



California Farm Labor Contractor Association

CalSavers & the State's Retirement Mandate

June 7, 2022

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CalSavers Retirement Savings Board



Disclaimer



CalSavers appreciates the opportunity to present alongside other organizations driven to close the retirement savings access gap. Sharing the stage is not an endorsement of any co-presenting firm or their products. Neither the company nor their products have been vetted by the State Treasurer's Office or by CalSavers.



A chef in a white uniform and cap, wearing gloves, is smiling and working on a tray of various pastries and cakes in a kitchen setting. The chef is positioned in the center of the frame, looking down at the pastries. The pastries include several round tarts with red toppings, some with chocolate and nuts, and some with yellow and red toppings. There are also some rectangular cakes or pastries with dark toppings. The background shows a kitchen counter with stacks of white paper or napkins and shelves with various items.

What is CalSavers?

Why is CalSavers needed?



50%

Nearly **50%** of Californians are projected to retire into economic hardship -- at or below two times the federal poverty level.¹

7.5 million

7.5 million Californians lack a workplace retirement plan.²

15X

Workers are **15 times** more likely to save for retirement if they have access to a payroll deduction savings plan at work.³



Who is CalSavers for?



Employers



Do not offer an employer-sponsored retirement plan



5+ California employees



at least one of whom is eligible (18 or older)

Employees



Employed in the state of California



18 or older



Social Security Number or an Individual Taxpayer Identification Number

CalSavers is not intended to replace or compete with employer-sponsored plans

Qualifying Retirement Plans



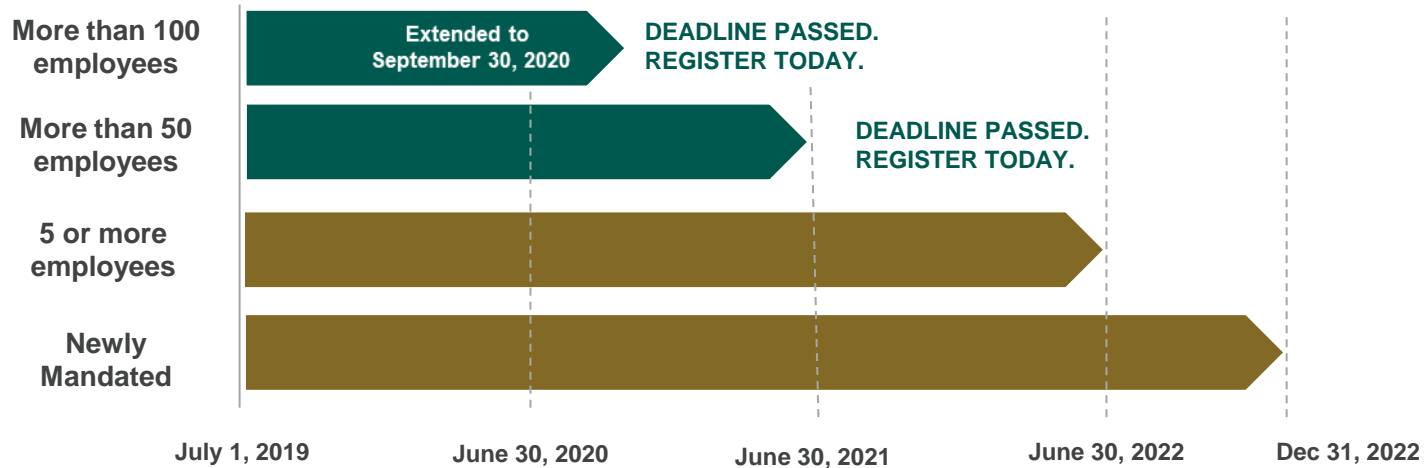
- 401(a) – Qualified Plan (including profit-sharing plans and defined benefit plans)
- 401(k) plans (including multiple employer plans or pooled employer plans)
- 403(a) - Qualified Annuity Plan
- 403(b) Tax-Sheltered Annuity Plan
- 408(k) - Simplified Employee Pension (SEP) plans
- 408(p) - Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA Plan
- Payroll deduction IRAs **with automatic enrollment**



Employer Registration Deadlines



Employers can register **AT ANY TIME** but need to register by their enrollment deadline if they do not offer an employer-sponsored retirement savings vehicle.



