

Employer FAQ: Hawaii Retirement Savings Program

Updated: January 30, 2026

The Hawaii Retirement Savings Program (HRSP) is a state-mandated retirement savings program intended to expand access to retirement benefits for employees whose employers do not offer a qualified retirement plan.

This quick reference is designed for employers to better understand what HRSP is, who it applies to, and the available options to meet the upcoming mandate.

Key Takeaways

- HRSP is expected to launch mid/late 2026 and will apply to employers who do not offer a qualified retirement plan. Employers that already offer a qualified retirement plan generally meet the requirement and are not required to participate in the state program.
- Employers that do not offer a qualifying retirement plan will be required to facilitate the HRSP through payroll deductions once the HRSP launches (currently expected in mid to late 2026).
- Employers can meet the mandate by facilitating HRSP or by offering a private-sector plan such as a 401(k).
- HRSP is designed to be simple for employers (payroll deduction, no employer match), while employees can opt out or change contributions.
- Offering a 401(k) may provide additional benefits, including potential tax credits, more plan flexibility, and a stronger total rewards package.

Next Steps

- Confirm whether your current retirement offering qualifies; if not, decide whether the HRSP or a private retirement plan is the better fit for your workforce.
 - **For ProService clients:** To better understand your retirement plan options, schedule a consultation with our Retirement Team at 808-394-8878 or retirement@proservice.com.
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Disclaimer: This is for informational purposes only and is not legal or tax advice, and it is not an all-inclusive list of all state/local laws.

HRSP Basics

Q: What is the Hawaii Retirement Savings Program?

A: HRSP is a state-facilitated payroll deduction Roth IRA for private-sector employees whose employers do not offer a qualified retirement plan.

Q: When does HRSP start?

A: HRSP has not launched yet and is expected to go live in mid/late 2026.

Q: What does HRSP require employers and employees to do?

A: HRSP generally includes Roth IRA accounts for each employee, automatic enrollment with opt-out, a default 5% contribution rate, employees can change or stop contributions at any time, and no employer match is required.

Q: What is the basic employer obligation under the mandate?

A: Employers must either facilitate the state program or offer a retirement plan through the private sector.

Q: Where can I learn more about the HRSP?

A: Employers can learn more about the HRSP here: <https://labor.hawaii.gov/hrsp/>

Who is Required (and Who Isn't)

Q: If we have only 1 employee, is HRSP mandatory?

A: As the law is currently written, employers: (1) with one or more employees and (2) who have not offered a qualified retirement plan in the last two years will be required to facilitate HRSP or offer a qualified plan.

Q: Are any employers excluded?

A: Employers that have offered a qualified retirement plan are excluded. Government employers (U.S. government, State of Hawaii, and political subdivisions) are also excluded.

Q: If I offer a profit-sharing plan, do I still have to participate in the state plan?

A: If a company offers a profit-sharing plan under 401(a), employees are exempt from the state program. More broadly, employers that have offered plans under certain IRS code sections (including 401(a), 401(k), 403(a), 403(b), 408(k)) for the last two years are not required to facilitate the state program.

Plan Design Questions

Q: Can we offer both HRSP and an employer-sponsored retirement plan?

A: It may be possible, but the approach must be offered across the workforce and can't discriminate by class of employees; otherwise, it will likely fail nondiscrimination testing.

Q: If employees already have their own IRAs, what happens?

A: Contribution limits still apply. If an employer must facilitate HRSP, an employee can opt out in favor of their existing IRA (or stop contributing to their IRA and use HRSP). Employees may be able to contribute to both as long as combined contributions don't exceed IRS limits.

SECURE 2.0 Tax Credits

Q: What SECURE 2.0 tax credits may be available for starting a 401(k)?

A: Start-up tax credit: up to \$5,000 per year for the first 3 years (amount depends on company size, but at least \$500). Employer contribution tax credit: up to \$1,000 per employee per year for the first 5 years, phasing down over time, for employees earning \$100,000 or less. Auto-enrollment credit: employers with 100 employees or less can claim \$500 per year for the first 3 plan years when auto-enrollment is used.

Q: Do these credits apply to nonprofits?

A: Certain credits may not apply to nonprofits as traditionally structured, even though retirement mandates can still apply. Proposed legislative updates have been discussed that could expand eligibility through payroll tax offsets.

ProService 401(k)

Q: Does the ProService 401(k) offer both Traditional and Roth options?

A: Yes. The plan offers both traditional pre-tax and Roth post-tax contributions, and employees can split contributions between the two.

Q: What does it cost to set up the ProService 401(k)?

A: The start-up fee is \$1,500, and there are no additional fees to the employer.

Q: How do I contact the ProService Retirement Team?

A: Call our Retirement Team at 808-394-8878.