

# Important CalSavers Registration Deadlines for California Employers

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**Important Upcoming Registration Deadline:** California employers with more than 100 employees are required to register (or certify as exempt) with the CalSavers Retirement Savings Program (CalSavers) by September 30, 2020 (the original deadline of June 30, 2020 was extended due to the COVID-19 pandemic). The registration deadline for California employers with 100 employees or fewer will be phased-in over the next two years. California employers with 51 to 100 employees are required to register by June 30, 2021, and those with 5 to 50 employees are required to register by June 30, 2022. Businesses located in California may begin to receive notices from CalSavers to register or certify an exemption for the company. The link to the CalSavers' website to register or to claim an exemption is [here](#).

Employers who already offer an employer-sponsored retirement plan are exempt, and thus, can attest to and certify the employer's exempt status during the online registration process on the CalSavers' website. An employer's eligibility and compliance deadlines are based on the employer's average number of employees throughout the year. This number is calculated by averaging the number of employees the employer reports to the Employment Development Department on the employer's previous four DE9C filings.

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 non-compliance 180 days or more after the notice, an additional penalty of \$500 per eligible employee.

For background, CalSavers provides a retirement savings platform for California workers without access to an employer-sponsored retirement plan. CalSavers generally requires employers who do not offer an employer-sponsored retirement plan, such as a 401(k) plan or IRA-based program (e.g., SEP or SIMPLE IRA), to automatically enroll their employees into CalSavers and to remit payroll deductions to CalSavers for each employee who does not affirmatively opt-out of participation in the program. Currently, CalSavers provides a Roth IRA platform in which employees are enrolled, which is subject to the annual contribution and income limits under Federal tax law. Thus, for example, if

the enrolled employee is already contributing to another traditional or Roth IRA outside of CalSavers, then the employee will need to consider the impact that such contributions will have on the Roth IRA established for the employee's benefit under CalSavers, or the employee may choose to opt-out of CalSavers altogether.

Unlike traditional employer-sponsored retirement plans, CalSavers is not administered or sponsored by the employer, but rather the program is overseen by the California Secure Choice Retirement Savings Investment Board, and Ascensus College Savings Recordkeeping Services, LLC (ACSR) is the program administrator. ACSR and its affiliates are responsible for day-to-day program operations. As a result, covered employers are not required to administer the day-to-day operations of CalSavers and do not incur any fiduciary responsibilities with respect to the program. An eligible employer's responsibilities related to CalSavers are limited to: (1) registering as a covered employer, or certifying as to its exempt status; (2) remitting participating employee contributions; and (3) updating its account by adding new employees who are eligible for enrollment and removing former employees who are no longer employed. In fact, employers are not permitted to endorse CalSavers or encourage or advise employees on whether to participate, how much (if any) to contribute or provide investment help. There is no employer contribution requirement under CalSavers, nor are any fees charged to the employer for registering.

After an eligible employer registers, CalSavers implements an automatic contribution feature, meaning eligible employees are automatically enrolled in CalSavers 30 days after their hire/eligibility date unless the eligible employee affirmatively opts out. Automatic contributions start at 5% of annual compensation, and increase by 1% per year, up to a maximum of 8% unless the employee elects otherwise. CalSavers is a completely voluntary retirement program. Employees may opt-out at any time or reduce or increase the number of payroll contributions. If an employee opts out they can later opt back into CalSavers. In addition, California law requires that CalSavers conduct an open enrollment period once every two years during which eligible employees that previously opted out shall be re-invited to participate under automatic enrollment and must opt-out again if they still do not wish to participate in the program. Employees saving through CalSavers beneficially own and have control over their own accounts.

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