



CALSAVERS: What Employers Need to Know

CalSavers Retirement Savings Program (CalSavers) is a state-run retirement savings program for private-sector employees whose employers do not offer a retirement program. CalSavers brings a retirement savings option to employees who don't currently have one. It is designed as a simple way for employees to save with minimal action and no fees for employers. Employee participation is voluntary and they can opt in or out at any time. CalSavers is administered by a private-sector financial services firm and overseen by a public board chaired by the State Treasurer.

Any employer that doesn't already offer a [qualified workplace retirement savings plan](#) will be **required** by California law to facilitate employee access. While this has already been a requirement for employers with five or more California employees, now employers with just one or more California employees will be required to register with CalSavers by **December 31, 2025**.

More information can be found on the program's [website](#), including information on setting up your account.

Employer's Role

If you already offer a qualified retirement savings plan, your employees cannot participate and you are not required to register.

For all others, an [employer's general obligation](#) is limited to registering for CalSavers, creating a payroll list to add employees to CalSavers, and submitting contributions.

CalSavers [requires](#) an employer to:

- **Register for the CalSavers program.** Employers can register through the [CalSavers website](#), by phone, by overnight mail or by regular mail. You will need to get an access code from the website.
- **Set up a payroll list and add employees.** Within 30 days of registering, provide the CalSavers program administrator with a collection of personal information about each individual employee. This information includes: the name, social security number, date of birth and contact information for each eligible employee. From beginning to end, this process generally takes about 30 minutes; many employers complete it in 15 minutes or less. CalSavers uses this information to contact employees directly to make them aware of the Program and provide the opt-out or customization methods.
- **Ensure that each employee receives a packet of information from CalSavers.** Employers can satisfy this obligation by providing the CalSavers program administrator with the contact information for eligible employees. This packet will include information on the program and also opt-out instructions.
- **Calculate the appropriate rate of deduction for each employee.** The percentage for deduction will be shown on the employer's account page.
- **Deduct each employee's contributions** to the CalSavers program from their salary.

- **Remit the employee's contributions** to the program administrator within seven business days of deduction.
- **On-going maintenance** by adding new employees or removing employees who have left your company.

If you have someone at your business, such as an HR manager or an external payroll vendor to help you facilitate CalSavers, they can be added as a delegate or payroll representative. You can assign your associates to various roles that give them different levels of responsibility and authorization within the program.

Limited Employer Role

CalSavers does not have any employer fees. It also does not require any employer contributions. Employers only send in the employee contributions. Employers are not fiduciaries of the program. Employers are to remain neutral about the program.

Employers are expressly prohibited from:

- Encouraging or discouraging employees from participating in the CalSavers program.
- Providing any investment decision or contribution advice.
- Remitting contributions for an employee who has opted out.

Employers are also **NOT** responsible for:

- Enrolling employees, disseminating information, or answering questions about the program.
- Managing investment options, including choice of investment funds and processing employee investment change requests.
- Processing distributions.
- Answering questions about investment options and you should not give investment or tax advice.
- Managing employee changes or account maintenance, which include but are not limited to contact information and beneficiary information.

Your employees is responsible for maintaining their account information once it is established.

Employee Participation

CalSavers is 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. As discussed above, when an employer registers for CalSavers, the employer provides basic employee roster information to CalSavers. CalSavers uses the employer provided employee information to contact employees directly, make them aware of the program and provide the opt-out or customization methods.

The account is portable and goes with the employee when they leave the job.

Basically, an [employee has three options](#):

1. **Do Nothing.** If an eligible employee takes no action within 30 days, they will be automatically enrolled with the standard savings and investment elections:
 - 5% of the employee's gross income earned with the facilitating employer, which is deducted on an after-tax basis.
 - An automatic increase feature will increase the employee's savings rate by 1% each year until the savings rate reaches 8%, unless the employee chooses otherwise. Detailed information about

the contribution amounts, automatic increases and investment options can be found in the [CalSavers Program Disclosure Booklet](#).

2. **Customize the Account.** The employee can choose to customize the account, for instance by changing the contribution rate and investment choices.
3. **Opt Out.** An employee can opt out of participating in CalSavers at any time online, by phone, or mailing in a [form](#). An employee can rejoin the program and begin contributing at any time through the same methods.
 - California law requires that CalSavers conduct an Open Enrollment Period once every two years during which eligible employees that previously opted out of the Program shall be re-invited to participate under automatic enrollment and must opt out again if they still do not wish to participate in the Program.

Penalties for Non-Compliance

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 found to be in noncompliance for 180 days or more after the notice, an additional penalty of \$500 per eligible employee is owed.