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Attn: California employers

BY JEFF VONKAENEL / jeffv@newsreview.com

If you are one of the 300,000 California business owners who do not offer your employees a retirement package, now is the time to sign up for the CalSavers program. This state program, which launched July 1, allows employees to take a payroll deduction to contribute to a state-run 401(k) retirement plan.

Employers don't have to sign up right away. You have until June 2020 if you have 100 or more employees, or until June 2022 if you are a small employer with between 5 and 49 employees. But let me tell you why you should sign up now.

When I first heard about this plan, I was worried that it was one more program that would cost employers money. But that's not the case. CalSavers is designed for the estimated 7.5 million working Californians who do not have an employer-sponsored retirement program. If these employees retire with only Social Security, they will get on average \$1,461 per month. That will barely cover the necessities.

So CalSavers allows these employees to make a voluntary contribution, between 1 and 8% of their wages, to a personal 401(k) plan. If employees move to another job, their CalSavers plan goes with them. And all that employers need to do is manage payroll deductions, a process most employers are already very familiar with.

I learned about this plan when our publications division was contracted by AARP to assist with CalSavers outreach. I met with local employers and CalSavers staff in Fresno, Los Angeles, Riverside, Sacramento and San Francisco. At each of these two-hour sessions, the CalSavers staff explained the details of the plans, local business leaders expressed their concerns and CalSavers addressed those concerns.

I learned a lot. For example, I saw how different the issues were in each part of the state. Farmers in the

Central Valley, with many foreign-born workers, had very different questions than tech-centric San Francisco employers. The CalSavers program came into being with support from SEIU Local 1000 and the California Teachers Association. As I learned more about CalSavers, I, too, became a believer.

Why?

First, this would provide all California employees access to a retirement savings plan. The deductions and the compounding interest will help make retirement more comfortable.

Second, the process is easy. Employers are responsible for adding and removing employees and managing payroll deductions. And once their employer signs up, it's an easy process for employees.

And third, because the plan is post-tax, a CalSavers account can be a rainy day fund. Employees will have some money to draw on for a medical emergency, a car crash, a lost job or anything else that life throws at them. This alone could be a real lifesaver.

But another huge benefit is that the CalSavers plans have low fees. The projected fees start at less than 1% and over time are expected to decline to 0.5%. This is significantly less than most private sector plans available for small employers, which have fees between 1 and 5%, averaging more than 2%. Lower fees translate to higher savings for your employees.

So, dear employers, this means that you can offer your employees a better plan than all those other businesses trying to steal them away. Sweet! Sign up now. □

Jeff vonKaenel is the president, CEO and majority owner of the News & Review.