



Complying with CalSavers — California's Retirement Savings Mandate for Employers



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INTRODUCTION

Complying with CalSavers — California’s Retirement Savings Mandate for Employers



As Southern California’s tax planning and financial strategies advisory firm for entrepreneurs and small business owners, we here at SWC play a unique role in helping our clients understand and comply with California’s tax laws and related regulations.

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Small-business owners rarely have lawyers or lobbyists to represent them and keep them informed. Many small business owners aren’t even connected with resources like their local Chamber of Commerce. That’s where we come in. We are trusted tax professionals that our clients can turn to for information, guidance, and support.

And that includes notifications and updates related to CalSavers and California’s retirement savings mandate.

What Is CalSavers?

CalSavers is California’s retirement savings plan for workers whose employers don’t offer a workplace retirement plan, and for self-employed individuals and others who want to save extra toward retirement. Savers contribute to a Roth IRA (individual retirement account) that belongs to them but is administered by the state.

For a more detailed CalSavers primer, including how to register your business, please see our blog post, [“Getting Up to Speed on CalSavers: California’s State-administered Retirement Plan.”](#)

Designed to be easy for employers and simple for employees, CalSavers is professionally managed by private sector financial firms with oversight from a public board chaired by the State Treasurer. There are no fees for employers, and employees manage their accounts directly with CalSavers.

Employers that don't offer their own plan must register with CalSavers by a specified deadline and facilitate their employee's access to the program. And if they don't? Well, that's what the rest of this *SWC business brief* is all about.

Is Your Business Required to Participate?

In 2023, the employer mandate was expanded to include employers with one (1) or more employees. Your business is exempt from participation in CalSavers in only three cases:

- You are your business's only employee
- You and your spouse are your business's only employees
- Your business offers its employees a qualified retirement plan

Employer eligibility is determined using the average number of employees reported to the State of California's Employment Development Department (EDD) during the previous calendar year — not the current employee count:

- Newly eligible employers with an average of five or more employees are assigned a deadline of Dec. 31 of the current calendar year.
- With the program expansion, employers with an average of one (1) to four (4) employees can join the program at any time and will be required to join CalSavers by Dec. 31, 2025.

Eligible employees include all employees who receive California W-2 wages, including all full-time and part-time employees, seasonal employees, employees who are on a visa, and owners and officers who collect wages and are reported as employees to the EDD.

Enforcement Notices

Here's why this is important. CalSavers is currently sending enforcement notices to noncompliant employers. Reasons for noncompliance include:

- Failure to register
- Failure to upload an employee roster
- Failure to submit contributions for participating employees

The first round of three (3) warning letters was mailed in June of this year to nearly 60,000 companies. Thirty (30) days after the third notice from CalSavers is sent, employers that remain out of compliance will be referred to the Franchise Tax Board (FTB) for penalty collection.



Complying with CalSavers — California's Retirement Savings Mandate for Employers *(cont'd)*

If you receive a notice, the first step is to [contact CalSavers](#). Don't send a penalty payment to the FTB. You have 90 days to come into compliance before being subject to the penalty.

Penalties

If you fail to comply after receiving a notice of noncompliance, your business will be subject to the following penalties:

- \$250 per employee if you fail to comply on or before 90 days after the notice was served
- An additional \$500 per employee if you fail to comply within 180 days after the notice was served



Resources for Business Owners

CalSavers hosts several online webinars each week in four languages — English, Spanish, Cantonese, and Mandarin — for business owners and savers. They also have a multilingual field team that can provide local one-on-one support for employers throughout the onboarding process.

For additional information and resources:

- For more information on how to get started, visit employer.calsavers.com
- To access a list of frequently asked questions, visit www.calsavers.com/home/frequently-asked-questions.html
- Contact clientservices@calsavers.com to discuss hosting a dedicated webinar for groups of employers in your area.

Disclaimer: The information in this SWC Business Brief about CalSavers is provided for general informational purposes only and may not reflect current financial thinking or practices. No information contained in this Business Brief should be construed as financial advice from the staff at SWC (Steas, Walker & Company, LLP), nor is the information contained in this Business Brief intended to be a substitute for financial counsel on any subject matter or intended to take the place of hiring a Certified Public Accountant in your jurisdiction. No reader of this Business Brief should act or refrain from acting on the basis of any information included in, or accessible through, this post without seeking the appropriate financial planning advice on the particular facts and circumstances at issue from a licensed financial professional in the recipient's state, country or other appropriate licensing jurisdiction.



Keep in touch.

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