Employers with <5 employees

Employers with less than five employees are not subject to the mandate, may not participate in automatic enrollment of their employees, and are not required to register for CalSavers. Non-mandated employers may choose, but are not required, to facilitate payroll deductions for employees who opt-in on their own as individual participants and subsequently request that their employer facilitate deductions.



Agriculture Industry



❖ Identified CA Agricultural Industry

- Firms: 6,830
- Employees: 339,534

❖ Farm Labor Contractors and Crew Leaders

- Firms: 967
- Employees: 119,019





Facilitating CalSavers

Employer features



In survey research, employers that don't offer a plan report three hurdles:

**Administrative
burden**

Fees

Fiduciary liability

CalSavers addresses all three:

**Very easy to
facilitate**

**No fees for
Employers**

**Employers are
not fiduciaries**

Facilitating CalSavers Employer's Responsibilities



Register by state-required deadline



Employers **will not**:

- Incur any program fees.
- Have any fiduciary responsibility.
- Be allowed to make an employer contribution.



Set up account



Employers **must not**:

- Encourage or discourage participation in CalSavers.
- Provide advice about investment options, taxes, or participation in the program.
- Manage investment options.
- Process distributions.
- Manage changes that an employee must make. (Example: change address, add beneficiary)



Submit and maintain employee roster



Submit employee contributions each pay period



Timeline



A young woman with long brown hair, wearing a white long-sleeved shirt and a green apron, stands behind a restaurant bar. She is smiling warmly at the camera. In the background, another staff member in a white shirt and dark apron is visible, working at the bar. The bar is equipped with various items like a beer tap, a container of colorful straws, and a glass of beer. The background is softly blurred, showing warm lighting and festive decorations like red and gold garlands.

Your Money. Your Future.

Saver features



Automatic payroll deduction IRA

Contributions are deducted from paycheck and deposited into IRA account.

Completely voluntary

Savers may opt out or opt back in at any time.

Simple options

- Automatic enrollment at work.
- Use standard contribution and investment settings or customize.

Portable

Saver keeps their account even if they change jobs.

Low cost for savers

Savers will pay a small fee to cover program administration costs.



Standard and Customized Options



Account type



Contribution rate



Investment options

Standard

Roth IRA


5% with automatic escalation of 1% annually until 8%.

Target Retirement Fund after 30 days in Money Market Fund*

Customize

Re-characterize to a Traditional IRA.

- Savers can contribute from 1%-100% of salary, subject to IRS limits.
- Savers can turn off/on auto-escalation feature.

-  Target Retirement Date Funds
-  Sustainable Balanced Fund (ESG)
-  Core Bond Fund
-  Global Equity Fund
-  Money Market Fund

*Contributions will be invested into the CalSavers Money Market Fund for the first 30 days. After 30 days, those funds will be transferred to a Target Retirement Fund based on age. Subsequent contributions will be invested in the Target Retirement Fund.

Resources/Client Services Assistance



Website

www.calsavers.com

Saver Resources

- Program Details
- Forms
- Frequently Asked Questions

Employer Resources

- Tools, Tips, Templates
- Program Details
- Registration Timelines/Deadlines
- Frequently Asked Questions



Phone/Email

1-855-650-6918 (Savers)

1-855-650-6916 (Employers)

clientservices@calsavers.com

Hours:

8:00 am to 8:00 pm PT M-F



1 on 1 Support

- Dedicated onboarding team
- In-state representatives available to visit employers across the state.
- Assist employers with registration and account setup.
- Assist savers with enrollment.
- Saver education sessions
- fieldsupport@calsavers.com

Multilingual support available on website, phone/email and onsite support.

FAQs From Agriculture



Are our H2A workers counted/included in the census/eligible? What about seasonal?

We have really high turnover. How much time do I have to add new employees? What if they don't stay long?

Am I am responsible for tracking enrollments, opt outs, and changes to contribution rates or participation?

I'm being told that I am not allowed to talk about this with my employees. Is that true?

What is the best way for my employees to learn about the program?



