

CalSavers Retirement Savings Program

Beginning on July 1, 2019, California private employers with 5 or more employees, who do not already sponsor a retirement plan, may voluntarily enroll in the CalSavers Retirement Savings Program (CalSavers). Employers that do not voluntarily enroll *must* enroll in CalSavers according to the following schedule:

100 or more employees	June 30, 2020
50 to 99 employees	June 30, 2021
5 to 49 employees	June 30, 2022

The key features of the CalSavers program are shown below:

- This is a workplace retirement savings program for employers with at least 5 employees that do not sponsor their own retirement plans (“Eligible Employers”). This may mean a 401(k) plan, a 403(b) plan, a SEP or SIMPLE plan, or a multiple employer (union) plan.
- CalSavers applies to private for-profit and non-profit employers, but not to federal or state governmental entities.
- CalSavers requires employees at least age 18 and receiving a Form W-2 from an eligible employer, to be automatically enrolled in the CalSavers program after a 30 day period, during which they may either opt out, or customize their contribution level and investment choices.
- The default is an employee contribution of 5% of their wages subject to income tax withholding, automatically increasing each year by 1% to a maximum contribution level of 8%. Employer contributions currently are prohibited.
- Eligible Employers who enroll in CalSavers will provide some basic employee roster information to CalSavers. CalSavers will then contact employees directly to notify them of the program and to instruct them about how to enroll or opt-out online. Those who enroll will have an online account which they can access in order to change their contribution levels or investment selections
- Once an Eligible Employer has enrolled in CalSavers, their subsequent obligations are limited to deducting and remitting each enrolled employee’s contributions each pay period, and to adding new eligible employees within 30 days of hire (or of attaining eligibility by turning age 18, if later).
- Eligible Employers are shielded from fiduciary liability to employees that might otherwise arise regarding investment performance or other aspects of participation in the CalSavers program.
- There are employer penalties for noncompliance. The penalty is \$250 per eligible employee for failure to comply after 90 days of receiving the CalSavers notification, and \$500 per eligible employee if noncompliance extends to 180 days or more after the notice.

Here are some online resources for Eligible Employers:

- [Employer checklist](#) to help employers prepare for enrollment,
- [CalSavers Program Disclosure Booklet](#) providing details of the program, and
- [Online FAQs](#).