

CalSavers Retirement Savings Board

Year End Report

2023



FEBRUARY 1, 2024

2023 was a year of growth, transition and focus for CalSavers, with a new Executive Director appointed, an expanded mandate, and a renewed focus on employer compliance. The program's maturation and rapid growth is a testament to the solid groundwork laid by the visionary state legislators, the dedication of the CalSavers original leadership, the support and advocacy of the State Treasurer's office, the strategic direction provided by the CalSavers Board, and the invaluable support from our industry partners and stakeholders. As we bid farewell to Katie Selenski, our trailblazing inaugural Executive Director, I stepped into this role in July 2023 with a commitment to propel CalSavers into its next phase as an accepted and important fixture of the California business and retirement landscape.

My goal from Day 1 was – and continues to be – propelling CalSavers into our next phase of growth with a laser focus on compliance enforcement with employers.

The cornerstone of retirement savings—regular contributions from every paycheck—is made possible through employer participation. Our outreach strategies encompass a broad spectrum of communications, from digital campaigns to direct mail, aimed at ensuring employers are aware of their critical role and comply with their obligations. While many businesses quickly complied with the law, a noticeable discrepancy remains between those registered with CalSavers and those fully facilitating the program. Addressing this gap is crucial, as non-compliance triggers financial penalties, a mandate enforced in collaboration with the California Franchise Tax Board. And the scope of our work will only increase - in January of 2023, Senate Bill 1126 (Cortese) took effect, expanding the mandate to include employers with 1 or more employees, which will bring as many as 450,000 additional small businesses into the program, or a qualified private-sector option. Those businesses have until the end of 2025 to offer a qualified program.

Our aim is simple: to transition from mere awareness and registration to full facilitation: real people saving real money for their futures. We will continue to press the issue on employer compliance, taking the hard steps necessary to galvanize action and make meaningful inroads in the effort to close the retirement savings gap for millions of California workers who have not had an ability to save through their

jobs until now.

The statistics are a testament to our efforts and the trust placed in us by Californians:

- Total assets under management increased massively, from \$373 million to \$750, buoyed by a resurgent stock market (19.45% for our main target date funds)
- Combined monthly saver contributions increased from \$25 million a month to over \$30 million
- 131,250 employers registered with CalSavers, with another 124,821 properly exempted
- Total funded accounts increased to 480,000

Within the broader landscape of state-facilitated retirement plans (SFRPs) like ours, CalSavers stands as the largest state-IRA plan in a growing network that now includes seven other states: Illinois, Oregon, Connecticut, Colorado, Maine, Virginia, and Maryland.

By almost any measure—be it participant engagement, business involvement, or assets under management—CalSavers accounts for two-thirds of the entire SFRP landscape. Our program not only serves as a model for states in the early stages of forming and rolling out their plans but also reinforces the importance of state-facilitated programs in the broader quest for retirement security for all Americans.

In 2024 we will supplement our enforcement efforts with new targeted outreach campaigns, especially the very small businesses with as few as one employee. We will focus on advocating at the Federal level to ensure savers are eligible to receive Federal saver's match funds as they come available through the SECURE 2.0 legislation, as well as engaging on any other Federal proposals involving retirement savings programs. We will continue to make our products, systems and tools simple, low-cost and streamlined.

Onward, to a future where retirement security is within reach for every worker in California.

David Teykaerts

Executive Director, CalSavers



BOARD MEMBERS*



Board Chair

California State Treasurer

Fiona Ma



California State Controller

Malia M. Cohen



California State Director of Finance

Joe Stephanshaw



Governor Appointee

Michelle Gastelum



Governor Appointee

Heather Hooper



Assembly Appointee

Nam Le



Senate Appointee

Dave Low



Governor Appointee

Stephen Prough



Governor Appointee

William Sokol

BOARD LEADERSHIP

The CalSavers Retirement Savings Board (“Board”), chaired by State Treasurer Fiona Ma, tackled critical challenges in 2023, implemented changes based on legislation that expanded the program to the smallest employers, and continued to oversee implementation of the [strategic plan](#) for 2021-2024.

