

## COVID-19 Message: We are here for you.

We are here to support you throughout this difficult time. To learn how we are responding to the COVID-19 pandemic, [read our message](#) to savers and employers.



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Your Money. Your Future.

## Frequently Asked Questions

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### Employer Registration

#### Can employers start facilitating CalSavers at any time? When are employers required to take action?

Eligible employers can request to register at any time. There are deadlines for eligible employers to either begin to offer their own retirement plan or register for CalSavers. The deadlines vary depending on the size of the business:

- For eligible employers with more than 100 employees, September 30, 2020.
- For eligible employers with more than 50 employees, June 30, 2021.
- For eligible employers with five or more employees, June 30, 2022.

Your eligibility and compliance deadlines are based on your average employees throughout the year. This number is calculated by averaging the number of employees you report to the Employment Development Department on your previous four DE9C filings.

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#### Are there penalties for non-compliance?

Yes. Per Government Code Section 100033(b), each eligible employer that, without good cause, fails to allow its eligible employees to participate in CalSavers, on or before 90 days after service of notice of its failure to comply, shall pay a penalty of \$250 per eligible employee if noncompliance extends 90 days or more after the notice, and if found to be in noncompliance 180 days or more after the notice, an additional penalty of \$500 per eligible employee.

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### Eligibility

#### As an employer, do I have to facilitate CalSavers? Who is an eligible employer?

State law requires employers to either offer their own retirement plan or register to facilitate CalSavers. If you have at least five California-based employees, at least one of whom is age eighteen, and don't sponsor a qualified retirement plan, your business is required to register for CalSavers.

Qualified retirement plans include:

- 403(a) - Qualified Annuity Plan or 403(b) Tax-Sheltered Annuity Plan
- 408(k) - Simplified Employee Pension (SEP) plans
- 408(p) - Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA Plan
- 401(a) - Qualified Plan (including a profit-sharing plan and defined benefit plan)

- 401(k) plans (including multiple employer plans or pooled employer plans)
- Payroll deduction IRAs with automatic enrollment

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### What about non-profit employers?

The requirements are the same for non-profit and for-profit employers. Volunteers who are not considered employees under state law are not eligible and will not be included in counting a non-profit employer's number of employees.

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### What about religious organizations?

The requirements are the same for religious organizations as non-profit employers. Volunteers, clergy or members of religious orders who are not considered employees under state law or have taken a vow of poverty and receive no taxable earnings are not eligible to participate and will not be included in counting a religious organization's number of employees.

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### Are all employees eligible for the program? When do employees become eligible?

Any employee of a participating employer who is at least age eighteen and has the status of an employee under California law (Unemployment Insurance Code Sections 621 et seq), receive an Internal Revenue Service Form W-2 with California wages from such employer, or is a sole proprietor or partner in a partnership that is an eligible employer, then you are likely to be eligible to participate in the Program subject to California law and the federal rules governing Roth IRAs.

Please note that employee contributions to the Program would not begin until the first payroll following the 30 day notification period, so depending on the length of employment, short term employees may not be able to make contributions.

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### If we participate in a public youth employment program are the youth eligible to participate even if they are only working a short period of time?

Yes, if they are 18 or older.

Please note that employee contributions to the Program would not begin until the first payroll following the 30 day notification period, so depending on the length of employment, short term employees may not be able to make contributions.

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### If we already have a retirement plan, can we also facilitate CalSavers?

If you already offer a qualified retirement plan – good for you! Your business may not facilitate CalSavers with automatic enrollment. Non-mandated employers can choose to facilitate contributions from their employees who already have an account or have enrolled on their own.

Qualified retirement plans include:

- 403(a) – Qualified Annuity Plan or 403(b) Tax-Sheltered Annuity Plan
- 408(k) – Simplified Employee Pension (SEP) plans
- 408(p) – Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA Plan
- 401(a) – Qualified Plan (including profit-sharing plans and defined benefit plans)
- 401(k) plans (including multiple employer plans or pooled employer plans)
- Payroll deduction IRAs with automatic enrollment

If you already offer a qualified retirement plan, we request that you inform us of your exemption on the [employer portal](#). If you have any employees or independent contractors that have set up a CalSavers account on their own and request payroll deductions to be remitted to their CalSavers account, your business may choose to facilitate those contributions just like any other deduction such as a parking payment or charitable contribution.

