

WHAT

Gov. Jerry Brown signed into law Senate Bill 1234, also known as CalSavers, on 9/29/2016.

CalSavers mandates all California employers offer either a retirement plan for their employees, OR join the CalSavers program.

CalSavers defines employees as anyone over 18, paid by W-2, and worked for 30 days.

TIERED DEADLINES

100+ employees

September 30,
2020

50+ employees

June 30,
2021

5+ employees

June 30,
2022**CALSAVERS PROGRAM**

- Roth IRAs only.
- Eligible employees auto enroll at 5% of pay contributed to account. There is an option to “opt-out.”
 - Auto escalation of 1% annually.
- Eligible employees are responsible to know if they are eligible for Roth contributions, as income limit still apply.
- No employer contributions.
- Eligible employees pay all fees.
- Very limited investment choices.

EMPLOYERS

- Required to submit and keep updated employee census.
- Track all eligible employees.
- Penalties for noncompliance.

ALTERNATIVE**Establish 401K Plan**

1. Tax deferral, better for higher wage earners.
2. Can design strategically for max contribution.
3. Roth option with no income limits.
4. Can provide employer match AND profit sharing.

Pooled Employer Plans

1. Significantly lower costs.
2. Eliminate individual plan 5500 filing.
3. Eliminate annual audit.
4. Turnkey solution for employers to meet CalSavers requirements AND establish low cost, easy to use retirement plan.