



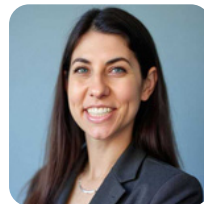
ProServiceHAWAII

Why Smart Employers Are Acting Now on Retirement Plans

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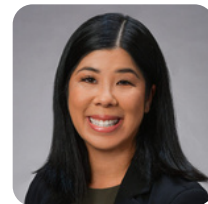
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Disclaimer: This guide is provided for general informational purposes only and is not intended to be a comprehensive reference or to provide legal or tax advice. Retirement plans are complex, and applicable federal and state laws and regulations vary by plan type and are subject to change. This guide does not create an attorney-client relationship, and the information contained herein should not be relied upon as legal or tax advice. You should consult a qualified tax or legal advisor regarding your specific situation or any particular issue or problem.

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Executive Summary



For Hawaii business owners and HR leaders, big changes are on the horizon.

Starting as early as mid-2026, most local employers will be required to participate in the Hawaii Retirement Savings Program (HRSP), or offer a retirement plan to their employees.

Failing to comply with this new law can result in **penalties of up to \$5,000 per calendar year**, plus potential civil liability if employees are denied enrollment.

The Good News: Tax Credits are Available

To offset the costs of starting and running a retirement plan, employers may access **federal tax credits under SECURE Act 2.0**, including but not limited to, a 100% credit for start-up costs up to \$5,000 for three years, an employer contribution credit up to \$1,000 per employee for 5 years and a \$500 auto-enrollment credit. The tax credit amount will vary, depending on employer size contributions, and can help to cover:

- Plan startup and administrative costs
- Employer contributions
- Automatic enrollment features

This makes **now** the most cost-effective time to establish a retirement plan for your business.

Retirement Planning = Competitive Advantage

Retirement planning isn't just about compliance—it's about staying competitive. In a high-cost, talent-driven market, retirement benefits have become a must-have and we're here to help you choose the right plan for your business.



**RETIREMENT
MANDATE CHANGES
COMING SOON**



**TAX CREDITS
AVAILABLE FOR
EMPLOYERS**



**FAILING TO COMPLY
UP TO \$5,000/YR
PENALTY**

Inside this Guide:

This guide will walk you through:

- The value of retirement planning to your business and your team
- Understanding the upcoming retirement mandate
- Comparing retirement plan offerings: Why HRSP or 401(k) plan?
- How ProService can help you implement a simple, affordable, and strategic plan

01 Why Retirement Planning Is Important for Your Team and Business



As a local business owner, you know that living in paradise comes with a price. Hawaii consistently ranks as having the highest cost of living in the nation. This economic reality makes retirement planning not just a "nice-to-have" perk, but a critical survival tool for your workforce.

A central purpose of retirement planning is income replacement. When employment income ends, living expenses continue. Without a structured plan, employees risk outliving their savings, relying too heavily on limited public benefits, or being forced to delay retirement, outcomes that can directly impact workforce productivity and succession planning.

Relying on Social Security is No Longer Enough

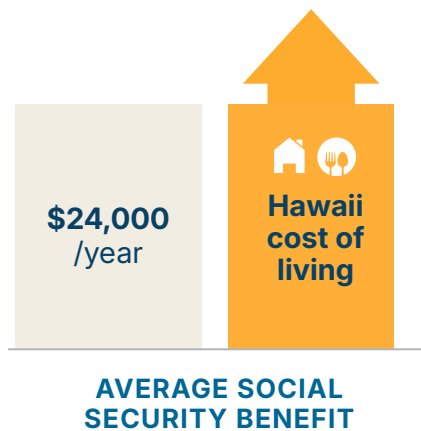
For decades, many workers assumed Social Security would be enough. The latest data shows that for Hawaii employees, the need for retirement planning is becoming urgent.