The Board heard 35 agenda items across four meetings, covering issues ranging from employer mandate compliance rates and enforcement strategies and incorporating Diversity, Equity, and Inclusion principles into the Board’s Investment Policy Statement as well as outreach efforts to diverse populations of California workers.

BOARD MEMBER TRANSITIONS

In July 2023, Treasurer Ma appointed a new delegate, Deputy Treasurer Stephanie Tom, to serve on the Board in the event of her absence.

Full Board member biographies are available on the [Board’s website](#).

**Designees not pictured: Treasurer Ma’s delegates Deputy Treasurer Stephanie Tom (appointed in July) and Chief Deputy Treasurer Patrick Henning; Controller Cohen’s delegate Deputy Controller David Oppenheim; and Director Stephanshaw’s delegates Chief Deputy Director for Policy Gayle Miller and Legislative Director Michele Perrault.*

PARTNERS

The Board oversees several contracted partners and collaborates with essential state agencies to administer CalSavers. This public-private-partnership leverages industry expertise while ensuring transparent and accountable public oversight for the benefit of savers. All private sector partners are selected via open, competitive solicitation processes consistent with California state procurement law. More information may be found on the [Board's governance website](#).

STATE AGENCIES

The Employment Development Department (EDD) remains a vital partner as the source for employer data as well as assisting on outreach through EDD's employer communications channels. The Franchise Tax Board partners with CalSavers on penalty imposition and appeals for noncompliant employers .



PROGRAM ADMINISTRATOR AND INVESTMENT MANAGERS

The Board's contractors play vital roles in operating the program and supporting the Board's fiduciary duties. Key among them is program administrator Ascensus, whose team includes customer service and field representatives, engineers, product managers, marketing and behavioral science experts, legal and compliance officers, and cybersecurity experts. CalSavers and Ascensus staff work closely on a daily basis to continually refine the program platform and processes.



State Street Global Advisors manages four of CalSavers' five investment options, including the default investment funds, a suite of target retirement date funds. State Street also manages the money market fund, core bond fund, and the global equity fund.

Calvert Research and Management continues to provide an investment option focused on environmental, social, and governance (ESG) factors.



CONSULTANTS

Meketa Investment Group serves as the Board's investment consultant, AKF Consulting is the program consultant, and K&L Gates provides legal advisory services to the Board.



