



## CalSavers Retirement Savings Program: What Small Businesses Need to Know

The CalSavers Retirement Savings Program will be a portable workplace retirement savings program for private sector workers whose employers are unable to offer their employees a way to save for retirement. CalSavers will be run by the state and funded by modest employee contributions, so it involves minimal requirements for employers. Below is an overview of what small businesses need to know about the program.

### What is CalSavers?

- CalSavers is a voluntary workplace retirement savings program being developed by the state that will enable small businesses and employees to make an automatic payroll contribution into a personal IRA retirement account overseen by the CalSavers Retirement Savings Investment Board.
- The program is being designed to be self-sustaining, so there will be no taxpayer funding and no employer or state liability for the program.

### How will CalSavers impact employers?

- Employers will not contribute to funds, manage funds or have any responsibility for financial advice. Employers must give employees the option to opt out of the program and use their existing payroll system to send employees' contributions to the fund each month.
- Small business owners support the CalSavers Program. Small Business Majority's [scientific opinion polling](#) found two-thirds of small business owners in California support a state retirement savings program that would help small businesses and their employees save for the future.
- Many small businesses would like to offer retirement options to their employees—to help attract a talented workforce and boost employee morale—but can't afford the overhead and administrative costs. CalSavers will provide a way for small businesses employees to participate in a retirement program without incurring the associated burdens of employer-sponsored retirement programs.
- Nearly 80% of those who work for small businesses do not have access to a retirement savings option at work; meanwhile, the small business market is not being adequately served by the financial services industry. CalSavers will help serve an underserved population that wants to save for retirement.

### What are the requirements for small businesses?

- Small businesses don't need to do anything at this time to prepare. It will take a few years for the program to be implemented, and the biggest businesses will be phased into the program first. When the program is fully operational, employers of five or more employees will be required to provide a retirement option, or enable their employees to make an automatic contribution from their paycheck into their CalSavers account.
- The administrative requirements for employers will be minimal, and employees will choose whether they want to participate or opt-out of the program.
- The three-year phase-in period will be as follows:
  - Once the program is operational (likely 2019 at the earliest), employers with more than 100 employees will need to participate in a retirement program or CalSavers within 12 months after the program is open for enrollment.
  - Employers with more than 50 employees will need to comply within 24 months (by 2020).

- Employers with more than five employees will need to comply within 36 months (by 2021).

### What businesses qualify for the program?

- The program does not apply to businesses that meet at least one of the following criteria:
  - Have fewer than five employees.
  - Already offer retirement plans.
- Small businesses owners with fewer than five employees, employees without a retirement option at work and the self-employed may enroll in CalSavers. Once enrolled, they can link their bank to their CalSavers account in order to make and manage deposits into the program.

### Where can I find more information?

- If you have questions about the CalSavers Program, please contact Mark Herbert, California Director for Small Business Majority, at [mherbert@smallbusinessmajority.org](mailto:mherbert@smallbusinessmajority.org).