EMPLOYER ANXIETY

Over 3 in 5 Hawaii employers are concerned about employees having enough money to account for health care or living expenses during retirement, with around one quarter of employers expressing that they are very concerned for their employees.¹



**3 IN 5 EMPLOYERS
ARE CONCERNED**



THE PAYOUT VS. THE COST OF LIVING

As of August 2025, the average monthly Social Security retirement benefit was just over \$2,000 (approx. **\$24,000 annually**).² In Hawaii, **surviving on \$24,000 a year is nearly impossible** given local housing and healthcare costs.

SMALL BUSINESS DISADVANTAGE

This gap is widest among small businesses. In Hawaii, companies with fewer than 100 employees, **66% of workers lack access to a plan**, compared to only **34%** in larger firms.³



Retirement planning is one way to bridge the gap between a shrinking federal benefit, Social Security, and the high cost of living in Hawaii for future retirees.

- **For Employers:** Retirement planning can be a competitive advantage. It can also improve employee retention, reduce delayed retirement, and strengthen long-term workforce planning.
- **For Employees:** Employees who plan are better positioned to manage rising healthcare costs, longer life expectancy, and unexpected expenses later in life.

¹ Jennifer Sauer, AARP Surveys of Small Business Owners in Hawaii.
² Jennifer Sauer, AARP Surveys of Small Business Owners in Hawaii.
³ Jennifer Sauer, AARP Surveys of Small Business Owners in Hawaii.

Why Employers Should Offer Retirement Plans



In today's competitive labor market, offering a retirement plan is no longer just a benefit. It is a strategic business decision. Yet many employers, particularly small businesses, remain without one.

In Hawaii, nearly half of private-sector workers lack access to an employer-sponsored retirement plan, and close to two-thirds of small business owners report that they do not offer a retirement savings program.⁴ These gaps mirror national trends and put employers at a disadvantage when competing for talent.⁵

The cost of not offering a retirement plan is real and often underestimated. As an employer, consider the cost of not offering a retirement plan:



EMPLOYEES ARE LEFT FINANCIALLY UNPREPARED

Without access to workplace savings, employees in the later stages of their careers are unprepared for retirement. Nationwide, **1 in 5 adults age 50 and older report having no retirement savings at all.**⁶ In Hawaii's high-cost environment, the consequences of limited savings are amplified.



LACK OF CONSISTENT OPPORTUNITY TO SAVE FOR THE FUTURE

In Hawaii, lower-wage workers are particularly affected by retirement savings access gaps, with many relying on employer-sponsored plans as their main way to save.⁷ Without a payroll-deducted savings option, employees struggle to save consistently, hindering balance accumulation across all income and education levels.



FINANCIAL STRESS AND UNCERTAINTY

When employees experience financial stress and uncertainty, they feel the impact through higher turnover, lower engagement, and reduced productivity. Over time, this can disrupt workforce planning and create additional operational and compliance considerations.

How Offering a Retirement Plan Benefits Your Business

In addition to supporting your employees' financial future, here's how offering a retirement plan benefits your business:

- ✓ **Instantly differentiate your business** from two-thirds of your local competitors who do not offer a retirement plan. You move from "baseline" to "employer of choice."
- ✓ **Increase employee satisfaction and retention.** Retirement benefits improve job satisfaction and employee loyalty, and play a critical role in attracting and retaining quality talent.⁹ When employees feel more secure about their financial future, they are more engaged, more productive, and more likely to stay with their employer.



Nearly **90% of workers across the United States** say that a 401(k) or similar retirement plan is an important benefit, making it one of the most valued components of a competitive compensation package.⁸ For many employees, access to a retirement plan is an expectation, not a perk.

- ✓ **Attract quality talent.** In Hawaii's multigenerational workforce, small business owners overwhelmingly agree that offering a retirement savings plan helps their businesses remain competitive. Among Hawaii small business owners who already offer a plan, many cite attracting and retaining employees as a top reason, alongside a strong sense of responsibility to support their workers' long-term well-being.¹⁰



Beyond workforce benefits, retirement plans offer direct advantages for employers. Matching contributions enhance total compensation without permanently increasing wages, while tax incentives and deductions help offset costs and enable smaller businesses to compete more effectively with larger employers for skilled workers.

