DELAWARE EARNS

FAQs

1 What is Delaware EARNS?

Delaware EARNS is a "secure choice" program designed to provide workers and employers access to low-cost retirement savings plans. The state-facilitated plan provides a convenient way for all workers to save for retirement, particularly middle- and low-income workers who lack access to employer-sponsored plans. The plan also offers an option for small businesses that are unable to provide such a benefit on their own.

2 Are all Delaware employers required to participate?

Private-sector employers with five or more W-2 employees (full- or part-time) and no qualified retirement plan are required to offer Delaware EARNS. Although businesses with fewer than five employees are not required to participate, employees—including contractors and gig workers—can self-enroll in Delaware EARNS to open their own IRA.

Contractors—people who are not employees—do not count toward the five-employee minimum. For example, if an employer has three W-2 employees and twelve 1099 contractors, that employer is exempt from EARNS.

If an employer already offers employees a retirement savings plan, such as a 401(k), the employer may still be required to notify Delaware EARNS of their exemption—a simple process.

3 When did Delaware EARNS go into effect?

The program officially launched statewide on July 1, 2024. Covered employees can begin to participate and make contributions 30 days after their employer registers.

4 How do you determine the number of eligible employees?

The employee count refers to the total number of active employees. So, if the employer has only three active employees, they would be exempt from Delaware EARNS. You would have to wait until you have five employees, full-time or part-time, to enroll in the program.

5 How will the Delaware EARNS salary reductions and contributions be implemented?

They will be implemented through payroll. Employees will be automatically enrolled in the program once their employer uploads the employee's information on the EARNSDelaware.com website. Employees can opt in or out at any time. The payroll contributions will be remitted by the employer (or payroll provider) every payroll cycle. The default contribution is 5% of the employee's gross paycheck.

6 Will salary deductions affect wages of part-time employees? How about contractors?

Delaware EARNS applies to part-time and full-time W-2 employees. When an employee begins employment, employers have 120 calendar days to enroll them in EARNS. So, full- or part-time seasonal workers could be excluded from the program, but they have the option to enroll themselves through EARNSDelaware.com.

7 If a Roth IRA is being used as the account vehicle, how will this affect employees who are already contributing to a Roth IRA? Will salary reductions count toward their annual contribution limit?

The underlying default account is a Roth IRA. It is a standard Roth IRA in every respect, so the contribution limits and income limits apply. Any contribution to a Roth IRA in the EARNS program counts toward the annual contribution limit.

Vestwell is set up to help people recharacterize the Roth to traditional and/or remove an excess contribution. Savers can have traditional IRAs through the program, but they must fill out the recharacterization form.

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Registration is now open. For additional information, please visit EARNSDelaware.com.