

# What Churches Should Know About CalSavers

Beginning in 2020 and through June 2022, California-based employers with five or more employees are required to participate in the state's CalSavers Retirement Program — unless they offer their own plan. You may have heard about CalSavers and are wondering: How could it affect my church?

Churches are not required to participate in the CalSavers program, but this may be an opportunity for you to consider the retirement plan you offer employees. CalSavers' cookie-cutter design makes it easy for any employer to get a plan up and running. As a church employer, you can offer a retirement plan specifically designed for church workers that offers many additional benefits tailored to your unique needs.

## **CalSavers: A state's response to a social crisis**

CalSavers is a Roth IRA savings program designed to help improve retirement outcomes for the roughly half of California workers without access to an employer-sponsored retirement program. The program is designed to alleviate employers' concerns with the costs, administrative burden, and fiduciary liability of offering a retirement plan to employees.

CalSavers is available at no cost to the employer, requiring only that they advise CalSavers of eligible employees and arrange for payroll deductions. It's easy for employees to start saving, though they are not required to participate.

## **CalSavers vs. the Retirement Savings Plan**

Both CalSavers and the Retirement Savings Plan of the Presbyterian Church (U.S.A.) (RSP) address employers' concerns with the costs, administrative burden, and fiduciary liability of offering a retirement plan to employees. There are some key differences between CalSavers and the Retirement Savings Plan, because it is a 403(b)(9) church plan.

## **The Retirement Savings Plan:**

### **A church plan for church employers**

As an agency of the Presbyterian Church (U.S.A.), the Board of Pensions understands your unique challenges as a church employer. We have designed the Retirement Savings Plan — a 403(b)(9) church plan — in partnership with a nationally known and respected plan provider, Fidelity Investments.

The Retirement Savings Plan can help employees achieve their long-term savings goals and improve their financial readiness for retirement with both tax-deferred and Roth after-tax contribution features. The plan combines a flexible and convenient way to build savings with all the features found in similar commercial plans but with low fees for participants and a turnkey design for employers. We take on the fiduciary risk while key decisions remain in your hands.

## **Flexibility and choice for churches**

The Retirement Savings Plan is included in the Pastor's Participation benefits package and may be offered to those in Minister's Choice. It also may be offered to all church employees because there is no minimum weekly work requirement.



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	CalSavers	Retirement Savings Plan
<b>Type of savings plan</b>	Roth IRA offers <i>after-tax contributions</i>	403(b)(9) church retirement plan with <i>choice of pretax or Roth after-tax contributions</i>
<b>Level of employer control</b>	None. One-size-fits-all design excludes any and all employer decision-making.	<i>Key decisions are in employer's hands.</i> Employers decide what's best for their organization and have complete flexibility in determining such critical matters as <ul style="list-style-type: none"> <li>• employee eligibility;</li> <li>• employer contributions;</li> <li>• employer match structures.</li> </ul>
<b>Matching contributions</b>	Employer contributions are not permitted.	<i>Employers can choose to match employee contributions,</i> which offers important advantages, such as <ul style="list-style-type: none"> <li>• making a plan more attractive to top-quality applicants;</li> <li>• increasing employee retention;</li> <li>• providing employer tax benefits for non-minister participants.</li> </ul>
<b>Investment options</b>	Six broadly diversified investment options, including <ul style="list-style-type: none"> <li>• one environmental, social, and governance (ESG) fund;</li> <li>• target date funds.</li> </ul>	12 <i>broadly diversified investment options</i> , including <ul style="list-style-type: none"> <li>• three ESG funds:               <ul style="list-style-type: none"> <li>• two socially screened options based on the guidelines of the Presbyterian Church (U.S.A.);</li> <li>• a fossil fuel-free option;</li> <li>• target date funds.</li> </ul> </li> </ul>
<b>Housing allowance</b>	No housing allowance designation permitted; subject to Roth IRA rules, withdrawals may be tax-free.	Distributions up to an allowable amount <i>can be considered housing allowance</i> and withdrawn tax-free.
<b>Shared religious and spiritual values</b>	Not applicable in a government-sponsored program	The Board of Pensions of the Presbyterian Church (U.S.A.) <i>is a proven partner that understands and shares your organization's religious and spiritual values.</i>
<b>Employee enrollment/communications</b>	Employers must remain neutral about their employees' participation in CalSavers. CalSavers provides an email to share with employees before CalSavers contacts them.	The Board of Pensions and Fidelity Investments are your partners throughout the enrollment and communications process. We work with you to inform, educate, and enroll your employees. After initial enrollment, employees have access to planning and education through Fidelity.
<b>Employee cost</b>	Annual, asset-based fees of 0.83 – 0.95 percent	\$15 per year flat administrative fee
<b>Loans</b>	No loans	Loans permitted