Simply put, offering a retirement plan is a strong, strategic business decision. It helps employers attract and retain talent, reduces workforce risk, and supports employee financial stability in Hawaii's high-cost environment.



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4. David John and Gary Koenig, *Fact Sheet: Hawaii, Workplace Retirement Plans Will Help Workers Build Economic Security*, August 2015.
 5. *Stepping Into the Future: Employers, Workers, and the Multigenerational Workforce*, Nonprofit Transamerica Institute, March 2024; See also *Employee Benefits in the United States*, Bureau of Labor Statistics, March 2023 (forty three percent of employees working for a small business do not have access to an employer-sponsored retirement plan).
 6. *AARP Financial Security Trends Survey*, AARP, January 2025.
 7. David John and Gary Koenig, *Fact Sheet: Hawaii, Workplace Retirement Plans Will Help Workers Build Economic Security*, August 2015.
 8. *New Frontiers: Employers and the Evolving Workforce*, nonprofit Transamerica Institute, April 2025.
 9. *New Frontiers: Employers and the Evolving Workforce*, nonprofit Transamerica Institute, April 2025.
 10. AARP, *Survey of Small Business Owners in Hawaii*.

03 Retirement Plan Options



Employers have several retirement plan options available to support employees' long-term financial security and strengthen their overall benefits package. These options include:

- Traditional pension and cash balance plans
- Simplified arrangements designed for small businesses
- Defined contribution plans, which are the most common choice today

Among these options, defined contribution plans are used by the majority of employers.

For employers, the 401(k) plan, which is a defined contribution plan, is the most common and widely used retirement plan.

A 401(k) allows:

- Employees to contribute a portion of their salary on a pre-tax or Roth after-tax basis
- Employers to offer matching or non-matching contributions to encourage participation and savings.

Unlike traditional pension plans, 401(k) plans offer several advantages:



Predictable and manageable employer costs



Administrative flexibility for employers



Employees have control over their retirement savings and investment choices



While other plans, such as pensions, cash balance plans, SIMPLE IRAs, SEP IRAs, and profit-sharing plans, may be appropriate in specific situations, the **401(k)** remains the preferred option for most employers because it is scalable, cost-effective, and well understood by employees.

Offering a 401(k) plan is one of the most effective ways to support employees' long-term financial security while strengthening a company's benefits strategy. It is also a regulated responsibility. Employers that sponsor a 401(k) plan are expected to meet ongoing requirements under the IRS and ERISA rules.

04 What is a 401(k) Plan



Main Components of a 401(k) Plan

A 401(k) plan requires the following elements:



A **written plan document** that defines **eligibility, contributions, vesting, distributions, and investment rules.**



Daily operations that follow the plan document exactly as written.



Plan assets must be held in a trust or custodial account, separate from company assets, used exclusively for participants and beneficiaries.



A **recordkeeping system** that accurately tracks employee deferrals, employer contributions, earnings, losses, and distributions.



A diversified **menu of investment options**, including a qualified default investment alternative



Delivery of required participant disclosures, such as the Summary Plan Description (SPD), to ensure employees understand how the plan works and their rights under ERISA.



Engage with ProService Hawaii as your 401(k) partner,
and we will help you manage plan design, administration,
and compliance to reduce operational risk.

How to Establish a 401(k) Plan

To establish a 401(k) plan, employers must make and document key design decisions. These choices affect plan cost, compliance complexity, and employee participation. Employers must decide on:

- 1 Eligibility requirements and entry dates** (i.e., when an employee can participate and enter the plan and can be based on age and years of service)
- 2 Contribution types** (pre-tax, Roth, or both) (i.e., type of contribution employee is allowed to make in the plan)
- 3 Employer matching or profit-sharing contributions** (i.e., whether an employer wants to provide a match or profit-sharing contribution)
- 4 Vesting schedules** (i.e., timeline for when employees earn ownership of employer's contributions).

