



## Colorado Businesses, You Have a Choice

Starting in 2023, all Colorado employers in business two or more years with five or more employees **MUST** offer workplace retirement savings. To satisfy this new state mandate, employers may create their own qualified retirement plan such as a 401(k) or facilitate employee access to the new state-sponsored Colorado SecureSavings program, a payroll-based program offering Roth Individual Retirement Savings Accounts (IRAs).

### What are the advantages of a 401(k) plan vs. a Roth IRA?

- 1. BROADER ELIGIBILITY** – a 401(k) plan can serve all employees. Contributing to a Roth IRA is limited based on tax filing status and income.
- 2. MORE FLEXIBILITY** – a 401(k) plan may be customized to your company's unique needs to attract and retain key employees.
- 3. TAX OPTIONS** – a 401(k) plan may be designed with both Traditional (pre-tax) and Roth (after-tax) account options, with no eligibility threshold for Roth 401(k) participants.
- 4. HIGHER CONTRIBUTIONS** – a 401(k) plan offers much higher retirement savings potential. The 2023 annual contribution limit is \$22,500 for those less than 50 years old. A Roth IRA's contribution limit is \$6,500.

*More detailed comparison on the following page.*

### Why choose AMG National Trust?

**SOMEONE YOU KNOW** – AMG is headquartered in the Denver Tech Center, a central location to service all Colorado-based employers. You'll know your retirement plan advisor well, and always get a quick response.

**EXCEPTIONAL EMPLOYEE SERVICE** – With AMG, your employees have online, phone and mobile access to personal accounts through an engaging and educational website. Simple tools provide retirement projections, plan facts and investment information. Through onsite and virtual participant seminars and individual consultations, AMG helps your plan become a highly valued employee benefit.

**MANAGING YOUR FIDUCIARY RESPONSIBILITY** – As a 401(k) plan sponsor, it is essential to have an expert available to help you perform your fiduciary responsibilities. Acting as trustee, investment advisor, and third-party administrator, AMG helps plan sponsors effectively manage ERISA (Employee Retirement Income Security Act) requirements and minimize administrative burdens.

**OBJECTIVE INVESTMENT ADVICE** – AMG does not manage its own mutual funds, underwrite securities or receive commissions from the sale of insurance or insurance-funded financial products. Thus, AMG provides objective, independent, and unbiased investment advice. Your employees can make their own asset allocation choices, or you can simplify by providing pre-selected lifecycle portfolios.

**NO HIDDEN FEES** – AMG is committed to fee transparency and does not rely on mutual fund revenue sharing. We typically recommend low-cost share classes without these payments, which helps employees keep more of their investment growth.

# Comparison of Key Features

|                | Employer-sponsored 401(k) Plan  | Colorado SecureSavings Roth IRA   |
|----------------|---|---|
| GOVERNANCE     | Plan is employer controlled<br>Qualified retirement plans are governed by ERISA*<br><ul style="list-style-type: none"> <li>ERISA-qualified plans offer account owners asset protection from creditors</li> </ul>  | Program is government controlled<br>IRAs are governed by IRC*<br><ul style="list-style-type: none"> <li>Roth IRAs offer less protection of account assets from creditors</li> </ul>   |
| ELIGIBILITY    | All employees can participate   | Only Roth IRA-eligible employees can participate<br><ul style="list-style-type: none"> <li>MAGI** &gt;\$153,000, not eligible</li> <li>MAGI \$138,000&lt;\$153,000, partially eligible</li> <li>MAGI &lt;\$138,000, fully eligible</li> </ul>   |
| FLEXIBILITY    | Flexible plan design to help attract and retain specific employees, e.g.,<br><ul style="list-style-type: none"> <li>Employer match allowed</li> <li>Unique match vesting schedules allowed</li> <li>Loan programs allowed</li> <li>Personalized participant education</li> </ul>  | One-size-fits-all, no choices, e.g.,<br><ul style="list-style-type: none"> <li>No employer match</li> <li>No unique match vesting schedules</li> <li>No loan programs</li> <li>No personalized participant education</li> </ul>   |
| TAX            | Investment options may vary, e.g.,<br><ul style="list-style-type: none"> <li>Mutual funds, ETFs, other investment portfolios</li> </ul>   | Investment options selected by state board<br><ul style="list-style-type: none"> <li>4-5 investment choices expected</li> </ul>   |
| CONTRIBUTIONS  | Contributions may be pre-tax (Traditional) or after-tax (Roth)<br><ul style="list-style-type: none"> <li>No eligibility threshold for a Roth 401(k)</li> </ul>  | Contributions are after-tax (Roth) only<br><ul style="list-style-type: none"> <li>Constrained by Roth IRA eligibility</li> </ul>  |
| ADMINISTRATION | Contribution limits, single filers:<br>\$22,500<br>+\$7,500, catch-up contributions for those aged 50 or over<br>+employer match, maximum<br>=\$73,500 potential maximum annual contribution  | Contribution limits, single filers:<br>\$6,500<br>+\$1,000, catch-up contributions for those aged 50 or over<br>=\$7,500 potential maximum annual contribution  |
| ADMINISTRATION | Employer contracts with a retirement plan administrator<br><ul style="list-style-type: none"> <li>Per pay period, employer uploads payroll details</li> <li>Service team available for questions</li> <li>Experts in ERISA law help manage fiduciary liability, conduct annual compliance tests, file required documents, and issue required participant notices</li> </ul>   | Employer facilitates employee access to a new state-provided program currently in pilot phase<br><ul style="list-style-type: none"> <li>Per pay period, employer uploads payroll details</li> <li>Unknown customer service support</li> <li>No fiduciary liability to employer</li> <li>Participant notices managed by program</li> </ul> |
| ADMINISTRATION | Costs to employer, may be shared<br><ul style="list-style-type: none"> <li>Employer tax credits may offset all eligible start-up costs, up to \$5,000, for companies ≤50 employees</li> <li>Employer tax credits may offset half of eligible start-up costs, up to \$5,000, for companies 51-100 employees</li> <li>Any portion of retirement plan trustee and administration costs may be allocated to employee account holders</li> </ul> | Costs to employee   |

\*IRA and qualified retirement plans are governed by IRC (Internal Revenue Code) and ERISA (Employee Retirement Income Security Act), respectively. Contribution limits and eligibility thresholds are adjusted annually for inflation and are as of 2023.

\*\*Modified adjusted gross income



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