

NEWS RELEASE

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CalSavers to Impose Penalties for Non-compliant Employers Beginning this Month

Sacramento – Employers that do not offer a private retirement plan and who have more than 100 employees are urged to immediately comply with state law and register for the CalSavers Retirement Savings Program before penalties are imposed this month. More than 24,000 employers have already registered. The non-compliance penalties of \$250 per employee will be levied on employers by the CalSavers Retirement Savings Board in partnership with the Franchise Tax Board, following dozens of notifications sent by letter and email from the program since it launched three years ago.

CalSavers was created to address retirement insecurity for all workers, as more than half of private-sector workers lack access to a retirement plan at work. Designed to make it easier to save for retirement, CalSavers has a simple, understandable menu of investment options, portable accounts, and an accessible, multilingual client services team. For employers, CalSavers is easy to facilitate, there are no employer fees, and no employer contributions are allowed.

“We strongly urge employers to come into compliance now before we mail penalties this month,” said executive director Katie Selenski. “Our service representatives are standing by to assist you and the vast majority of employers find it easy to comply.”

“We’re doing everything we can to level the playing field for workers in the state who’ve never had a retirement plan, and employers have a simple, but important, role to play in making the program available to their employees,” Selenski said. Participants have saved over \$175 million for retirement through the CalSavers Retirement Savings Program. With more than 220,000 accounts already funded, the early growth is a positive sign for improving retirement security as the program continues to roll out to employers of all sizes.

The authorizing legislation passed in 2016 establishes that non-compliant employers will be penalized \$250 per employee upon the first penalty notice and, if non-compliance persists another 90 days, an additional \$500 per employee, for a total of \$750 per employee for sustained non-compliance.

Mandated employers must register for CalSavers at www.calsavers.com before their applicable deadline. The deadline for businesses with more than 100 employees was September 30, 2020, delayed from June 2020 due to COVID-19. The deadline for businesses with more than 50 employees passed on June 30, 2021 and non-compliance penalties for this group are slated for mid-2022. The deadline for employers with five or more employees is June 30, 2022.

In 2012, California was the first state in the nation to pass legislation establishing an automatic enrollment retirement policy for private sector workers who lack access to work-based retirement plans. Authorized in final form in 2016 by Senate Bill 1234 (de León), the program began a limited pilot phase at the end of 2018 and launched fully statewide on July 1, 2019. CalSavers seeks to facilitate the largest expansion of retirement security since the advent of Social Security in the 1930's and is already a model for a growing number of states seeking to establish a similar program. Learn more at www.calsavers.com.

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