Calvert



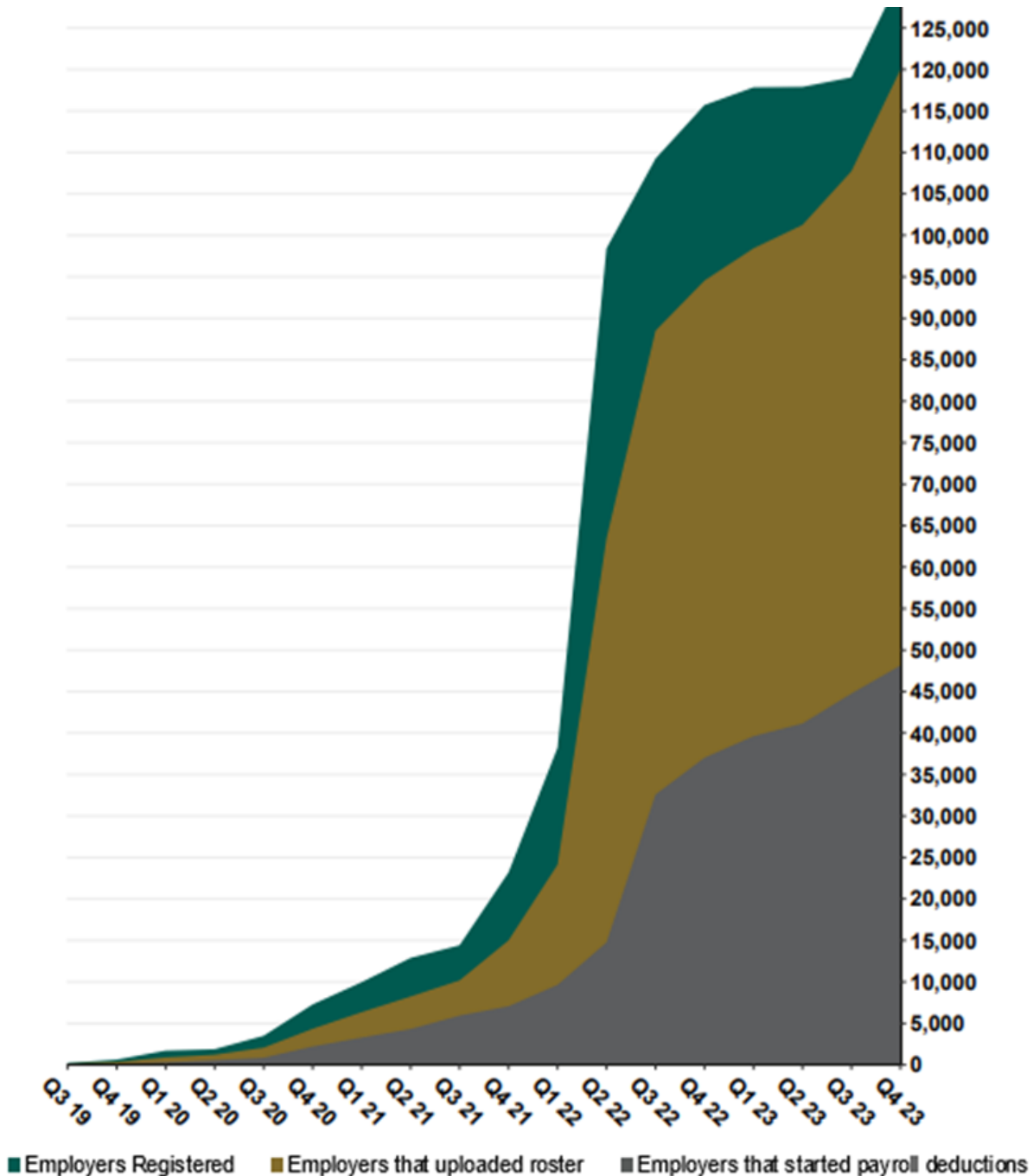
K&L GATES

EMPLOYER ONBOARDING AND PROGRAM FACILITATION

In 2023, the program experienced consistent growth in employer registrations, ending the year with over 131,000 registered employers. The rate of registered employers who uploaded employee rosters also continued to increase, reaching 91 percent by the end of the year—an improvement from the 82 percent recorded at the end of 2022.

The portion of employers completing the onboarding process by initiating payroll deductions showed gradual growth, ending the year at 37 percent, marking a slight improvement over the preceding year's rate of 32 percent. Increasing this percentage is among the very top priorities for CalSavers in 2024 and beyond.