After plan decisions are made, an employer must then:

- 1 Adopt a written plan document** by the company's tax-filing deadline (including extensions) for the year the plan becomes effective
- 2 Select service providers**, such as a recordkeeper or third-party administrator
- 3 Set up payroll integration** to ensure accurate and timely employee deferrals
- 4 Distribute required notices and enrollment materials** before employees can begin participating, and allow employees to understand and make informed decisions about participation



Questions? Let's talk:



aloha@proservice.com



(808) 725-6878

Requirements for Administering the Plan

Administering a 401(k) plan requires ongoing attention. One of the most critical responsibilities is the *timely deposit of employee deferrals*, which must be contributed to the plan as soon as reasonably possible after payroll. Late deposits can trigger penalties and corrective action.

Employers must also **operate the plan exactly as written**, including applying eligibility rules, contribution formulas, and vesting schedules consistently. Many plans must complete annual nondiscrimination testing to ensure benefits do not disproportionately favor owners or highly compensated employees, unless the plan uses a safe harbor design.

Additional requirements include maintaining accurate records, filing Form 5500 annually, distributing required disclosures such as fee and benefit statements, and monitoring service providers and plan fees to ensure they remain reasonable and appropriate.

Fundamental Rules and Guidelines of 401(k) Plans

401(k) plans are governed by strict IRS and ERISA rules. Failure to follow these federal rules can carry severe consequences, which include IRS penalties for the employer or even a plan disqualification. If a 401(k) plan is disqualified, its tax benefits may be revoked, which can trigger additional taxes, amended tax returns and penalties for underreported income. Employers must confirm the plan is administered in accordance with governing rules:

- Employee and employer deferrals and total contributions remain within IRS annual limits
- Plans must comply with nondiscrimination requirements to ensure they do not disproportionately benefit highly-compensated employees or key employees over non-highly compensated employees. As 401(k) plans receive significant tax advantages, federal rules require employers to show that the 401(k) plan broadly benefits all employees
- Plan assets must be held in trust and used solely for participants and beneficiaries
- Individuals who exercise discretion over plan administration or investments are considered fiduciaries and must act prudently, diversify investments, and act solely in participants' best interests
- If a plan allows loans or hardship withdrawals, those features must follow detailed regulatory guidelines
- Employer contributions must vest according to IRS-approved schedules

Best Practices for Employers

Beyond basic compliance, employers can adopt best practices that reduce risk and improve employee outcomes. Using a safe harbor 401(k) can simplify compliance by reducing nondiscrimination testing requirements and establishing predictable employer contribution obligations. Automatic enrollment and automatic escalation are proven tools to increase participation and retirement savings rates.

Employers offering a 401(k) should follow a disciplined governance process that reflects their fiduciary responsibility. Employers are legally obligated to act in participants' best interest and prudently manage plan investments. Even when outside professionals are engaged, employers remain responsible for selecting the initial investment menu and maintaining ongoing oversight.

As a best practice, employers should:

- **Regularly monitor fund line-up** on a quarterly basis and review performance, fees and continued suitability. Reviews should also confirm the plan offers competitive, low-fee options, and investments that align with the workforce's needs.
- **Document decisions** to demonstrate prudent oversight and provide clear, ongoing employee communication and education so participants can understand the value of the benefit and how to use it effectively.

Join ProService's multiple employer 401(k) plan and get end-to-end support with:



Plan design: eligibility, contributions, match, vesting



Employee support: ongoing communications and guidance



Administration: payroll contributions, loans, distributions, required operations



Compliance: nondiscrimination testing + Form 5500 filings



Fiduciary coverage: ProService assumes full fiduciary responsibility

The Outcome For You:

Less admin work, fewer compliance headaches, and more time back for your business.

Why Hawaii employers should act now on retirement benefits



Hawaii employers should act now because most will be required to participate in the state plan or offer an employer-sponsored retirement plan by mid-2026.