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### **Are business owners eligible to participate?**

Business owners that are also employees of their business are eligible to participate. Business owners that are not employees may enroll as an individual and make automatic contributions from their bank account.

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### **How does the employer mandate impact a controlled group of businesses as defined under Internal Revenue Code Sections 414(b) and (c)?**

If an employer is part of a controlled group of businesses that maintains a qualified retirement plan, that employer and any other members of the controlled group are exempt.

If an employer is part of a controlled group of businesses, none of which maintain a qualified retirement plan, it and the other members of the controlled group would be required to comply individually with the mandate by their respective deadlines.

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### **For multi-party employment relationships like staffing companies, temporary services organizations, professional employer organization (PEO), motion picture payroll services companies, and employers with third party administrators, which party is the eligible employer?**

The eligible employer is the entity that is the statutory or common law employer for California employees. Regulations clarify which entity shall be the eligible employer for a few multi-party employment relationships:

For employers that use the services of a temporary services or leasing employer, the eligible employer is the temporary services or leasing employer – not the clients who use the services of a temporary services or leasing employer. The client employer, however, is required to comply if they employ at least five of their own employees and do not sponsor a qualified retirement plan.

For employers that enter into a contract with a PEO, the eligible employer is the client employer using the PEO's services – not the PEO. A PEO, however, is required to comply if they employ at least five of their own employees and do not sponsor a qualified retirement plan.

For a motion picture production company that uses the services of a motion picture payroll services company, the eligible employer is the motion picture production company – not the motion picture payroll services company. A motion picture payroll services company, however, is required to comply if they employ at least five of their own employees and do not sponsor a qualified retirement plan.

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## **Enrolling Employees**

### **As an employer, what am I responsible for?**

The employer is responsible for registering for the Program, providing basic employee roster information to the Program for eligible employees (name, date of birth, Social Security Number or ITIN, and contact information), and facilitating by payroll deduction the appropriate contributions each pay cycle. That's it. Note that all information provided is received and maintained in a secure environment.

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### **What does it mean that employees are automatically enrolled?**

State law establishes CalSavers as, what is commonly referred to as, an “automatic enrollment program”. Eligible employees who do not choose to opt out will be enrolled automatically in the program.

Employees are enrolled with limited employer involvement. When an employer registers for CalSavers, the employer provides basic employee roster information to CalSavers. From beginning to end, this process generally takes about 30 minutes; many employers complete it in 15 minutes or less. Employers are encouraged to complete this step when they register, but if they need more time, can do it within 30 days of their registration date.

CalSavers uses this information to contact employees directly to make them aware of the Program and provide the opt-out or customization methods. If an eligible employee takes no action within 30 days, they will be automatically enrolled in the program under the default saving settings. If they wish to make changes to their account setting or opt out of participating in the program, they will be directed to contact CalSavers.

After registration and enrollment, employers are responsible to deduct and remit each saver’s contributions, each pay period. Employers are also responsible to add new eligible employees to the program within 30 days of their date of hire or date of eligibility. However, employers are to remain neutral about their employees’ participation and not encourage or discourage participation.

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## **Sending Contributions**

### **Can an employer make contributions on behalf of their employees?**

No. Employers are not allowed to make contributions on behalf of, or as a match to, employee contributions in this program. If an employer wishes to make contributions to a retirement plan on behalf of their employees, they should explore offering an employer-sponsored retirement plan.

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### **Who will be responsible for monitoring contribution limits?**

It is the responsibility of program participants to monitor their own annual contribution limits across all Individual Retirement Accounts (IRA) they maintain, including their CalSavers account. CalSavers intends to notify employees when their CalSavers account is close to reaching the federal annual contribution limits for an IRA and will instruct employers to stop contributions when employees’ contributions reach the limit. Note that limits apply across all IRAs maintained by an individual and CalSavers will not know of other IRAs that program participants maintain elsewhere.

It is also the responsibility of the program participant to determine if they are eligible to contribute to a Roth IRA, and to comply with any other IRA rules. However, CalSavers will provide program participants with educational materials to help participants understand the rules.

For 2021, the annual contribution limits are \$6,000 for individuals under the age of 50. Individuals over the age of 50 will be able to contribute another \$1,000 in “catch-up” contributions for a total of \$7,000.

