
CalSavers: Get Ready to Rock Enroll

July 24, 2019

The CalSavers Retirement Savings Program launched by the State of California is open for enrollment. California employers that have five or more employees and that do not otherwise offer a company retirement savings program are required to provide their employees with access to CalSavers. The State of California estimates that under the new program, approximately seven million employees will have the opportunity to contribute to an Individual Retirement Account.

Employers' obligations will be to register with the State, provide updated information to the State regarding current employees, and forward employment contributions to the State through payroll deductions. Employers that currently offer their employees a "Tax-Qualified Retirement Plan"—which includes retirement plans that qualify for favorable federal income tax treatment and payroll deduction IRAs with automatic enrollment—will not be required to register. Employers that are required to register and fail to do so without good cause will be subject to a penalty of \$250 per eligible employee for noncompliance extending 90 days or more after receiving notice of their failure to comply. Employers will be subject to an additional penalty of \$500 per eligible employee if they are found to be noncompliant 180 days or more after receiving notice.

Employers will not pay any maintenance fees and are not permitted to contribute to their employees' accounts, offer advice regarding investment choices, or encourage or discourage participation in the program.

The program became open for enrollment on July 1, 2019, but the deadline to comply varies based on the number of employees, as follows:

- Employers with 101 or more employees, the deadline is June 30, 2020.
- Employers with 51-100 employees, the deadline is June 30, 2021.
- Employers with 5-50 employees, the deadline is June 30, 2022.

Employees will be auto-enrolled after 30 days unless they opt out of participation in the program. For those employees who remain enrolled in the program, employers will deduct a percentage of those employees' wages and forward those amounts to the State, which will maintain each employee's account.

For more information go to <https://www.calsavers.com/>.

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We encourage you to reach out to a member of our Employment Law Group with any questions or concerns.

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