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Insurance Solutions That Work



# 401(k) or MyCT

## Things to consider.

The time has come for Connecticut companies with 5 or more employees making over \$5,000 to make a decision regarding employees' retirement savings: Do we register for the State-run option or create our own? In years prior, you've probably thought "nobody will participate", or "we're too small to offer a 401k", or "401k plans are too expensive". These are common misconceptions and it's now time to take a closer look since the state is making you choose. Here are some key points to consider:

	MyCT	401(k)
<b>Employers</b>		
Plan Design (Eligibility, Entry, Vesting, etc)	State	Employer determines
Administration (Notice Delivery, Testing, Filing)	Employer has some responsibility	Most can be outsourced to providers
Tax Benefits	No	Yes, tax credits and all fees and contributions are tax deductible
Fees	None to employer	Flexible (can be passed to participants. Can be paid for a tax benefit)
<b>Employees</b>		
Contribution Limits	\$6,000 for 2022	\$20,500 for 2022
Catch-Up Contributions	\$1,000	\$6,500
Pre-tax or Roth Deferrals	Roth Only	Both Available
Income Limits	Phased out at \$144,000(single filer), or \$214,000 (joint filers)	None
Auto-Enroll	Required, must opt out	Optional
Fees	Paid through investment options	Flexible, Transparent
Financial Guidance	Unclear	Yes

Overall, there is much more flexibility with a 401(k) than with MyCT. There are more potential benefits for the employers, which warrants a conversation. Employers have the decision-making power with 401(k) plan design: eligibility, entry, compensation types that can be included, distribution conditions, employer contributions, vesting, etc.

Reach out to us to and allow us to find the optimal plan design with maximum benefits for your organization's 401(k)



**Financial Counseling Resources**

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