
MARCH 06, 2025

AGENDA ITEM 3
INFORMATION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Executive Director's Report

I. TOPICS TO BE PRESENTED DURING MEETING

Program Participation and Funding as of 1/31/2025

- Funded saver accounts: 539,563
- Average funded account balance: \$2,147
- Average monthly contribution: \$203
- Total AUM: \$1,16 billion
- Employers registered: 147,090
- Employers exempted: 111,774
- Facilitated employers: 56,169
- See **Attachment 3A**.

Update on Employer Compliance Enforcement

State law established penalties for eligible employers that do not make the Program available to their employees. For each wave of employers, after months of marketing and notices from Ascensus, staff begin distribution of enforcement notices (“due process notices”) to employers who are not compliant due to missing their registration deadline, failing to upload their employee roster, or failing to facilitate contributions.

State law requires due process notice prior to penalty imposition. Following these notices and extensive staff research efforts to identify exempt employers, staff began referring employers to the Franchise Tax Board (FTB) for penalty imposition in October of 2023.

23,000 total employers have been removed from the pool of penalty-status employers since the penalty enforcement implementation. The remaining noncompliant employers began receiving the second penalty notice in the amount of \$500 per unenrolled, eligible employee beginning late May of 2024. 4,043 of those employers subject to the \$500 penalty have since taken the appropriate compliance action.

In October and November of 2024, we began our next penalty enforcement round of mailings. CalSavers instructed FTB to mail out 9,949 penalty notices to Wave 2023 employers in penalty status. Of those, 2500 employers complied and were removed from the pool – about 24%. An additional 800 employers complied after receiving the escalated penalty notice in December 2024. 6,693 Wave 2023 employers remain in penalty status and are subject to further penalties in subsequent years for continue non-compliance.

Summaries of enforcement activity are reported in **Attachment 3B**.

Payroll Integrations Update

In January of 2025, the Board approved the implementation of a new, optional service available to employers. The service - called Payroll Integrations (PI) - allows employers to connect with payroll providers and have the contributions for their participating employees facilitated automatically. Many employers prefer to have the administrative requirements of running the CalSavers program handled by a third-party.

The initial rollout of the Payroll Integrations service was to a specific subset of CalSavers employers: those who had integrations with Intuit QuickBooks. QuickBooks will no longer be providing a CalSavers integration as part of its payroll provider service platform, and this jeopardized the continuity of contributions for employees working at those businesses.

Upon Board approval, CalSavers third-party administrator pushed out messaging to employers who had QuickBooks integrations and notified them that their current arrangement was ending, and that they now had the option to either facilitate contributions manually using the self-service CalSavers employer portal, or opt to utilize the new 360 integration with QuickBooks via Payroll Integrations, for a monthly fee.

As of February 24, 2025 – less than one month after making the service available - 188 employers have opted to utilize Payroll Integrations service, ensuring accurate and timely contributions for 2,959 Savers. There are approximately 600 employers still facilitating through the old QuickBooks API, as their integration remains functional, although it is no longer being serviced and will be decommissioned at some point. Connecting with these employers and any others who were formerly integrated with QuickBooks is top priority for the field team. Nearly 3,000 employers who at one point indicated they had a QuickBooks integration have since utilized the CalSavers manual self-service portal.

Over the course of 2025, more payroll providers will be integrated with PI and will be available to employers through our platform.

Update on Wave 4 – Program Expansion to Businesses with 1-4 Employees

In 2022, the passing of SB1126 expanded the CalSavers mandate, extending its reach from businesses with five or more employees to now include any business with at least one employee besides the owner or the owner's spouse. This final expansion, known as "Wave 4," is expected to encompass approximately 500,000 employers. The deadline for registration and compliance for this group of "micro employers" is set for December 31, 2025. We anticipate unique challenges with this wave, given the smaller business sizes, a likely unfamiliarity with retirement savings programs, limited connection to educational business networks, and potential complexities with payroll integration.