The Hawaii Retirement Savings Program (“HRSP”) is a state-facilitated payroll deduction Roth IRA for private sector employees whose employers do not offer a qualified retirement plan. Although the program was enacted in 2022, the State is targeting to launch the program in mid to late 2026¹¹.

Once in effect, the HRSP will require employers with one or more employees to either participate in the state-run HRSP or offer a retirement plan through the private sector. Under the HRSP:

- Employees are automatically enrolled unless they opt-out in writing. Employers must provide a written notice of employees’ rights to opt out
- Contributions are made to Individual Roth IRAs using after-tax dollars, allowing qualified retirement withdrawals to be tax-free
- The default contribution rate is set at 5% of compensation

11. Hawaii Retirement Savings Program, <https://labor.hawaii.gov/hrsp/>, last accessed January 12, 2026.

- Employees may increase, decrease, or stop contributions at any time, subject to IRS limits.
- Accounts are fully portable if employees change jobs
- Employers are not required to make matching or other contributions
- Employer responsibilities include providing required employee notices, payroll withholding, and remitting contributions

Employers who provide a qualified retirement plan to their employees are exempt from participating in the HRSP.



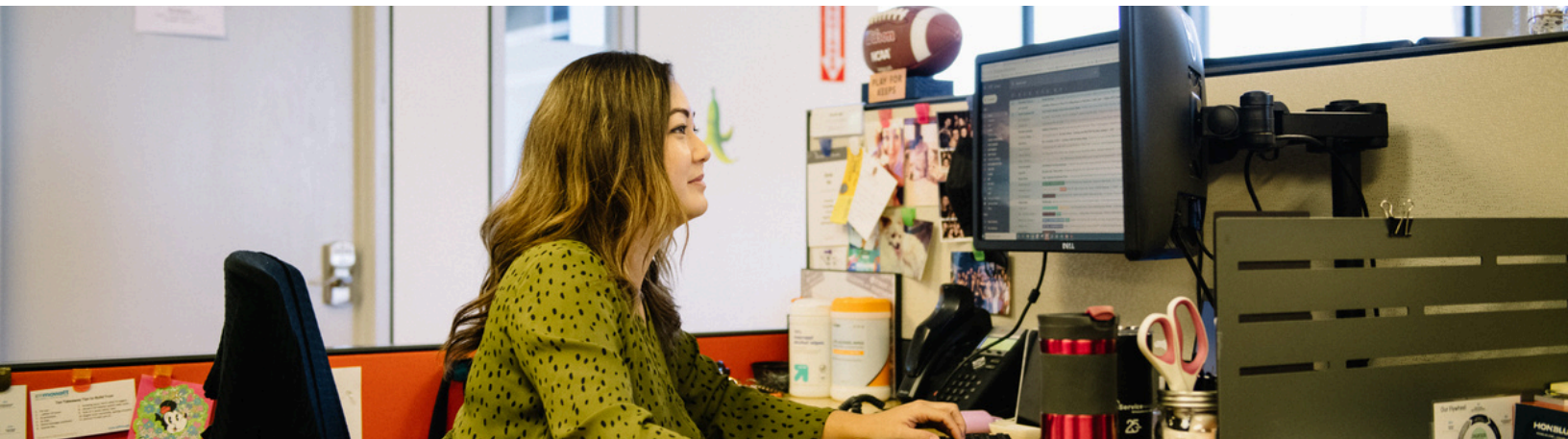
Although a date has not been finalized by the State, employers who do not register with the HRSP or do not facilitate the program by the required deadlines are subject to **financial penalties of up to \$5,000 per calendar year.**

Employers may also face legal exposure if eligible employees are denied enrollment, including potential lawsuits for injunctive relief and recovery of attorneys' fees.

For many employers, acting now allows for more flexibility in plan design, employee experience, and long-term administration. Partnering with ProService addresses these requirements through a more comprehensive and employer-directed approach.



How can employers prepare now for the implementation of the Hawaii Retirement Savings Program in 2026?



