

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

type of a retirement plan for their employees. California, Illinois and Oregon have launched their programs, and Colorado, Connecticut, Maryland, New Jersey and Virginia ...

Sep. 22, 2021



OPINION.

There has been a trend recently for states to mandate that employers offer some type of a retirement plan for their employees. California, Illinois and Oregon have launched their programs, and Colorado, Connecticut, Maryland, New Jersey and Virginia are developing them. In theory this is a positive development as there are currently many employers who do not offer any type of retirement plan to their

employees, especially in small businesses, retail, service occupations and restaurants

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

For example CalSavers has:

- Higher than average annual administrative fees (.83-.95



The total cost of holding CalSavers Target Date Retirement Fund would be
\$112,693.76

The cost is the sum of the total fees paid plus the foregone earnings
\$48,597.97(fees) + **\$64,095.78**(foregone earnings) = **\$112,693.76**

This result is based on the following information:

The dollar amount invested is:	\$100,000.00
The annual rate of return is:	11%
The total annual operating expense is:	.75%
The holding period in years is:	20
At the end of the holding period, this investment will equal \$693,537.40	

[Start over](#)

[New Fund](#)

<http://www.sec.gov/investor/tools/mfcc/mfcc-calculate.htm>

CalSavers is hardly the panacea that California pretends that it is. While a state mandate for Employers to offer a retirement plan may be good thing, requiring enrollment in CalSavers is clearly not in the best interests of the California Employee.

This lesson should be an alarm for all Employers and Employees subject to other state mandated retirement programs to carefully assess the details of their state program to decide if it is in their best interests to participate or opt out.

Recent changes in Federal Law in how 401k plans are offered now permit unrelated employers to join a pooled employer 401k plan provided by a U.S. Department of Labor registered 401k plan provider. Employers may wish to consider the pooled employer 401k plan arrangement in lieu of a state mandated payroll deduction IRA

to lower administrative fees, give themselves flexibility to match contributions,

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

- ROTH after tax accounts as well as traditional pre-tax accounts
- Brokerage accounts offering thousands of investment choices, including stocks, bonds, mutual funds, exchange traded funds, target date retirement funds and index funds
- Employees as owners of their investments able to exercise shareholder rights
- Employer matching contributions may be permitted but not required
- Limited employer fiduciary obligations
- Investments insured and guaranteed by the FDIC (up to \$250,000) and the SIPC (up to \$500,000)
- The Plan provider may serve as the Plan Administrator and 3(16) Plan Fiduciary and conduct employee enrollment, provide all forms and notices and record and track all contributions
- No greater employer administrative obligations than CalSavers
- Preparation and filing of all IRS returns (Form 5500 and 1099-R)
- Greater creditor protection

=====

Craig Lewis Gillooly is an Attorney admitted to practice law in good standing in California and New York. He is the CEO of 401kAdministrators.com, dba Mrs401k, the first company in the country to register as pooled employer 401k plan provider with the U.S. Department of Labor. For more information, see Mrs401k.com and <https://calsavershelp.com/assets/forms/brochure.pdf>.

Payroll

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE

Sponsors

sponsors.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us