Key Tactics for Wave 4:

1. A staggered roll-out of communications and notices to employers by geographic region through the first half of the 2025:
 - NorCal/Central Valley: February
 - Bay Area: Late February/March

- Southern California: Late March/April
- LA: May & June

See **Agenda Item 4**

2. *Pending Board approval* – **Employer incentive campaign** focused on early compliance for facilitating employers.
3. **Streamlined online exemption process** for employers with a qualifying exemption, quickly off-ramping them from the process and freeing up resources and saving time and money for the Program.
4. **A dedicated web landing page for Wave 4 microbusinesses**, designed to facilitate a quick and easy path to compliance at: employer.calsavers.com/home/onetofouremployees.html
5. **Enhanced digital advertising**, including targeted web ads and an increase in search-based advertising.
6. **Coordinated mailing timelines** between contractors and the call center, aimed at reducing anticipated call wait times.
7. **Collaboration with stakeholder partner organizations** to amplify messaging, aligned with the regional, pre-deadline marketing approach.
8. **Creation of a digital toolkit** tailored for employers and stakeholders to support compliance and outreach efforts. www.treasurer.ca.gov/calsavers/wave4toolkit.asp
9. **A/B Testing** of different communication types and messaging, with quick course corrections based on early results

Early Wave 4 employer compliance action (as of 2/24/25)

- Responded/taken some action: 20,318
 - Exempted themselves: 12,985
 - Registered: 7,333
 - Begun facilitating CalSavers for employees: 1,561

Risk Monitoring

Quarterly risk heat map (**Attachment 3C**)

No updates.

Amendments

The Executive Director exercised the option to extend the contract with outside legal counsel K&L Gates for one year.

