



# CALSAVERS

## California's Sponsored Retirement Savings Plan:

### CalSavers Required Enrollment Deadlines<sup>1</sup>:

#### 100+ Employees

- June 30, 2020

#### 50+ Employees

- June 30, 2021

#### 5+ Employees

- June 30, 2022

Unless an employee specifically opts-out of the CalSavers program, contributions to the plan should be set to automatically be deducted from employee's paycheck:

Starting at 5%

Automatic increase by 1% each year until rate reached 8%

Employees may opt-out of both the auto-enrollment and the elected deferral rate.

All monies are always 100% vested!

California has adopted a state run retirement savings plan, known as "CalSavers".

Starting as soon as next year, California now requires employers who don't already offer a qualifying employer-sponsored retirement plan, such as 401(k), 403(b), Pension Plan, SEP or SIMPLE Plan to start offering the CalSavers program.

The program rolls out in a three-phase registration deadline, starting as early as next year, mandated with penalties for non-compliance.

CalSavers is an individual ROTH IRA (Individual Retirement Account) option that must be offered by businesses with 5 or more employees.

All contributions are enter as a non-deductible Roth IRA.

All employees, age 18 and over, are immediately eligible to participate.

There are no eligibility requirements based on hours worked after the employee has completed a least 30 days of service.<sup>2</sup>

CalSavers currently offers five investment options:

- Money Market Fund
- Target Date Series
- One ESG Fund
- One Bond Fund
- Two Stock Funds

Asset based fees range from 0.825% to 0.95%<sup>3</sup>

#### IWM FINANCIAL, INC.

We strive to effectively serve business owners and high income millennials who generally have an entrepreneur's mindset and who are seeking professional advice in real estate, debt management, and tax burdens and would benefit from an intentional decision making process.

#### WHERE WE WORK:

We primarily serve two areas: Orange County & Riverside County. We can, and often do, work remotely for everyone else.

#### OUR FOCUS AREAS:

The majority of our clients need support in the following areas:

- Employer-Sponsored Benefits
- Fiduciary Services
- Comprehensive Planning
- Business Planning
- Tax Strategies
- Investment Management

<sup>1</sup> CalSavers.com / Employer / Program Details

<sup>2</sup> CalSavers.com / Employee / Investments

<sup>3</sup> CalSavers.com / About / FAQ

#### WHY WORK WITH A CFP®

CFP® professionals are held to strict ethical standards. What's more, a CFP® professional must acquire several years of experience related to delivering financial planning services to clients and pass the comprehensive CFP® Certification Exam before they can call themselves a CFP® professional.

#### CONTACT US:

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## The Issue for High Income Earners

Because CalSavers accounts are Roth IRA's, the accounts are subject to federal Roth IRA contribution limits:

Contribution limits based on Modified Adjusted Gross Income <sup>4</sup>		
Year	Single Filer	Married/Joint Filer
2018	\$120,000 - \$135,000	\$189,000 - \$199,000
2019	\$122,000 - \$137,000	\$193,000 - \$203,000

High income earners who pass the phase-out limit will not be able to contribute to the CalSavers program.

Even if an employer or key highly compensated employees are ineligible to contribute to the Roth IRA, the employer is still required to offer the CalSavers plan to all eligible employees (unless the employer offers a qualifying employer sponsored plan).

<sup>4</sup> CalSavers.com / Savers / Contributions

## Consider if there are better options:

	CalSavers	Employer 401(k)
Maximum allowable contribution?	\$6,000 \$7,000 ages 50+	\$19,000 \$25,000 ages 50+
Offer tax-deductible contribution and/or Roth?	No, only Roth IRA	Yes
Optional employer contribution/match?	No	Yes, up to a \$56,000 individual limit
CFP® Professional Guidance?	No	Yes
Customizable Investment Options?	No	Yes
Can high income individuals contribute?	No	Yes

This outline is for informational purposes only and has not provided legal or tax advice.

Employers should consider consulting with their tax, business and legal advisors before adopting either the CalSaver plan or an Employer Sponsored 401(k). For more detailed information on CalSavers, visit [www.calsavers.com](http://www.calsavers.com).