Hawaii employers that do not currently offer a retirement plan should begin preparing now. Acting early gives employers valuable time to understand their obligations, to compare plan options, and implement a compliant solution that aligns with their workforce and budget.



Early preparation also allows time to leverage available tax credits and retirement benefits to attract and retain talent.

Follow these 5 steps to prepare:

Step 1: Evaluate HRSP or Offer Your Own Retirement Plan

Employers should assess whether participating in HRSP or offering a qualified plan through the private sector is the better fit for their organization.

State-sponsored programs often offer a simplified structure. For example, state-run IRAs (including the HRSP) are subject to a lower IRS contribution limit (\$7,500) than can be provided in a workplace 401(k) (\$24,500).¹² State-run plans often do not include a matching contribution option, vesting requirements, or financial advisor support.

By contrast, an employer-sponsored qualified retirement plan allows employers greater flexibility to fit their workforce, budget, and compliance needs. Flexibility allows employers to decide whether to add features that can boost participation (like auto-enrollment), whether to extend eligibility to part-time employees (involves weighing cost against turnover and administrative complexity) and which tax options to offer (pretax or Roth).

Additionally, an employer-sponsored qualified plan offers higher contribution limits and allows for employer matching or profit-sharing contributions. For employers, higher 401(k) contribution limits and employer matching are valuable because they make a retirement plan more compelling. Higher limits let employees save more through payroll deductions. An employer match motivates employees to enroll and keep contributing and accelerates retirement readiness. Offering an employer-sponsored plan also removes the administrative responsibilities tied to HRSP payroll deductions and allows employers to provide a more valuable plan for their employees.



¹². Internal Revenue Services, 401(k) limit increases to \$24,500 for 2026, IRA limit increase to \$7,500, <https://www.irs.gov/newsroom/401k-limit-increases-to-24500-for-2026-ira-limit-increases-to-7500>, last visited January 12, 2026.

Paths Forward for Employers: Comparing Options

| | OPTION: HAWAII RETIREMENT SAVINGS PROGRAM (HRSP) | OPTION: EMPLOYER-SPONSORED RETIREMENT PLAN (E.G., 401(K)) |
|---------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Primary Purpose | Meet the state's minimum retirement access requirement | Meet compliance while supporting long-term workforce strategy |
| Employer Contributions Required | No | Optional (matching or profit sharing) |
| Employee Enrollment | Automatic (employees may opt out) | Automatic or voluntary enrollment options |
| Contribution Limits | Subject to IRA limits (lower annual caps of \$7,500 per year, or \$8,600 if you're age 50 and older in 2026) | Higher contribution limits (In 2026, employee deferral limit is \$24,500 in 2026. Employees aged 50 and older can add catch-up contributions of \$8,000, and for ages 60 to 63 there's an even higher catch-up limit of \$11,250) |
| Investment options | Per state plan design | Greater access to a variety of investment options |
| Tax Treatment for Employees | Roth IRA only (after-tax contributions) | Pre-tax, Roth, or both |
| Flexibility & Customization | Very limited | High — plan design can reflect workforce needs |
| Administrative Responsibility | Payroll deductions, notices, remittance | Often shared or outsourced, depending on plan structure |
| Access to Federal Tax Credits | Unknown | Yes (startup, employer contribution, auto-enrollment credits) |
| Employee Perception | Seen as a basic savings program | Viewed as a core workplace benefit |
| Impact on Retention | Minimal — baseline access only | Strong — supports loyalty and long-term employment |
| Impact on Recruitment | Limited — not a differentiator | High — helps attract and compete for talent |
| Support for Financial Wellness | Limited education and guidance | Often includes education, tools, and advisor support |
| Long-Term Value to Business | Compliance-focused | Strategic investment in people and stability |

When deciding between a state-sponsored retirement program and an employer-sponsored 401(k), consider three things: ***flexibility, effort, and employee value.***

State programs are built to meet minimum requirements. They typically offer limited customization, lower contribution limits, and no employer match, and you still manage payroll deductions and employee tracking.

