



National Institute on Retirement Security

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What is CalSavers?

Simple, portable, low-fee way for workers to save and grow their own money.

- **Automatic payroll deduction IRA** (Individual Retirement Account)
- **Completely Voluntary** for employees; savers may opt-out at any time
- **Simple option:** automatic enrollment at work, automatic escalation of contributions, default investment options to make saving easy and automatic
- **Portable from job to job**
- **Gig Workers, self-employed, and other individuals welcome, too**
- **Zero cost to State, taxpayers:** Program is self-sustaining with participant fees
- **Professionally Managed** by Ascensus and State Street Global Advisors
- **Transparently Governed** by a public board chaired by State Treasurer





CalSavers Features

- **Default Contribution Rate:** 5%, with 1% automatic escalation to 8% (saver may change rate at any time)
- **IRA Type:** Default is Roth IRA (allows for penalty-free & tax-free withdrawals of contributions); Traditional IRA as an elective option available soon
- **Investments:** 4 Options, default for 1st \$1,000 into Money Market with subsequent contributions defaulting into Target Date Fund (asset allocation based on age and automatically adjusts over time)
- **Fees:** Most aggressively declining fees among peers; at scale will be among lowest in industry (see detail in appendix)
- **Accessibility:** mobile app, superb customer service call center, multi-lingual





Employer Requirement

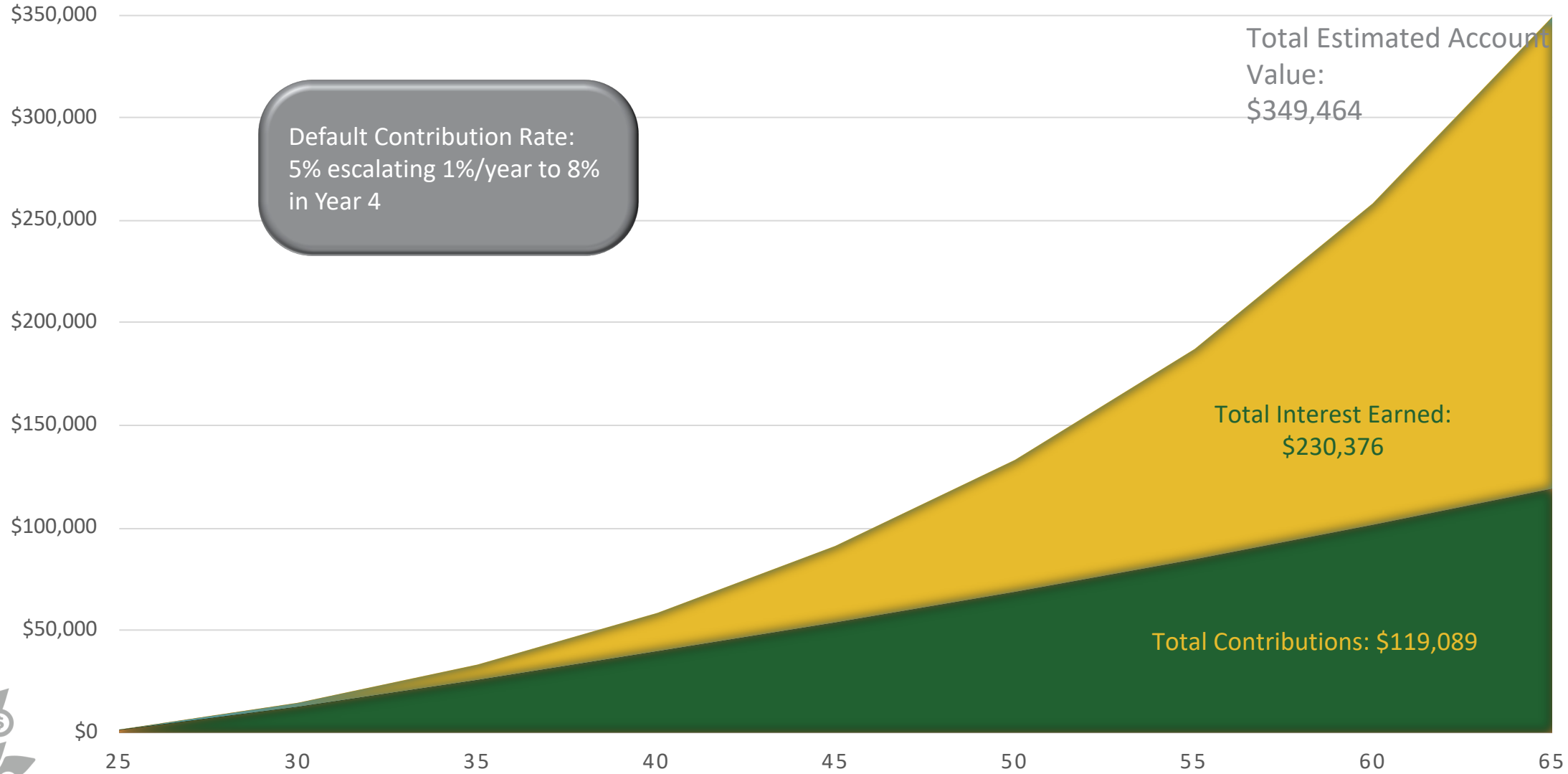
All CA employers with 5 or more employees must either:

