more employees
May 15, 2026	Employers with 15–29 employees
July 15, 2026	Employers with 10–14 employees

Employers that already offer a qualified retirement plan are exempt from the mandate but must certify their exemption through the program's electronic portal.

Rough Transition Period Ahead

For employers without a qualified retirement plan, the state mandate introduces new administrative and payroll challenges. Employers will be required to:

- notify employees about the program,
- obtain employee payroll deduction elections,
- withhold and remit deductions each payroll period,
- process changes in employee deferral elections, and
- comply with strict recordkeeping and reporting obligations.

Implementation of any new, mass legal regime inevitably brings with it uncertainty and unanticipated challenges, and we expect the state mandate to be no exception. The role of third-party payroll providers is presently uncertain.

Qualified Retirement Plan Exception

Maintaining a qualified retirement plan, such as a 401(k) plan, exempts employers from the Secure Choice mandate. A qualified retirement plan provides an employer with greater plan design and investment flexibility, much higher contribution limits, and other tax advantages compared to the state program.

Enhanced Federal Tax Credits

Recent tax legislation offers generous tax credits for small employers (100 or fewer employees) that establish a new qualified retirement plan:

- Startup Cost Credit: Up to \$5,000 per year for the first three years
- Contribution Credit: Up to \$1,000 per employee per year for five years
- Auto-Enrollment Credit: \$500 per year for three years

Now is the Time to Act

Adopting a qualified retirement plan allows businesses to avoid the restrictive state mandate, attract and retain talent, and maximize tax benefits. With the New York state program enrollment deadlines looming and generous tax credits available, now is an ideal time to adopt a qualified retirement plan. On the other hand, employers that take no action may find themselves and their employees involuntarily enrolled in a one-size fits all state-mandated payroll IRA program.

Questions, Want to Learn More? Contact Us

If you have any questions about the New York State Secure Choice program or would like to learn more about how you and your business would benefit from a qualified retirement plan, please contact Andrew Roth at (914) 220-8033, ARoth@dmlawyers.com. Andrew is a partner in our firm.

914.948.1556 • DanzigerMarkhoff.com

Westchester Office:
1133 Westchester Avenue, Suite N208, White Plains, New York 10604

Long Island Office:
105 Maxess Road, Suite 124, Melville, NY 11747