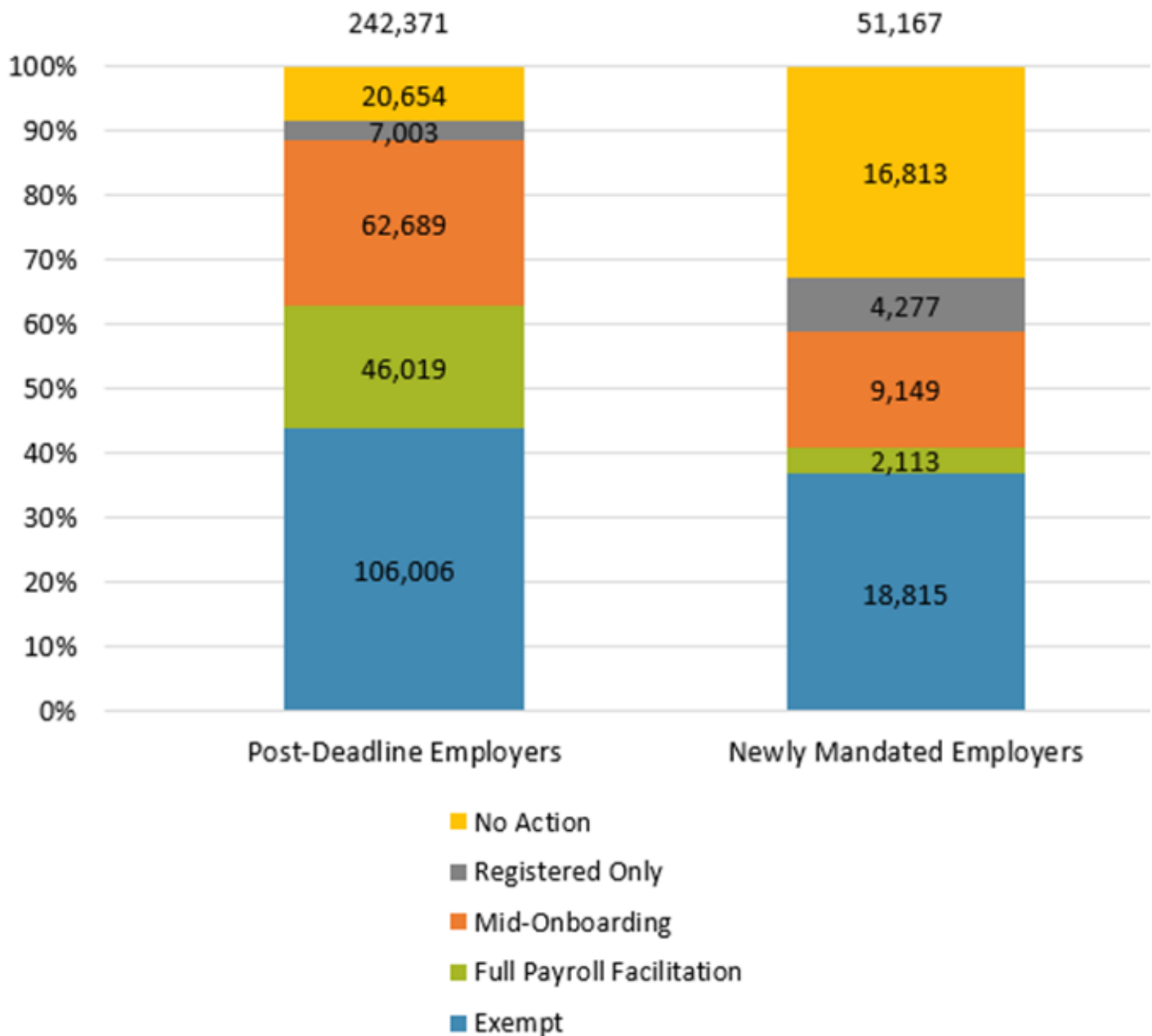
Status of Registered Employers



ENFORCEMENT EFFORTS CONTINUE TO DRIVE COMPLIANCE

Enforcement efforts began for employers in waves 3 and 2022 (Newly Mandated Employers) this year, marking the largest group of employers entering Due Process to date. Commencing in July, noncompliant employers began receiving notices, triggering a steady surge in responses and registrations throughout the rest of the year. Beginning in October, we began enforcing the mandate through penalty collections, which catalyzed a surge in compliance action through the end of the year.