A 401(k) gives employers more control, higher contribution limits, and the option to add features that support recruiting and retention. The downside: running a plan on your own can be complex, time-consuming, and costly.

With ProService, you get the upside of a 401(k)–without the burden.

Our multiple employer 401(k) plan includes help with plan design, streamlined payroll, and administration, employee communications, and ongoing compliance. ProService also assumes full fiduciary responsibility and manages key IRS/ERISA requirements to reduce risk, workload, and cost. The result is a stronger retirement benefit that supports your business goals, while you stay focused on running and growing your organization.

Step 2: Evaluate Federal Tax Incentives Under Secure Act 2.0

Before you pick a retirement plan, check whether you qualify for federal tax credits under SECURE Act 2.0. These credits can offset a big portion of the cost to get a plan up and running.

Eligible employers may receive credits for:

- 401(k) startup + admin costs
- Employer contributions
- Auto-enrollment

You may qualify if:

- You have 100 or fewer employees
- You have at least one non-highly compensated employee
- You haven't sponsored a retirement plan in the last 3 years (with limited exceptions)

Startup Cost Tax Credit (the one most employers ask about)

Employers who add an automatic enrollment feature to their plan may also claim an additional credit. If you're starting a retirement plan for the first time (and haven't had one in the past 3 years), SECURE 2.0 offers a startup cost tax credit to help cover setup and administrative expenses.

How much is the credit?

EMPLOYEE COUNT & CREDIT RATE

1-50 EMPLOYEES
100% CREDIT

51-100 EMPLOYEES
50% CREDIT

- ✓ up to **\$5000** per year
- ✓ first 3 years

MAXIMUM CREDIT CALCULATION

Maximum Credit =

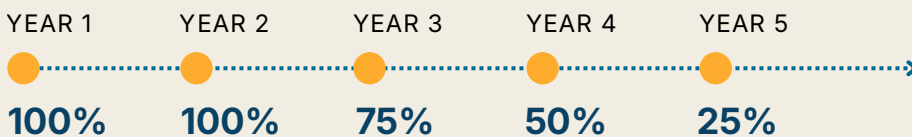
Lesser of:

💰 **\$5000**

🧮 **\$250** x number of eligible non-HCE employees

What is the employer contribution tax credit?

Tax credits are available for employers who put money into employees' accounts.



\$1,000 per employee per year
for employees earning **\$100,000** or less

What about the credit for auto enrollment?

⚡ Auto-Enrollment Credit

- ✓ **\$500** per year
- ✓ up to 3 years
- ✓ 100 or fewer employees

Why this matters for Hawaii employers right now

With HRSP requirements on the horizon, SECURE 2.0 tax credits can help offset most (sometimes all) of the cost of starting a retirement plan in the early years. In some cases, credits may even exceed out-of-pocket costs, making a 401(k) more affordable than many employers expect.

Need help estimating your credits?

ProService clients may request a tax credit worksheet to estimate what they may qualify for. Our Retirement Team can help with the worksheet and answer questions about the ProService multiple employer 401(k) plan.

Let's Talk!

Email: aloha@proservice.com | Phone: (808) 725-6878

Step 3: Select the Right Retirement Path and Plan Structure - HRSP vs a 401(k)

Next, decide whether you will:

1. Comply with the Hawaii Retirement Savings Program (HRSP), or
2. Offer your own qualified retirement plan, like a 401(k)

Your best fit depends on your workforce needs, budget, long-term goals, and how much flexibility you want.

If you choose HRSP

HRSP is designed to meet minimum requirements.

Employers generally:

- Set up payroll deductions
- Provide required employee notices

What to know:

- Limited customization
- Lower contribution limits
- No employer contributions (no match or profit sharing)

If you offer a qualified plan (like a 401(k))

A 401(k) gives you more control and a stronger benefit. When choosing a plan, consider features like:

- Automatic enrollment
- Eligibility rules and vesting
- Employer match or profit sharing
- Safe harbor plan design

These choices affect participation, complexity, cost, and may impact SECURE 2.0 tax credit eligibility.

