



Delaware EARNs Program

In July 2024, Delaware launched a state-sponsored retirement savings program called Delaware EARNs (Expanding Access for Retirement and Necessary Savings). Many private sector workers in Delaware are without access to an employer-sponsored retirement plan. This program was created to give those employees a convenient, portable and cost effective way to save for their golden years.

How Does Delaware EARNs Work?

- The program is overseen by the Delaware EARNs Program Board, but administered by private sector partners.
- The program is a state-sponsored payroll withholding savings program using Roth (post-tax) individual retirement accounts (IRAs).
- Delaware businesses, who meet certain criteria, are required to enroll their employees in this program. There is no cost to your business.
- Delaware employees will make post-tax contributions to the program through automatic deductions from their paycheck into a Roth IRA. Employees have the option to opt out.
- The money in these Roth IRA accounts will grow tax-free. Since this money was contributed post-tax, employees will not pay income tax on any money they withdraw from their account during retirement.

What Businesses Need To Know

- **Which Businesses Are Affected?**
 - Businesses who meet all of the following criteria are required to register and facilitate the EARNs program:
 - Your business employs 5 or more W-2 workers (full or part-time).
 - Your business does not currently offer a qualified, employer-sponsored retirement plan to your employees.
 - Your business has been established for at least 6 months in the immediately preceding year.
 - Your business is not a governmental entity.
 - If any of the above criteria does not apply to your business, you must still register and certify that your business is exempt from the program.

- **What You Need To Do:**
 - Review the Delaware EARNNS [website](#) for details.
 - Determine if you are an eligible business.
 - Watch your mailbox for a letter from Delaware EARNNS. This letter will provide you with your access code needed to register for the program **or** certify your exemption. Businesses should receive notices in the near future, if you haven't received it already.
 - Once the letter is received, register for the program **or** certify that your business is exempt.
 - Notify your employees of their options. Delaware has a template memo that you can use to distribute to your employees. You can find this by clicking the Employer Resources link at the end of this article.
 - After registration, you will then need to begin enrolling your employees into the program.
 - Contact your payroll provider to begin your employees' Roth IRA payroll deductions and timely remittances.
 - Continue to facilitate that the payroll deductions are processed accurately.

- **Deadlines**
 - The Delaware EARNNS program launched on July 1, 2024.
 - Businesses who are required to register and facilitate the program will need to do so by October 15, 2024.
 - Once registered, businesses will need to start payroll deductions for employees, who choose to remain in the program, by January 1, 2025.
 - Businesses who are exempt from facilitating the program will need to register and certify their exemption by October 15, 2024.

- **Penalties**
 - Required businesses must offer a plan by October 15, 2024. Failure to do so will result in a penalty of \$250 per eligible employee per year (up to a max of \$5,000 annually).
 - Continued non-compliance could result in legal action if you are still not compliant by January 1, 2026.

What Employees Need To Know

- **Who Is Eligible to Save With the Delaware EARNs Program?**
 - Non-governmental employees who are 18 years or older.
 - Non-governmental employees who have earned income in the State of Delaware for at least 120 days.
- **Enrollment Information**
 - Employees will automatically be enrolled to begin payroll deductions for their Roth IRA by January 1, 2025.
 - Employee participation is voluntary. They may choose to opt in or out at any time.
 - The maximum annual contribution for 2024 is \$7,000 (\$8,000 for those 50 or older)
 - Employees can take their Roth IRA account with them, if they change jobs. Their account is not specific to any one employer.
 - Employees can change their contribution amount at any time, but will automatically begin withholding 5% of their gross pay.
- **What You Need To Do:**
 - Do nothing and start saving 5% automatically with your Roth IRA.
 - [Register](#) and login to your account to customize your savings options.
 - Opt out of the program. You can rejoin at any time.

The Delaware EARNs program represents a notable development in retirement planning for Delaware workers. For more information and ongoing updates, please visit the official Delaware EARNs website using the links below.

[DE EARNs Website](#)

[DE EARNs Employer Resources](#)

[DE EARNs Employee Resources](#)