Legislation and Policy

Federal

No updates

State

No updates

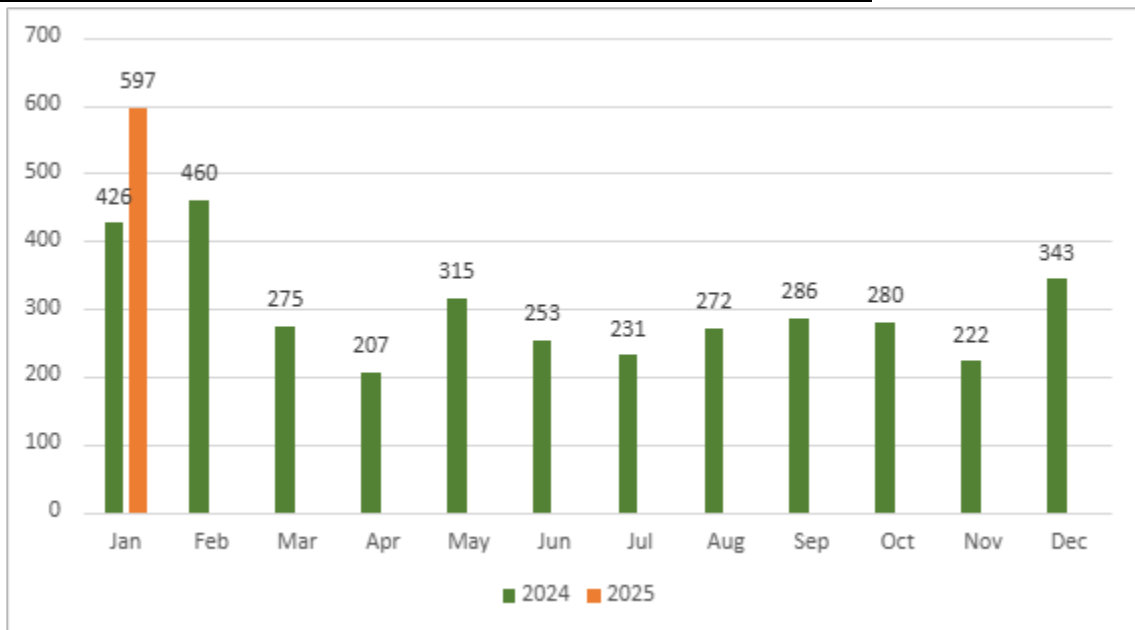
CalSavers Regulations

Updates on previously approved regulation packages

Program Exemption and Clarity Regulations

Staff continue to work on completing the necessary documents to begin the rulemaking process for these regulations. With the recent shift to developing and implementing employer program participation incentive regulations this rulemaking will be delayed until staff have successfully implemented those regulations. Staff anticipate submitting the program incentive and clarity regulations to the Office of Administrative Law and beginning the rulemaking process in late spring early summer.

Staff Customer Service Caseload Referred by Ascensus Call Center



Counts of employer cases handled by CalSavers staff, thru 01/31/2025

External Presentations

Public Webinars Summary

	English	Spanish	Mandarin	Cantonese	TOTAL
Attendees Nov-Jan	680	25	3	3	711
Attendees 2025 YTD	366	17	0	0	383
Sessions Nov-Jan	18	6	3	0	27
Sessions 2025 YTD	10	4	0	0	14

Stakeholder/Community Presentations, Employer Visits, and Policy Forum Remarks

(Events Since August Board Report)

	Date	Organization	Event	Location
1.	12/11/2024	Treasurer Ma External Affairs Team	Inside the Vault: Resources for Local Leaders	Virtual
2.	1/23/2025	Small Business Development Centers (SBDC)	SBDC Small Business Expo	San Diego
3.	1/27/2025	Small Business Network of Family Child Care Providers	Introduction to CalSavers (Spanish)	Virtual
4.	2/7/2025	Small Business Administration (SBA)	Small Business Supercharge	Citrus Heights
5.	2/13/2025	KCAL Insurance Agency	2025 Business Owner Seminar Series	Diamond Bar
6.	2/20/2025	KCAL Insurance Agency	2025 Business Owner Seminar Series	Ontario
7.	2/27/2025	Small Business Administration (SBA)	Introduction to CalSavers (Spanish)	Virtual
8.	2/28/2025	Senator Dr. Aisha Wahab w/ Treasurer Fiona Ma	Small Business Workshop	San Jose
9.	3/5/2025	Small Business Administration (SBA)	Introduction to CalSavers	Citrus Heights
10	3/6/2025	KCAL Insurance Agency	2025 Business Owner Seminar Series	Irvine

II. TOPICS AVAILABLE FOR PRESENTATION BY REQUEST

Staffing

- Renee’ Meisenbach was hired as our Deputy Director of Stakeholder Outreach, Marketing, and Customer Experience
- Patrick Johnson was hired as a Staff Services Analyst on the Outreach and Customer Service team
- There is one additional analyst position vacancy in active recruitment

Budget

- The fiscal year-to-date-income for the Program is \$333,738.80 and expenditures are \$838,674.53. Figures are as of most recent STO accounting figures, November 30, 2024.
- See CalSavers Retirement Savings Board Fund Manager’s Report in **Attachment 3E**

Earned Media

Media coverage, including articles, television and radio segments, and podcasts published since the previous Board report, is summarized below.

	Pub. Date	Publication	Headline/Link
1.	1/22/2025	American Society of Pension Professionals & Actuaries	CalSavers Had a Golden 2024
2.	2/12/2025	ADP	Why California Small Businesses Should Look Beyond CalSavers for a Retirement Plan

Attachments

- Attachment 3A: Summary of Program Participation & Funding as of January 31, 2025
- Attachment 3B: Employer Enforcement Activity as of January 31, 2025
- Attachment 3C: Quarterly Risk Heat Map
- Attachment 3D: CalSavers Retirement Savings Board Fund Manager’s Report as of June 30, 2024
- Attachment 3E: 2024 Year in Review Report