ProService option: meet HRSP requirements with a stronger benefit

The ProService multiple employer 401(k) plan can help employers meet HRSP exemption requirements while offering a more robust retirement benefit. You can offer features like: (1) high-quality investment options, (2) employer match and profit sharing, (3) safe harbor designs and (4) tax-deductible contributions, without taking on the full **administrative** and **fiduciary burden** of managing a plan alone.

Step 4: Work with Advisors and Providers and Implement it the Right Way

Once you decide whether you'll use HRSP or offer a 401(k)/qualified plan, the next step is getting it set up correctly.

What to do:

- Work with your selected provider to set up the retirement plan properly
- Coordinate with your CPA or tax advisor to confirm:
 - You're implementing in the right tax year
 - You're positioned to claim any available tax credits (including filing IRS Form 8881 for eligible startup, employer contribution, and auto-enrollment credits)

Good coordination helps you **maximize incentives** and **avoid compliance issues**.

Step 5: After you Launch, Communicate Clearly and Often with Employees

Once your retirement solution is set up, whether you're using HRSP or offering a 401(k), clear employee communication is essential. It helps employees understand their choices, take action on time, and makes rollout smoother.

What to explain to employees (keep it simple)

Make sure your team knows:

- When enrollment starts and key deadlines
- How to contribute and how to change their amount
- Whether they'll be automatically enrolled (and how to opt out, if applicable)
- Basic investment information (at a high level)
- How saving now supports long-term financial security

Good communication reduces confusion and typically increases participation, especially for employees who are new to retirement plans.

Focus your message based on what you choose.

If you're using HRSP

Emphasize:

- How payroll deductions will work
- Employees' right to opt out or adjust contributions

If you're offering a 401(k)

Highlight the added value:

- Higher contribution limits
- Potential employer match or profit sharing
- Vesting schedules (if applicable)
- Any available education or guidance

For ProService clients, our Retirement Team supports both employers and employees during setup and ongoing participation. We help employers with plan design, enrollment strategy, and compliance coordination, and provide ongoing employee communications about eligibility, contributions, distributions, and plan features in the ProService multiple employer 401(k).

07 How ProService Can Help



ProService's 401(k) makes it simple for Hawai'i employers to meet HRSP requirements and maximize available startup tax credits, without the typical cost and complexity.

Most 401(k) plans under \$1M in assets may cost \$5,000–\$10,000 per year (startup fees, per-participant charges, and admin fees). **ProService's plan is a one-time \$1,500 setup fee instead.** And while many plans require annual Form 5500 filing and may trigger audits that can cost \$8,000–\$12,000, ProService does not charge clients for Form 5500 filing or audits related to the 5500.

Backed by \$500M+ in plan assets and buying power through Transamerica, you also get high-quality investment options and flexible plan features like matching, profit sharing, and safe harbor. **With transparent pricing and full fiduciary support** managed by ProService, you can stay compliant with confidence while offering a benefit that helps attract and retain great employees.

If you have any questions, let's talk!



aloha@proservice.com



(808) 725-6878



ProService Hawaii helps local businesses take care of their people and stay focused on running the business. We're the state's leading HR partner for payroll, benefits, HR support, and compliance, serving **3,000+ Hawaii employers**. With trusted local experts and innovative products, we make it easier to hire, manage, and grow your team, so you can build a stronger workplace that attracts and retains your best talent.

Disclaimer: This guide is provided for general informational purposes only and is not intended to be a comprehensive reference or to provide legal or tax advice. Retirement plans are complex, and applicable federal and state laws and regulations vary by plan type and are subject to change. This guide does not create an attorney-client relationship, and the information contained herein should not be relied upon as legal or tax advice. You should consult a qualified tax or legal advisor regarding your specific situation or any particular issue or problem.

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