

# CalSavers Registration for Small Employers

**T**HE DEADLINE is fast approaching for employers with five or more workers in California, and who do not already offer their employees a retirement plan, to register their staff for the CalSavers Retirement Savings Program.

Only California employers that do not offer retirement plans are required to register for CalSavers and there are different registration deadlines depending on employer size, staggered over a few years as follows:

**Employers with 100 or more workers** – The deadline for registration was June 30, 2020.

**Employers with 50 or more workers** – The deadline for registration was June 30, 2021.

**Employers with five or more workers** – The deadline for registration is June 30, 2022.

Employers can register anytime to start the program for their workers. Firms with fewer than five employees are exempt, but they too can sign their workers up for CalSavers.

Employers that don't provide a retirement plan for their workers, and who fail to register, can face a penalty of \$250 per employee, as well as additional penalties for sustained noncompliance.

If you already have a qualified retirement plan for your employees, you do not have to participate.

## Qualified retirement plans

- Qualified pension plans
- 401(k) plans
- 403(a) plans
- 403(b) plans
- Simplified Employee Pension (SEP) plans
- Savings Incentive Match Plan for Employees (SIMPLE) plans
- Payroll deduction IRAs with automatic enrollment.

## How CalSavers works

Participating employers will deduct a default rate of 5% of pay from the paycheck of each employee at least 18 years old and deposit it into the individual's CalSavers account. Employees can choose other rates as well.

Employee participation is voluntary, and they can opt out at any time. Regardless of whether any employees want to sign up for a plan, applicable employers are required to register and offer the program to all current employees and new hires.

The deduction amount will automatically escalate one percentage point each year to a maximum of 8%, unless the individual employee elects a different amount, elects out of auto-escalation or completely opts out of the program.

Business owners who are employees of their business can also participate. Business owners who are not employees may enroll as an individual and make automatic contributions every month. There are no costs for businesses to sign up and facilitate the program for their employees.

Employers can register [here](#). Once set up and employees have signed up, the employer will be responsible for taking off the chosen deduction for each employee and transferring it to CalSavers at each pay period.

## For employees

A CalSavers account is a personal Roth Individual Retirement Account (Roth IRA) overseen by the CalSavers Retirement Savings Investment Board. Here's some information employees need to know:

- A portion of their pay is automatically deducted after taxes are taken out and transferred to an IRA that belongs to them.
- Employees can customize their account by setting their own contribution rate (between 1% and 8%), as well as choose the investments they want to put their money in.
- The account is portable: They keep it if they leave their job. ❖



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# The Best Coverage Option Is a Commercial Crime Policy

## Insurance options

The best option for coverage is a commercial crime insurance policy.

Most of these policies cover acts like:

- Employee dishonesty
- Computer and funds transfer fraud
- Forgery or alteration
- Money and securities theft
- Theft of client's property.

Some policies may exclude funds transfer fraud, or they may have lower sublimits for such acts. In such cases you may need to get a policy extension to cover the risk.

There is also cyber liability insurance, which covers direct losses resulting from cyber crime. But these policies will often exclude coverage for social engineering attacks, which are the kinds that the criminals behind funds transfer fraud use.

You may be able to purchase a rider to your cyber liability policy that would cover these crimes. ❖