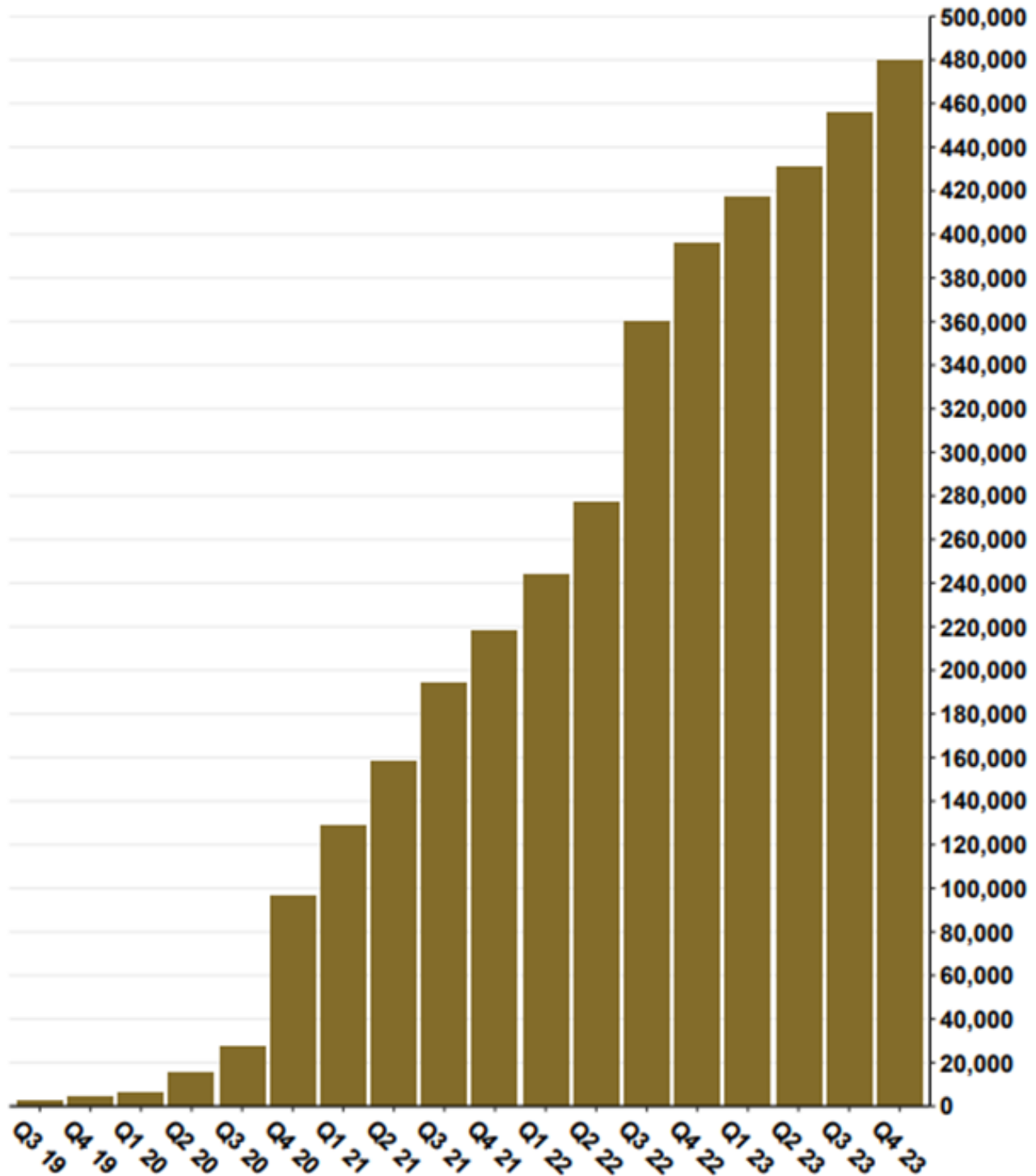
Status of All Employers by Deadline



CONTINUED PROGRAM GROWTH

In 2023, the program saw continued growth in funded account holders, ending with a 21% increase over 2022. This positive trend was influenced by outreach and onboarding initiatives aimed at newly identified Wave 2023 employers, and targeted enforcement efforts directed at Wave 3 and Wave 2022 employers who missed their deadlines.

