

CALIFORNIA SECURE CHOICE: MAKING WORKPLACE RETIREMENT SAVINGS POSSIBLE FOR MILLIONS OF CALIFORNIANS

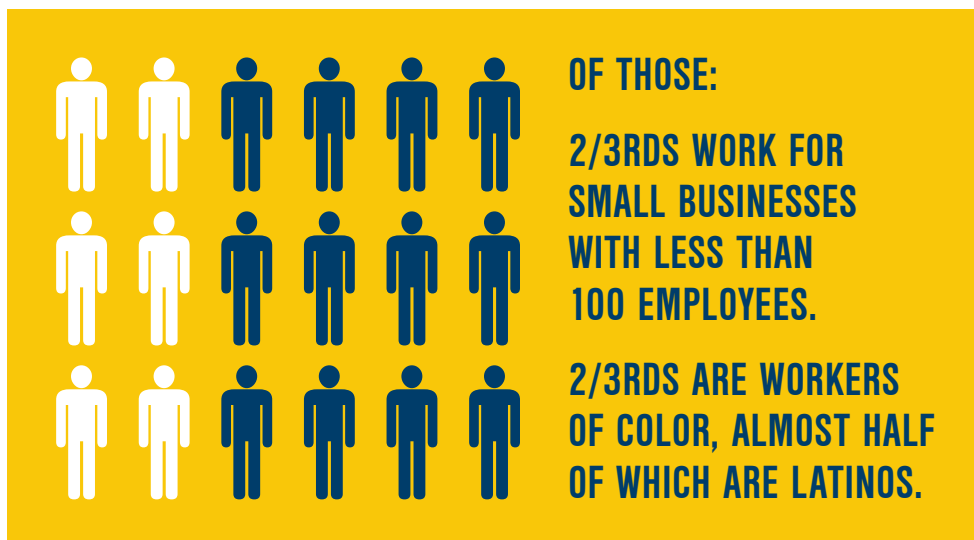


THE PROBLEM:

Over 75% of California's low and moderate income retirees rely exclusively on Social Security leading to significant economic hardship. With each generation on track to retire poorer than the last, the strain on taxpayer funded health and human services will undermine the long-term financial stability of the state .

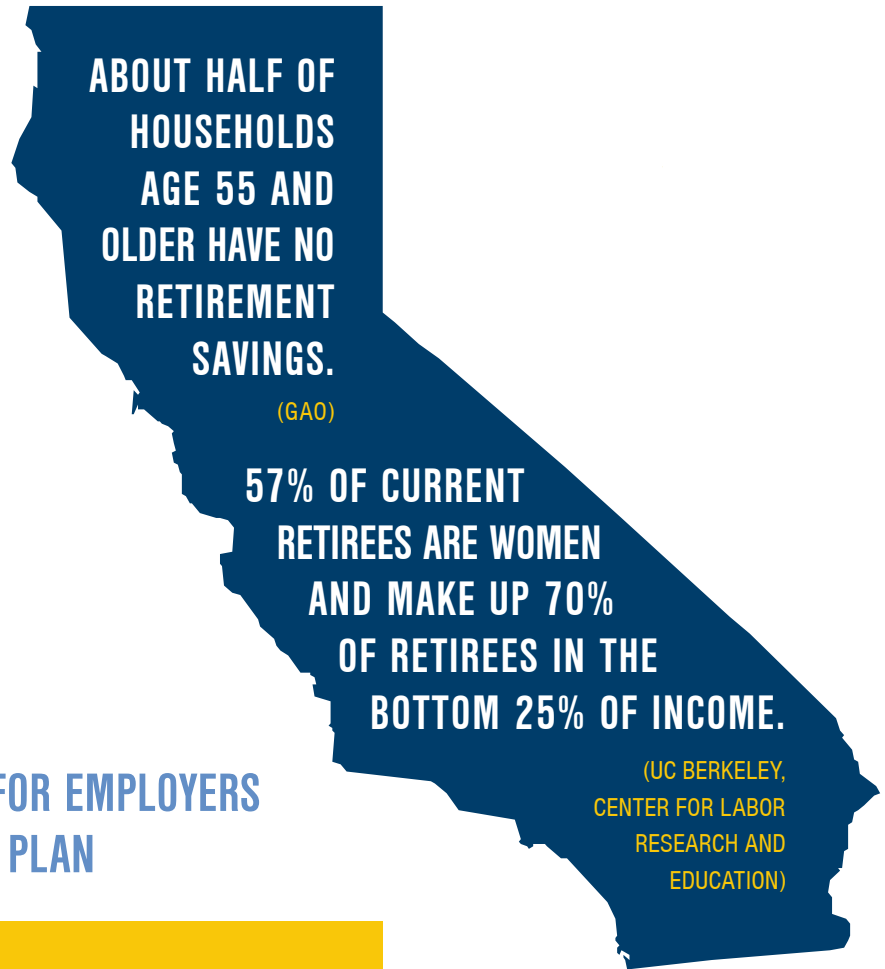
- 55% of young workers age 25-44 have projected retirement incomes of 200% below poverty; compared to 33% of workers aged 55-64. (UC Berkeley)

7.5 MILLION CALIFORNIANS WORK FOR EMPLOYERS WHO DO NOT OFFER A RETIREMENT PLAN



THEIR MEDIAN ANNUAL INCOME IS UNDER \$25,000

(UC BERKELEY, CENTER FOR LABOR RESEARCH AND EDUCATION)



CALIFORNIA'S SOLUTION: SECURE CHOICE

SIMPLE.

- Enables employees to make an automatic payroll contribution into their personal IRA account.
- Enables employers to offer employees access to an IRA account with no administrative or fiduciary responsibility on the part of the employer.

SAFE.

- The Secure Choice program will be overseen by a nine-member board composed of the State Treasurer, the State Controller and representatives of the financial industry, small business, employers and employees.
- The IRA products will be limited to low risk and low fee choices, representing the industry's best practices for a sound retirement.

PORTABLE.

- Employees can contribute to their account throughout their working life.

MAKING SECURE CHOICE A REALITY

ACCESS TO WORKPLACE RETIREMENT PLANS FUNDED BY AUTOMATIC PAYROLL DEDUCTIONS MAKES PEOPLE 15 TIMES MORE LIKELY TO SAVE FOR RETIREMENT.

To enable all Californians to save successfully for retirement, California needs to be able to offer a plan that:

ALLOWS AUTOMATIC ENROLLMENT WITH THE OPTION TO OPT OUT: Participation in workplace retirement plans often rise to 90% or more when enrollment is automatic.

PROVIDES A DEFAULT INVESTMENT OPTION: The state must have the ability to direct participants into a secure default investment option, like a life-cycle fund with a target date based on the age of the enrollee, if the participants do not select an investment option.

EMPLOYERS MUST BE PART OF THE SOLUTION:

Allow employers to offer a private sector retirement savings plan to their employees; or, if they choose not to, then employers must provide the opportunity for their employees to make a payroll contribution to their individual Secure Choice account. Employers are simply providing the mechanism for employees to contribute to their Secure Choice account. They must have no administrative or fiduciary responsibilities under the Secure Choice option.

