LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 4564

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JANUARY 15, 2026

SUMMARY

Synopsis: Revises New Jersey Secure Choice Savings Program.

Type of Impact: Annual increase in State costs and revenues.

Agencies Affected: Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	FY 2026 & Thereafter
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill will result in an indeterminate increase in annual State expenditures and revenues.

- The expansion of the New Jersey Secure Choice Savings Program to include businesses with at least ten employees will result in an increase in the program's costs. According to U.S. Census data, there were approximately 174,000 businesses in New Jersey with less than 20 employees in 2022. However, it is likely that some of these businesses will not enroll in the program because they already offer a qualified retirement program to their employees. Some employees may choose to opt-out of the program.

- A portion of the additional administrative costs resulting from the bill will be recoverable through program administrative fees. The extent to which administrative fee revenue may exceed or fall short of administrative costs in any fiscal year cannot be predicted.

BILL DESCRIPTION

This bill revises the New Jersey Secure Choice Savings Program, which was launched in July 2024 and rebranded as RetireReady NJ.

Current law requires employers with 25 or more employees to enroll in the program, in which employees of these businesses may invest in a State-administered Individual Retirement Account through automatic payroll deductions. Employers with fewer than 25 employees may choose to participate in the program. The bill reduces the threshold for required participation in the program from businesses that have 25 or more employees to businesses that have 10 or more employees. The bill allows employers with fewer than 10 employees to choose to participate in the program.

The bill also changes the amount of administrative fees that may be collected by the board from amounts on deposit in the New Jersey Secure Choice Savings Fund and requires the board to assess the feasibility of making multi-state or regional agreements to effectuate the program and to establish processes governing what happens to an account after an enrollee's death. The bill also shifts responsibility for providing employees with informational packets about the program from participating employers to the program itself.

The bill also eases provisions of law regarding the imposition of penalties for employer violations. Current law provides that an employer who collects employee contributions but fails to remit any portion of the contributions to the fund is subject to a penalty of $2,500 for a first offense and $5,000 for each subsequent offense. Under the bill, an employer would be subject to the monetary penalty only if the employer failed to deduct and remit payments from an employee without reasonable cause. The bill also allows the program to reduce or eliminate penalties for violations if the reduction or elimination serves the purpose of the program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS find that the bill will result in an indeterminate increase in annual State costs and revenues.

The expansion of the New Jersey Secure Choice Savings Program to include businesses with 10 or more employees will result in an increase in the program's costs. Under current law, employers with 25 or more employees that do not offer a qualified retirement plan to their employees are required to participate in the New Jersey Secure Choice Savings Plan. Data regarding the number of businesses with 10 to 24 employees, and the number of people employed by those businesses is not readily available.

According to the 2022 Statistics of U.S. Businesses, compiled by the U.S. Census Bureau, there were approximately 174,000 business establishments in New Jersey with less than 20 employees. These businesses had a total employment of about 675,000 people. However, it is likely that not all of these businesses and employees will enroll in the program. Some of these businesses may already offer a qualified retirement plan to their employees and some employees may choose to opt out of the program. The program expansion proposed under the bill may require the State to hire additional program staff and incur additional administrative and operational expenditures as well.

The OLS notes that a portion of the program's administrative costs may be recoverable through program administrative fees generated from amounts held in the New Jersey Secure Choice Savings Fund and deposited into the New Jersey Secure Choice Administrative Fund. These administrative fees are received as State revenues. Moneys deposited in the New Jersey Secure

Choice Administrative Fund are used to pay for the administrative expenses of the program. Current law requires the New Jersey Secure Choice Savings Board to make provisions for the administrative costs of the program. However, current law provides that during the first three years after the establishment of the program, administrative fees cannot exceed 0.75 percent of the total fund balance in the New Jersey Secure Choice Savings Program Fund. After that period administrative fees are capped at 0.6 percent the total fund balance in the New Jersey Secure Choice Savings Program Fund. The board is statutorily required to keep administrative fees as low as possible.

The program currently charges an administrative fee of 0.75 percent (or $0.75 per $100) of each account balance. The bill revises the maximum amount of the administrative fee to $26 per account plus 0.25 percent of each enrollee's account balance. According to the New Jersey Secure Choice Savings Board minutes for July 2025, approximately 19,000 program enrollees accumulated $8.1 million in retirements savings as of June 2025. At the current rate of 0.75 percent, these balances would generate $60,750 in administrative fees. Under the administrative fee rates proposed in the bill, these fees would be expected to generate about $515,000 to support the program based on current enrollment and retirement savings levels. The OLS cannot predict the extent to which administrative fee revenue may differ from administrative costs in a given fiscal year.

The administrative costs of the program are currently supported by State appropriations. Since FY 2022, the State has allocated $11.0 million from the General Fund to support the development, implementation, and management of the program. Of that amount, about $6.6 million has been expended as of January 9, 2026. To the extent that these costs can be supported by program administrative fees, the State may be able to reduce General Fund support for the program.

Section:	*Revenue, Finance, and Appropriations*
Analyst:	*Scott A. Brodsky* *Staff Fiscal and Budget Analyst*
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).