CalSavers: Four Available Courses of Action

1) Ignore it Completely

Advantages	Disadvantages
Super easy to do!	Opens your company to scrutiny from CA regulators
Allows you more time to consider options	Potential for a Fine ($250/ee)
	Possible add'l larger Fine ($500/ee) if not corrected <180 days

2) Enroll in CalSavers

Advantages	Disadvantages
Modestly easy to do	Requires initial and ongoing communication of employee payroll info to CalSavers, and cross-reference prior to each payroll run
Limits liability exposure	Employer prevented from collecting waivers
Some employees might welcome the CalSavers option	No ability to make employer contributions
Employer insulated from employee eligibility issues	Employer bound to take CalSavers deductions from employee paychecks but cannot encourage or discourage participation
	Employer cannot return deductions (employee must contact CalSavers for any return of deductions)

3) Create a formal Retirement Plan (401-K, typically)

Advantages	Disadvantages
Puts employer in control	Requires careful plan design and preparation of formal legal plan documentation
Potential tax savings for key employees	Compliance with non-discrimination testing OR deal with required employer "Safe Harbor" contributions ($100k or more)
Many employees thrilled to have a real retirement plan	Employer funded administration and audit costs ($5k - $30kyr)
Wider range of investment options	Dealing with IRS and DOL annual filings
Can accommodate Employer contributions (if those contributions are made within Federal non-discriminatory guidelines)	Involves lots of on-going employee education
	Employer faces Fiduciary Liability (unlimited personal exposure)
	Hard to terminate

4) Create a PDIRAWAE* (i.e., EZ$AVINGS4U)

Advantages	Disadvantages
Relatively easy to set up	Requires sound recordkeeping
Allows employer more time to consider other options	No fiduciary responsibility, but employer still potentially responsible for basic functioning of program
Employer in control of communication to employees	No ability to make employer contributions
No formal "ERISA plan documents"	
No annual reporting to IRS or DOL	
Easy to terminate	
Employer allowed to refund initial deductions if employee wants to waive the program after deductions start	

* PDIRAWAE stands for a Payroll Deduction Individual Retirement Account With Automatic Enrollment

For more information, please go to: www.ezsavings4u.com