Funded Accounts



DYNAMIC OUTREACH & EDUCATION

The CalSavers Outreach team adjusted the webinar recurrence following the rollout of initial deadlines and the subsequent stabilization in demand: Among the 193 webinars conducted, we hosted 45 in Spanish, 24 in Mandarin, and 24 in Cantonese in 2023 with a combined registration volume of 1,944 throughout the year.

193 webinars conducted

1,944 webinar registrations

Employers, employees, and other interested parties are welcome to attend a webinar by registering through the program's [webinar page](#).



In addition, CalSavers continues to engage with various stakeholder organizations, staffing 53 outreach events ranging from chambers of commerce to farm bureaus to restaurant associations, asset-building organizations, and visits with participating employers and savers.



EXCELLENCE IN CUSTOMER SERVICE

The CalSavers administrator Ascensus provides customer service by phone, email, and in person, with field representatives based throughout the state; while board staff fields thousands of inquiries and requests from employers and savers. Both teams strive to create a best-in-class experience for employers and savers.

Call Center

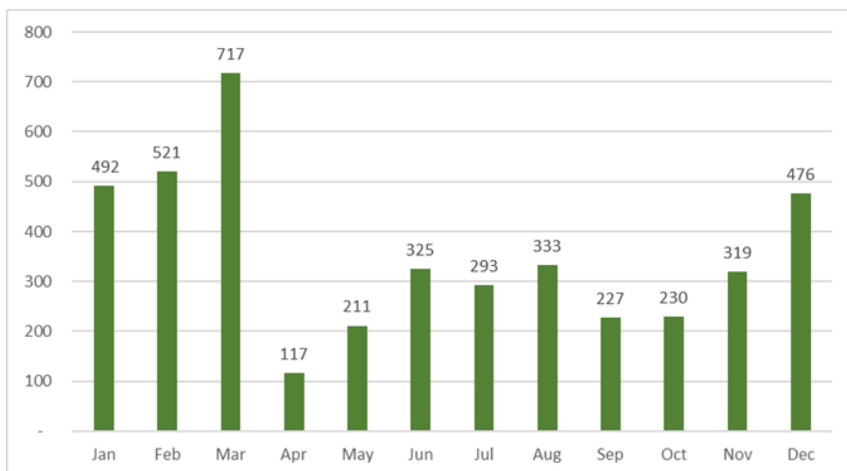


Saver Calls	186,764
English	135,616
Spanish	51,148
Employer Calls	101,170
English	94,859
Spanish	6,311
Employer Enforcement	39,206
TOTAL CALLS	327,140

* Total Translation Calls (of all types): 10,342

* Of all those surveyed: 87 percent of English-speaking savers, 90 percent of Spanish-speaking savers, 84 percent of English-speaking employers, and 85 percent of Spanish-speaking employers reported being satisfied with the service received.

Eligibility and Compliance Inquiries



In 2022, Board staff responded to over 6,850 individual employer inquiries about eligibility and compliance. The months around the June and December deadlines showed the highest volume.

Feedback

"We registered one of our companies last year and it was really easy! CalSavers representatives are really helpful. This is a wonderful thing that the state offers. It's awesome for the employers to be able to offer to their employees. I'm going to do it now for my other company that was not eligible because they didn't have enough employees."