- Offer a retirement plan of employers' choice
- **Or**
- Provide access to CalSavers





THE POWER OF COMPOUND INTEREST: SCENARIO



Scenario assumptions: starting salary of \$30,000 with 1% salary increase per year; hypothetical rate of return is 5%. Investment returns may vary, are not guaranteed, and assets may lose value.



Expected Impact

CalSavers + CA's new \$15/hr min. wage =
50% increase
to young low-income workers' retirement incomes

(UC Berkeley Labor Center)

\$15/hr CA minimum wage by 2023; some cities sooner LA (7/1/21) and SF (7/1/18)





Timeline for Implementation

- Pilot Program: November 2018 through June 30, 2019
- Program Open Fully Statewide (all eligible employers welcome): **July 1, 2019**
- Deadlines for Employers to Register:

Size of Business	Deadline
>100 Employees	June 30, 2020
>50 Employees	June 30, 2021
5+ Employees	June 30, 2022





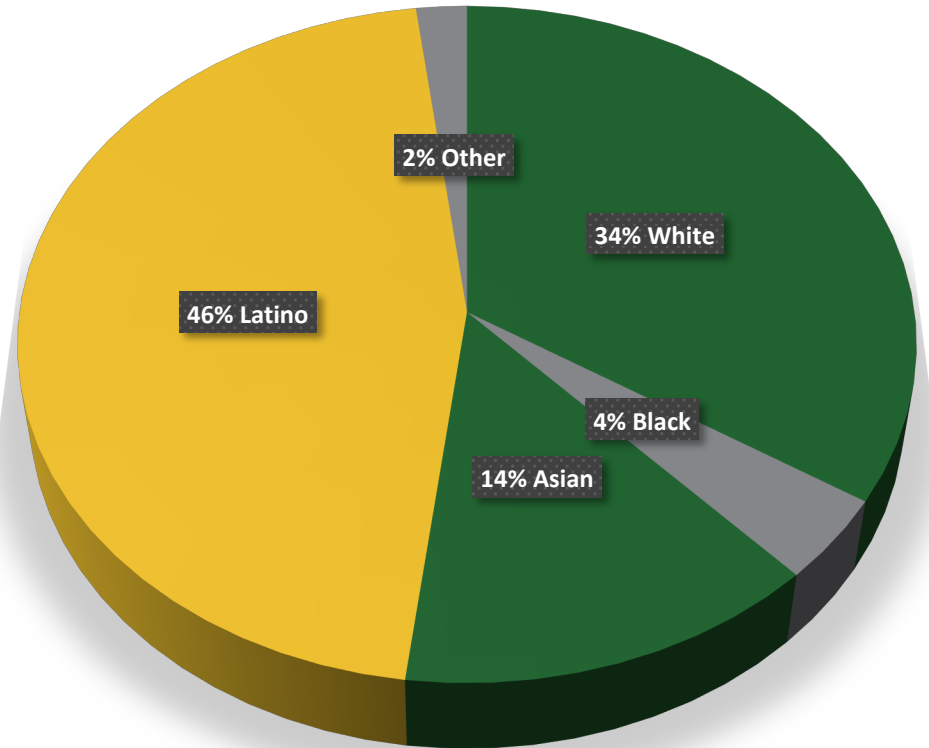
Profile of Eligible Population: Work

- What is their average income?
 - \$35,146
- Where do they work?
 - 13.3% Retail
 - 12.3% Accommodation and Food Service
 - 11.0% Manufacturing
 - 11.0% Health Care and Social Services
 - **Other top fields:** Management/Administration/Support Waste Management Services; Wholesale, Transportation & Warehousing; Construction

