

NH HICKS

Legal and Pension Consultants

CalSavers Retirement Savings Program

2022

Experience Counts



Highlights

- What is CalSavers?
- Why consider CalSavers?
- Downsides of CalSavers
- Why a 401(k) Plan makes sense
- Penalties for non-compliant Employers
- Filing for your CalSavers Exemption
- Comparison Proposals

What is CalSavers?

- Roth IRA program
- Deadlines
 - June 30, 2020 100 or more employees
 - June 30, 2021 50 to 99 employees
 - June 30, 2022 5 to 49 employees
- CalSavers or qualified retirement plan
- Register online at CalSavers.com
- Covers employees after 30 days who are age 18 and older receiving W-2
- Default 5% employee contribution.
- Employer contributions are prohibited.

What is CalSavers?

Plan Options

	CalSavers	401(k) Plan
Eligibility	Age 18 with W-2 and compensation less than \$144,000 single or \$214,000 married	Age 21 with 12 months of employment and 1000 hours
Max EE Cont	\$6,000	\$20,500
Catch-up Cont	\$1,000	\$6,500
Annual Limit	\$6,000 (\$7,000 age 50)	\$61,000 (\$67,500 age 50)
EE Cont	Roth only	Pretax or Roth
Match	None	Yes
Profit Sharing	None	Yes
Loans	None	Yes

Why consider CalSavers

- Simple and straightforward
- Employer limited roles
- No fees for Employer
- Employers are not fiduciaries

Downsides to CalSavers

- Income limits covering who can participate
- Not covered by ERISA
- Contribution limits are lower than 401(k)
- No employer contributions
- Limited investment options
- Higher fees for employees

Why a 401(k) makes sense

- Higher Contribution limits
- Owners and other highly paid employees can contribute
- Employer contributions
- Tax credits for new plans
- Tax deductions for employer contributions or expenses
- Flexible plan design
- Investment freedom

Penalties for Non-Compliance

- Register or adopt qualified plan by deadline
- Penalty notices will be sent.
- \$250 per employee after 1st notice. If not corrected within 90 days, penalty increases to \$750 per employee.

Filing CalSavers Exemption

- File for exemption by CalSavers deadline
- File online with Employer tax identification number and CalSavers access code
- Need help. Call CalSavers 855-650-9616

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Need More Information

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