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### **What if an employee is already contributing through another employer they currently work for?**

Employees are invited to enroll in the CalSavers program for each employer that they work for. They may choose to opt out of contributions through an employer or contribute through multiple employers at the same time. Program participants must monitor their contribution levels across all of their IRAs to ensure they do not violate IRS limits.

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### **Is there a waiting period?**

No. Eligible employees who do not choose to opt out of the program are automatically enrolled 30 days after their date of hire or date of eligibility. Contributions may be made on behalf of an employee at any point after they are enrolled.

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## Is there a vesting period?

No, contributions belong 100% to the contributing program participant from day one.

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## Fees & Costs

### As an employer, how much is this going to cost me?

There is no employer fee for participating in the program.

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## General

### Who do I contact with CalSavers questions, concerns, or otherwise?

Employer questions should be directed to Client Services at [855-650-6916](tel:855-650-6916) or [clientservices@calsavers.com](mailto:clientservices@calsavers.com).

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### Where can I find more detailed disclosure information about CalSavers?

Complete information about CalSavers can be found in the [Program Disclosure Booklet](#).

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### Why is the state establishing CalSavers?

State law mandates that all California employers with five or more employees either offer a retirement savings vehicle or facilitate their employees' access to CalSavers.

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### Do other states offer programs like CalSavers?

Many states are pursuing implementing state-sponsored IRA savings programs with California, Oregon and Illinois now actively accepting contributions.

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### How is CalSavers different from any other IRA that my employees can open?

CalSavers IRAs are subject to the same rules and regulations as any other IRA, but the CalSavers program is unique: the program will ensure nearly all working Californians have the ability to save through the convenience of regular payroll contributions; CalSavers will offer a small set of simple investment options, making it easy for savers to choose how they invest in their future; and savers that don't choose their own account settings will participate according to default settings developed to encourage long-term meaningful savings. As the program grows, economies of scale from statewide participation in the Program will result in increasingly lower administrative fees. However, there are other alternatives for employees to save outside of CalSavers. For example, individuals may establish an IRA with one of the numerous mutual fund, investment, insurance, banking or other companies that offer IRAs.

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### Can my payroll service provider facilitate CalSavers for me?

You may add your payroll service provider as a delegate to help perform the employer facilitation duties on employers'

...may use your professional power as a delegate to help perform the employer's fiduciary duties on employer's behalf.

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## Why should I facilitate CalSavers instead of setting up my own plan or joining a Multiple Employer Plan (MEP)?

CalSavers offers a simple, streamlined, no-fee way for employers to comply with the requirement established by Government Code Section 100032. However, there are benefits to setting up an employer sponsored retirement plan or joining an MEP which may include higher individual contribution limits and the opportunity to offer an employer matching contribution.

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## How is CalSavers different from an employer sponsored plan like a 401(k)?

Unlike an employer-sponsored plan, CalSavers is established, operated and maintained by the state. Employers have no discretion to determine the terms of the IRAs, the investments offered or program operations. Employers' responsibilities are limited to registering for the Program, providing roster information for employees, and remitting employee contributions through payroll deductions. CalSavers has been designed to make it easier for employees to save by lowering the barriers that often keep people from saving. Enrollment is automatic, and contributions are made through payroll deductions. Accounts are also portable and can move with employees from one job to the next. Research sponsored by the AARP shows that people are 20 times more likely to save if they have an automatic enrollment retirement option at work, but many small employers don't have the time or resources to offer their own plan. This program allows employers to facilitate something meaningful for their employees without any employer fees or fiduciary responsibility.

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## Who manages this program?

Administration of program participant accounts is handled through a contract with Ascensus College Savings Recordkeeping Services, LLC. Investments are managed by BNY Mellon Investment Adviser, Inc. [(CalSavers Sustainable Balanced Fund (Environmental, Social, Governance))] and State Street Global Advisors (all other funds).

The CalSavers Program is overseen by the CalSavers Retirement Savings Board, consisting of nine members, with the State Treasurer serving as chair.

In addition to Board oversight, the CalSavers program has a small staff of employees, and contracts with professional consultants to advise the Program.

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## How do I communicate to our employees about CalSavers?