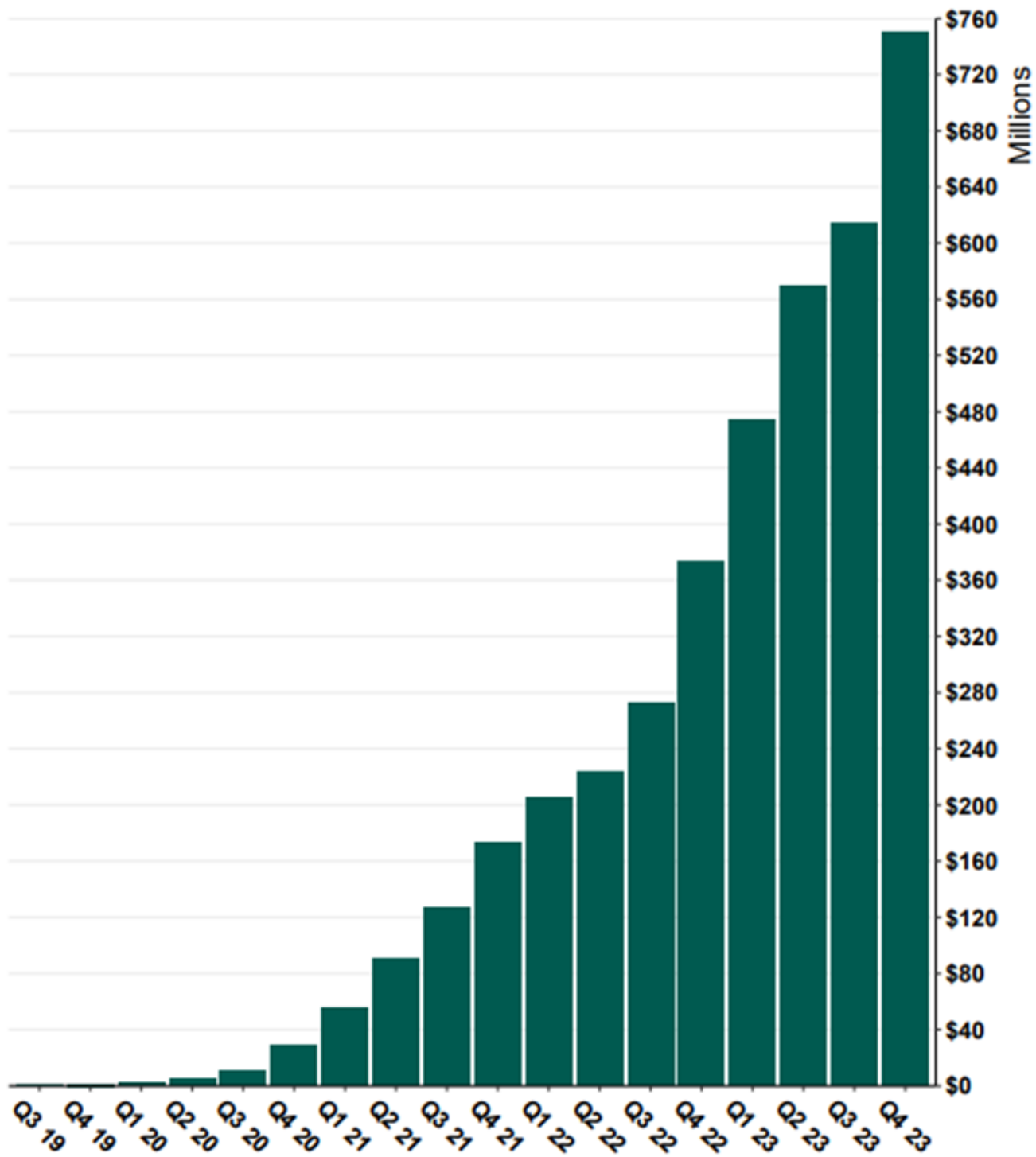
"I have had excellent service calling into CalSavers at any time. Your employees are helpful and very kind. This is a great opportunity for companies to offer employees a savings program for their retirement. Great job to all of you."

"Greatly appreciate the transparency and information, very valuable, and well presented."

SAVER ASSETS CONTINUED TO GROW IN 2023

The growth in saver assets continued its remarkable trajectory, surpassing last year's impressive performance. Driven by a continued influx of new savers and a major bull run in the stock market in the last quarter of 2023, total assets (inclusive of saver contributions, investment returns, withdrawals, and fees) experienced significant growth. By the conclusion of 2023, the total assets reached \$750 million, more than doubling from the prior year's \$373 million.