Thank you

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www.calsavers.com



www.treasurer.ca.gov/CalSavers



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CalSavers
RETIREMENT SAVINGS PROGRAM



CalSavers

- **Deadline for Employer Compliance**
- **Penalty for Non-Compliance**
- **Broad Worker Eligibility**
- **Auto Enrollment**
- **“Dual-Edged Sword” of ERISA Exemption**
 - **Employer Not Responsible**
 - **Bare MINIMUM Role for Employer**
- **“Know Your Customer” Requirements**
- **On-Going Data Upkeep**

Heartburn Issues for Employers

Contact Us | CalSavers

Home / FAQs

Frequently Asked Questions

Employers

- Registration
- Eligibility
- Enrolling Employees
- Sending Contributions
- Fees & Costs
- General

Savers

- Eligibility
- Account Information
- Enrollment & Opt Out Processes Through an Employer
- Self-Enrollment
- Contributions
- Distributions & Withdrawals
- Investments
- Employment Related
- Fees & Costs
- Risk of Investment Funds
- General

Employer Registration

Can employers start facilitating CalSavers at any time? When are employers required to take action?

Are there penalties for non-compliance?

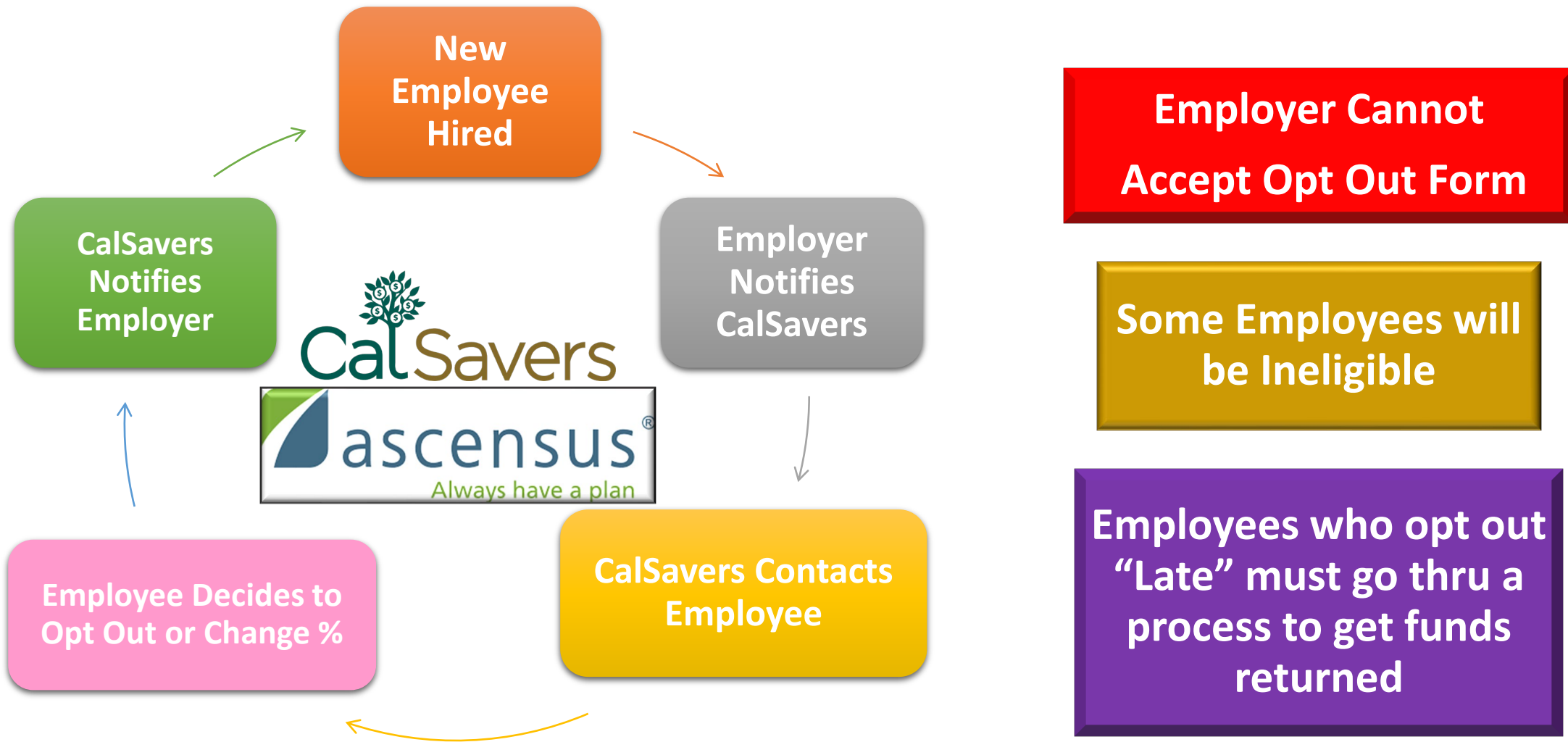
Yes. Per Unemployment Code Section 1088.9(b), each eligible employer that, without good cause, fails to allow its eligible employees to participate in CalSavers, on or before 90 days after service of notice of its failure to comply, shall pay a penalty of \$250 per eligible employee if noncompliance extends 90 days or more after the notice, and if found to be in noncompliance 180 days or more after the notice, an additional penalty of \$500 per eligible employee.