Source: CA Secure Choice Market Analysis and Feasibility Study By Overture Financial LLC, March 17, 2016

Profile of Eligible Population: Race

Race/Ethnicity of Eligible Workers, 2012-2014



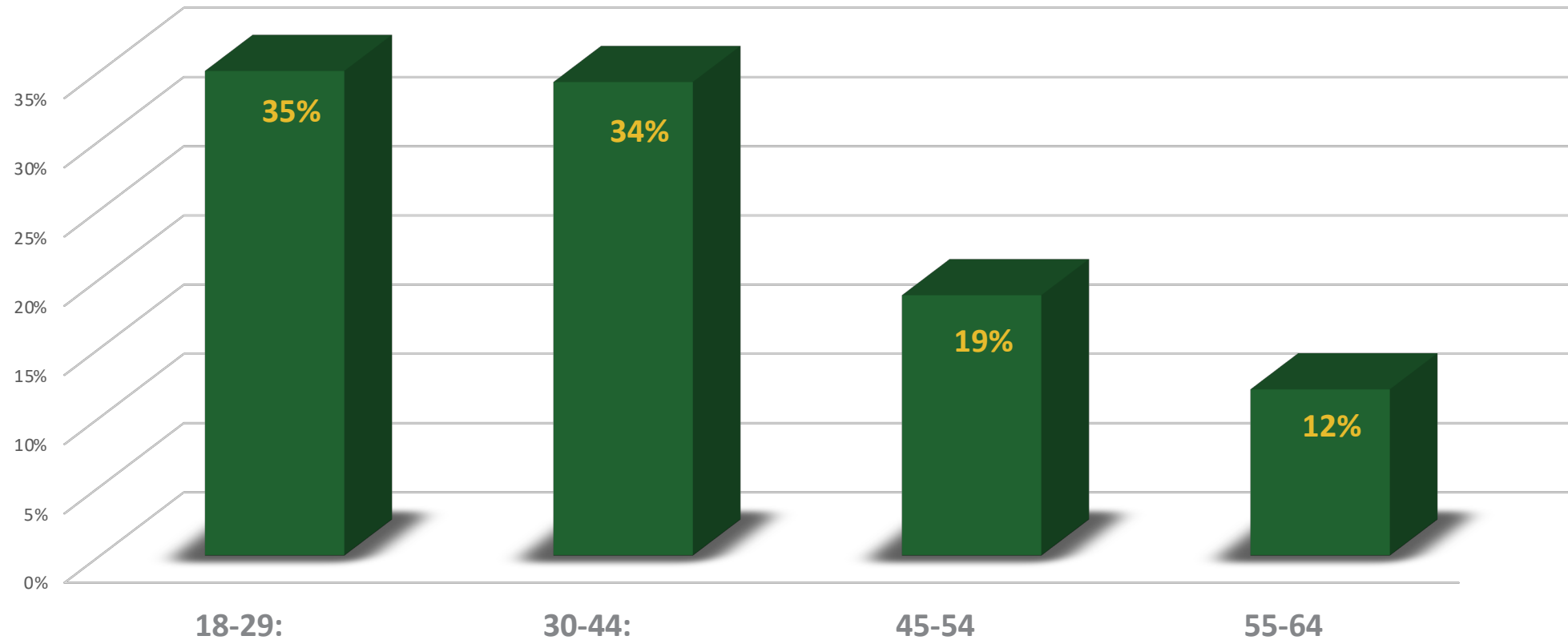
Source: CA Secure Choice Market Analysis and Feasibility Study By Overture Financial LLC, March 17, 2016





Profile of Eligible Population: Age

Age Profile of Eligible Workers, 2012-2014



Source: CA Secure Choice Market Analysis and Feasibility Study By Overture Financial LLC, March 17, 2016



Brief History of CalSavers

- **2008:** Sen. de Leon began exploring solutions to retirement crisis
- **2012:** Passage of Senate Bill 1234 (de Leon)
- **2013:** Board established, began raising funds for Feasibility Study
- **2016:** Feasibility Study completed
- **September 2016:** Gov. Brown signs SB 1234 into law
- **April 2017:** First Executive Director appointed by Treasurer Chiang
- **August 2018:** Board approves contracts for Ascensus and State Street
- **November 2018:** Regulations approved, pilot program open, first pilot employers and employees enrolled
- **January 3, 2019:** First contributions made via payroll deduction

Full History: <https://www.treasurer.ca.gov/scib/history.asp>

