CalSavers

A Mandatory State-Sponsored Retirement Plan

CalSavers* is the new mandatory state-sponsored retirement savings plan.

There is a three year phase-in that will require employers to either facilitate the CalSavers plan or implement their own independently sponsored retirement plan for their business.

The implementation deadlines are as follows:
- September 30, 2020: Businesses with 100+ employees
- June 30, 2021: Businesses with 50+ employees
- June 30, 2022: Businesses with 5+ employees

Employer requirements

Employers are required to track all eligible employees and offer them the plan within 30 days of their date of hire. If the employee doesn't make an election within 30 days, the employer is required to auto-enroll the employee and set up their Roth deferral (Roth IRA only) though payroll deduction.

By January 1 each year, employers are required to track and auto-escalate all employees by 1%, up to 8%, if they have not opted out or made another election. Employers need to track eligible employees that opted out of the program at least six months prior to the open enrollment period from October 1 through November 30. If they do not opt out, they will be auto-enrolled through payroll deduction.

Employee eligibility

All W-2 paid employees that are at least age 18 and have worked for the business for 30 days are eligible.

Here's what you need to know:

- Employers cannot make contributions
- Employers need to provide enrollment packets to all employees 30 days after date of hire
- Employers need to hold open enrollment every year in November
- If no election is made in the next 30 days (60 days from date of hire), employers set up the 5% auto enroll in payroll to send the Roth IRA contribution to CalSavers
- Employers facilitate the program and submit participating employees' contributions via payroll deduction.
- Employees are responsible for their investment choices
- There are no fees for employers
- Contributions are subject to the Roth IRA limits

Ameritas
fulfilling life.

For financial professional use only. Not for use with clients.

Employer fees and penalties

There's no fee to register the business for the CalSavers plan. All fees are the responsibility of the individual employees participating in the plan. The proposed penalties for non-compliance start at $250 per eligible employee if the employer remains non-compliant after 90 days from being served a notice. The penalties can increase up to $500 per eligible employee if non-compliance reaches 180 days or more after receiving a notice.

Your opportunity

This is a great opportunity for you to reach out to your current clients and prospects without a retirement plan. You can educate them on California's requirements and provide alternative Retirement Plan options that may be a better fit for their business and easier to manage.

Please contact me if you would like to discuss how you can help your clients and prospects and grow your retirement plan book of business.

Barry Newman
Regional Vice President
bnewman@ameritas.com
310-310-9600