Expand All Collapse All Return to top

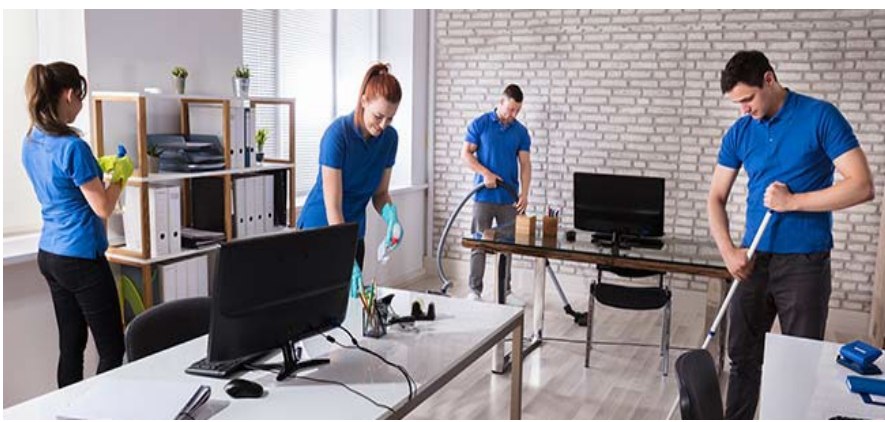
Please note red highlights added for emphasis

- 1) Notified of Non-Compliance
- 2) \$250 per eligible employee if not compliant within 90 days.
- 3) If non-compliance continues beyond 180 days, additional \$500 penalty per eligible employee may be due

New Employee 30 Days Info Flow



Oh, and don't forget employees can change contributions anytime!



2020 JULY

SUN	MON	TUE	WED	THU	FRI	SAT
			1 	2 	3 	4
5		7	8 	9 	10 	11
12	13	14	15 	16 	17 	18
19	20	21	22 	23 	24 	25
26	27	28	29 	30 	31 	



Is there a simpler way...?

- To comply with CalSavers' mandate, where employers must provide employees with access to a **payroll deduction retirement program**
- Avoid employer funding of employee retirement plan contributions
- Avoid high cost for plan documentation, administration & audits
- Keep the employer in charge of recording employee participation (be allowed to internally process employee waivers, changes or subsequent opt-ins) without a data exchange with an outside system
- Maintain the employer's avoidance of ERISA fiduciary liabilities, and reporting & disclosure requirements



What Makes **EZ\$AVINGS4U** Better?

- Gives Employers a Path for Creating a PDIRAWAE
- Employer Is IN CONTROL
- Employer can ACCEPT WAIVER FORMS
- No Intermediary Between Employer and Employee
- Lower Automatic Enrollment Amount
- Avoids ERISA plan status
- Avoids Tons of IRS and DOL Rules and Regulations
- Avoids Added Costs and Required Audits
- Delivers a Professional Team for Assistance

What **EZ\$AVINGS4U** Is NOT...

- A Company (in the legal sense)
- Something you “give” to your employees
- A Retirement Plan Third Party Administrator
- An IRA Custodial Trustee
- An Investment Advisor to either Employers or Employees
- The RIGHT ANSWER for all Employers

It is a collection of concepts assembled by 3 professionals aimed at relieving a point of stress for many employers

Website: www.ezsavings4u.com

Comply with CalSavers | California

ezsavings4u.com

EZSAVINGS4U

HOME | ADDITIONAL VIDEOS | GET STARTED | ABOUT US | CONTACT US

ARE YOU AN EMPLOYER WITH OVER 100 EMPLOYEES?
ARE YOU CONCERNED ABOUT THE CALSAVERS MANDATE?
YOU'RE IN THE RIGHT PLACE.

