

**CLIENT ALERT
FOR COMPANIES & EMPLOYERS**

CalSavers Retirement Plan and Registration Requirements

The purpose of this Alert is to provide California employers with an overview of the CalSavers Retirement Savings Program (“CalSavers”).

It is our hope that these Alerts will serve as a helpful resource as our corporate clients in the US and Headquarters in Japan make important strategic decisions during these fast-changing and challenging times. The team at Yorozu Law Group is ready to assist in creating and implementing strategies to manage business and employment risks. Please contact us if we can be of any assistance. It would be our privilege to serve you.

As California continues to move towards a full economic reopening, businesses have been understandably focused on the evolving pandemic-related requirements. However, employers should also be aware of other employment laws, including the requirement to offer a retirement plan to employees. This requirement was enacted as part of 2016 legislation that provided for the development of a state-sponsored retirement plan which is now called the CalSavers Retirement Savings Program (“CalSavers”). CalSavers has been implemented in phases starting in 2019, with an impending deadline on June 30, 2021.

California employers with at least 5 employees are required to either:

- (i) Offer employees a workplace tax-qualified retirement plan (e.g., 401(k), 401(a), 403(a), 403(b), SEP, SIMPLE IRA), or
- (ii) Facilitate employees’ access to the state-sponsored CalSavers program.

If your business has 51-100 employees and does not offer a retirement plan, you must take immediate action to register for the CalSavers program by June 30, 2021. (If your business has between 5 and 50 employees and no retirement plan, your registration deadline is June 30, 2022. If your business has over 100 employees and no retirement plan, you should already be registered for CalSavers.) Please see below for additional details and requirements for the CalSavers program.

CalSavers Program.

CalSavers is a state-run retirement program that is intended to ensure that employees who do not have a workplace retirement plan will still have access to a retirement savings plan. Eligible employees who do not opt out will be automatically enrolled in CalSavers and have the option to defer wages through payroll withholding to fund an individual retirement account (post-tax Roth IRA). If you are a California employer with 5 or more employees and you do not offer a retirement plan, you are required to facilitate employees’ access to CalSavers. Please see below for employers’ compliance requirements and applicable deadlines, which vary by employer size.

Employers’ Obligations Under CalSavers.

The CalSavers program is intended to be minimally burdensome to employers—there are no fees for employers to register for CalSavers, employers have no liability for employees’ participation in CalSavers, and employers have no fiduciary responsibilities. Employers that are required to facilitate access to the CalSavers program are required to complete the following registration and limited administrative tasks:

- *CalSavers Registration.*

Employers must register with CalSavers on the CalSavers website (<https://employer.calsavers.com/>) by the following deadlines:

Employer Size	CalSavers Registration Deadline
Over 50 employees	June 30, 2021
5 to 50 employees	June 30, 2022

- *Account Setup.*

Employers are required to submit a list of eligible employees within 30 days of registration.

- *Account Maintenance.*

Employers (or their payroll representatives) are required to make appropriate monthly payroll deductions for employee retirement savings and remit this amount to the designated CalSavers program administrator. If appropriate, an employer may also designate its third-party payroll services provider as its payroll representative for CalSavers. Employers are also required to update the list of eligible employees upon hiring or termination.

Employer Prohibitions Under CalSavers.

Employers are prohibited from contributing to or matching employee contributions under the CalSavers program. In addition, employers cannot advise employees as to whether or not they should participate in the CalSavers program, provide investment or tax advice to employees, or manage employees’ CalSavers accounts (e.g., updating contact information or designating beneficiaries). If employees ask for information or advice about the CalSavers program, the

employer should direct them to the CalSavers website or the CalSavers Client Services department.

Employer Penalties.

CalSavers may notify employers of their registration requirements. Employers who are required to register for CalSavers but fail to do so may be subject to penalties of \$250 per employee. Employers who continue to be noncompliant with the CalSavers requirements may be subject to additional penalties of \$500 per employee. To avoid penalties, employers should complete their CalSavers registration before the deadline, make and remit appropriate payroll deductions, comply with other CalSavers requirements, and immediately respond to any CalSavers noncompliance notice.

Optional Certification of Exemption.

Employers who offer tax-qualified retirement plans are not required to register with the CalSavers program but may choose to certify that they are exempt. Employers can inform CalSavers of their exemption online at the CalSavers exemption portal (<https://employer.calsavers.com/californiaertpl/enroll/createEmp/viewCollectEmpPreRegDetails.cs>).

Additional Resources.

Additional information about the CalSavers program and FAQs are available at the CalSavers website at <https://www.calsavers.com/>. This information is currently available in several languages, including Japanese, and will be expanded to include more languages. CalSavers customer support (in many different languages) is also available by phone at 855-650-6916.

If you have questions about your current retirement plan, establishing a new retirement plan, multi-employer situations, or if you would like additional information on the CalSavers program, please contact Yorozu Law Group at:

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