Employers must remain neutral about their employees' participation in CalSavers. You will be provided an email template at the time of your registration that you may share with your employees to inform them that CalSavers will reach out to them. Your employees will be contacted directly by the Program with all necessary information. If they have any questions, or wish to make any changes to their account, they should contact the Program directly (Client Services) at [www.calsavers.com](http://www.calsavers.com), at [855-650-6918](tel:855-650-6918) or [clientservices@calsavers.com](mailto:clientservices@calsavers.com).

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## What should I do if an employee asks me for information or advice?

Do not provide advice. Simply direct them to the CalSavers website at [www.calsavers.com](http://www.calsavers.com) or have them contact Client Services at [855-650-6918](tel:855-650-6918) or [clientservices@calsavers.com](mailto:clientservices@calsavers.com) for any information.

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## Do employers who facilitate CalSavers have any liability for the Program?

According to state law, employers shall not have any liability for an employee's decision to participate in CalSavers, for their investment decisions, or for the performance of those investments.

Under California state statute (Section 100034) employers are not a fiduciary and have no responsibility or liability to Program participants for the choice of investment options or providers for the program. Employers have no civil liability, and no cause of action shall arise against an employer, for acting pursuant to the regulation prescribed by the Board defining the roles and responsibilities of employers that participate in CalSavers.

Employers are responsible for meeting their facilitation requirements as described in California law. Employers have no responsibility for establishing, maintaining or operating CalSavers. Specifically, Employers may not:

- Determine the terms of the IRAs offer through CalSavers;
- Select which investment options will be made available;
- Make employer contributions to CalSavers (including matching contributions);
- Advise employees regarding whether or not to enroll in CalSavers; or
- Take any other action related to the administration or operation of CalSavers beyond registering eligible employees and remitting payroll deductions.

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### Will CalSavers materials be available in multiple languages?

The Program website is currently available in English, Spanish, simple Chinese, Vietnamese, Korean, and Filipino with plans to expand to more languages. All program documentation will be available in English and Spanish. Certain materials will be available in other languages as well. In addition, customer service phone support is available in nearly all languages by calling Client Services at 855-650-6916.

**Employer Assistance: (855) 650 - 6916**

**Employee Assistance: (855) 650 - 6918**

**clientservices@calsavers.com**

**treasurer.ca.gov/scib/**



The CalSavers Retirement Savings Program ("CalSavers" or the "Program") is an automatic enrollment payroll deduction IRA overseen by the CalSavers Retirement Savings Board ("Board"). Ascensus College Savings Recordkeeping Services, LLC ("ACSR") is the program administrator. ACSR and its affiliates are responsible for day-to-day program operations. Participants saving through CalSavers beneficially own and have control over their IRAs, as provided in the Program Disclosure Booklet available at [saver.calsavers.com](http://saver.calsavers.com). CalSavers is not sponsored by the employer, and therefore the employer is not responsible for the Program or liable as a Program sponsor. Employers are not permitted to endorse the Program or encourage or advise employees on whether to participate, how much (if any) to contribute or provide investment help.

CalSavers offers investment options selected by the Board. For more information on CalSavers' investment options go to [saver.calsavers.com](http://saver.calsavers.com). Account balances in CalSavers will vary with market conditions. Investments in CalSavers are not guaranteed or insured by the Board, the State of California, the Federal Deposit Insurance Corporation, or any other organization.

CalSavers is a completely voluntary retirement program. Savers may opt out at any time or reduce or increase the amount of payroll contributions. If a saver opts out they can later opt back into CalSavers.

Saving through an IRA may not be appropriate for all individuals. Employer facilitation of CalSavers should not be considered an endorsement or recommendation by a participating employer, IRAs, or the investment options offered through CalSavers. IRAs are not exclusive to CalSavers and can be obtained outside of the Program and contributed to outside of payroll deduction. Contributing to a CalSavers IRA through payroll deduction may offer some tax benefits and consequences. However, not everyone is eligible to contribute to a Roth IRA and savers should consult a tax or financial advisor if they have questions related to taxes or investments. Employers do not provide financial advice and employees should not contact an employer for financial advice. Employers should refer all questions about the Program to CalSavers. Employers are not liable for decisions employees make pursuant to Section 100034 of the California Government Code.