See below for over 5 hours of FREE video content that will help you evaluate the best possible solution for your company

EZSAVINGS4U is an employer educational platform designed to aid California's business owners in their effort to comply with the new CalSavers mandate.

Our approach has been specifically designed to be easier to implement than any other available option.

EZSAVINGS4U was assembled by three professionals in the field of employee benefit planning with over 100 years of combined experience.

EZSAVINGS4U is not right for every employer, but if you have more than 100 employees and you are not interested in working with CalSavers directly and you are also concerned about the cost and long-term liabilities that come along with sponsoring a retirement plan, then our approach might be what you are looking for. We believe EZSAVINGS4U will especially appeal to employers who have seasonal

Act Now to Beat the Sept. 30th Compliance Deadline

For **FREE** we provide over 5 hours of video on all aspects of the CalSavers vs. Alternatives subject

The screenshot shows the EZ\$AVINGS4U website with a navigation menu (HOME, ADDITIONAL VIDEOS, GET STARTED, ABOUT US, CONTACT US) and a central section titled "EZ\$AVINGS4U VIDEOS". A grid of video thumbnails is displayed, including:

- #1 - Intro to EZ\$AVINGS4U
- #2 - Why is EZ\$AVINGS4U Needed?
- #3 - Legal Battle Over CalSavers
- #4 - The Legal Battle Over CalSavers away
- #5 - Basics of ERISA
- #6 - Retirement Plan Basics Most Common Employer Mistakes
- #7 - A Tour of Retirement Plan Types
- #8 - Understanding 401-k Plans
- #9 - IRAs - The Essential Details
- #10 - Steps to Implementing EZ\$AVINGS4U

At the bottom, a green button reads "To access videos #3 and #10, please register or login here" and a red button reads "Act Now to Beat the Sept. 30th Compliance Deadline".

Full Service Support available for a \$2,000* Fee



Ed McClements, CLU, ChFC



Doug Kerr, Esq.



Mary Jane Eadson, JD

- Access to a LIVE WEBINAR (Intro / Employer Q&A) with the 3 creators of EZ\$AVINGS4U (held weekly each Wednesday, now thru August 26th)
- EZ\$AVINGS4U Resource Binder / Operations Manual (over 300 pages)
- Customized implementation timeline and drafting of customized communication and plan forms for use with your employees
- Includes up to 2 hours of legal support services for your company (if needed)

* fee waived for clients of



To summarize...

We believe CalSavers is doing its best to help employees save for retirement while lessening (as much as possible) the burden of retirement plan administration for the employer

But for situations where the demands on the payroll system are already significant, some employers will welcome an alternative that allows them to retain authority to directly communicate with workers without involving outside systems

Thank you for your time and consideration

THANK YOU!

- For more information, please contact **Ed McClements (949) 232-9178** or by email at ed@mcclementsins.com.
- You may also visit our website at www.ezsavings4u.com.



The image is a screenshot of the EZSAVINGS4U website. The background is a photograph of a strawberry field with several workers wearing hats and gloves, bent over picking strawberries. The website's navigation menu is visible at the top right, with links for HOME, ADDITIONAL VIDEOS, GET STARTED, ABOUT US, and CONTACT US. The EZSAVINGS4U logo is in the top left corner. There are three call-to-action buttons: a red one that says "Click HERE for a simple one page review of your CalSaver compliance options", a blue one that says "Link directly to CalSavers website", and a dark blue one that says "DOWNLOAD Important Legal Update on Federal position on CalSavers". On the right side, there is a green box with white text that reads: "ARE YOU AN EMPLOYER WITH OVER 50 EMPLOYEES? ARE YOU CONCERNED ABOUT THE CALSAVERS MANDATE? YOU'RE IN THE RIGHT PLACE. See below for over 5 hours of FREE video content that will help you evaluate the best possible solution for your company". A white arrow points downwards at the bottom of the green box.