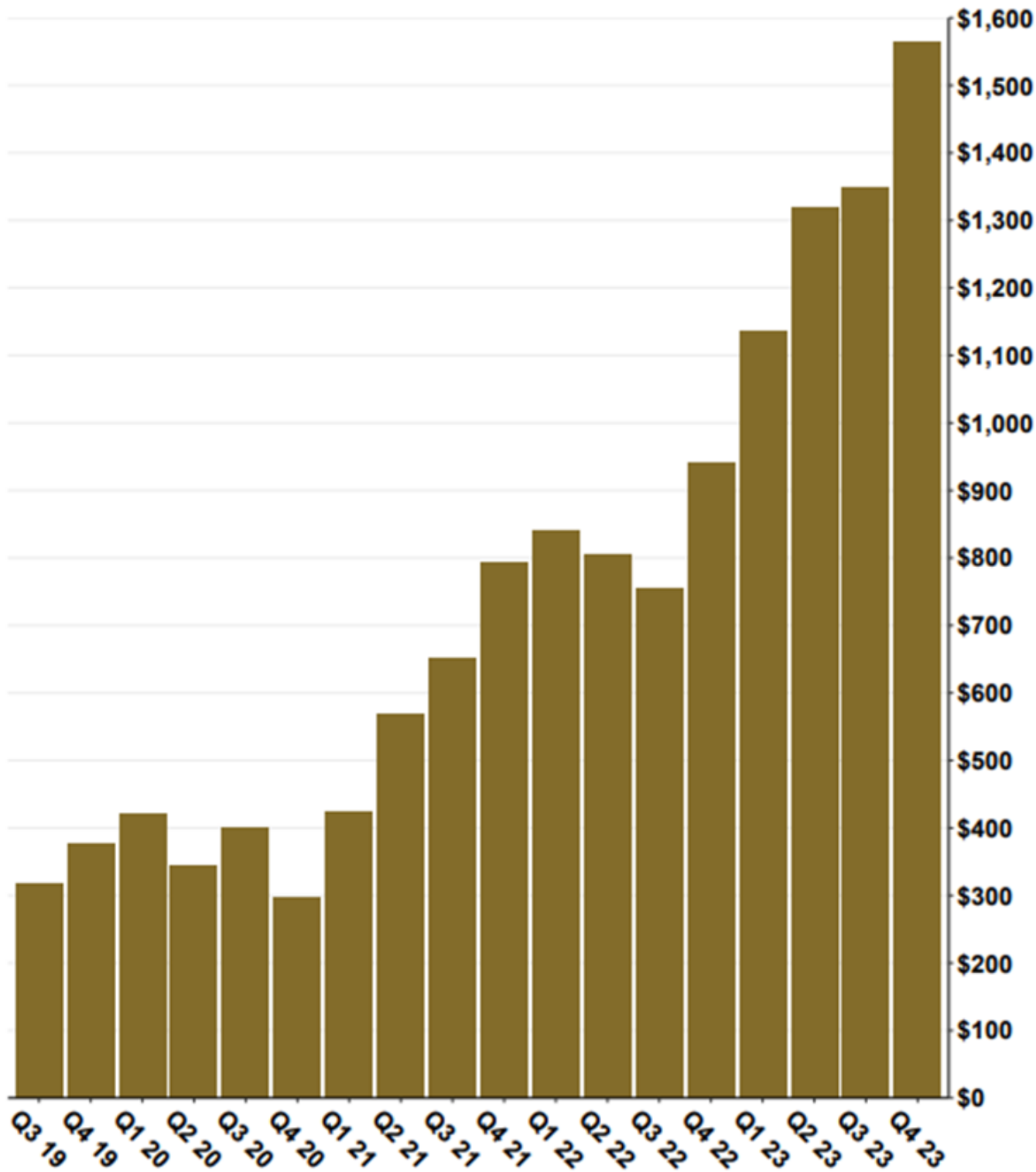
Total Saver Assets



INDIVIDUAL IMPACT

The average funded account balance for savers showed steady growth throughout the year. As of December 31, 2023, the average funded account balance reached \$1,565, a significant increase from the previous year-end amount of \$942.

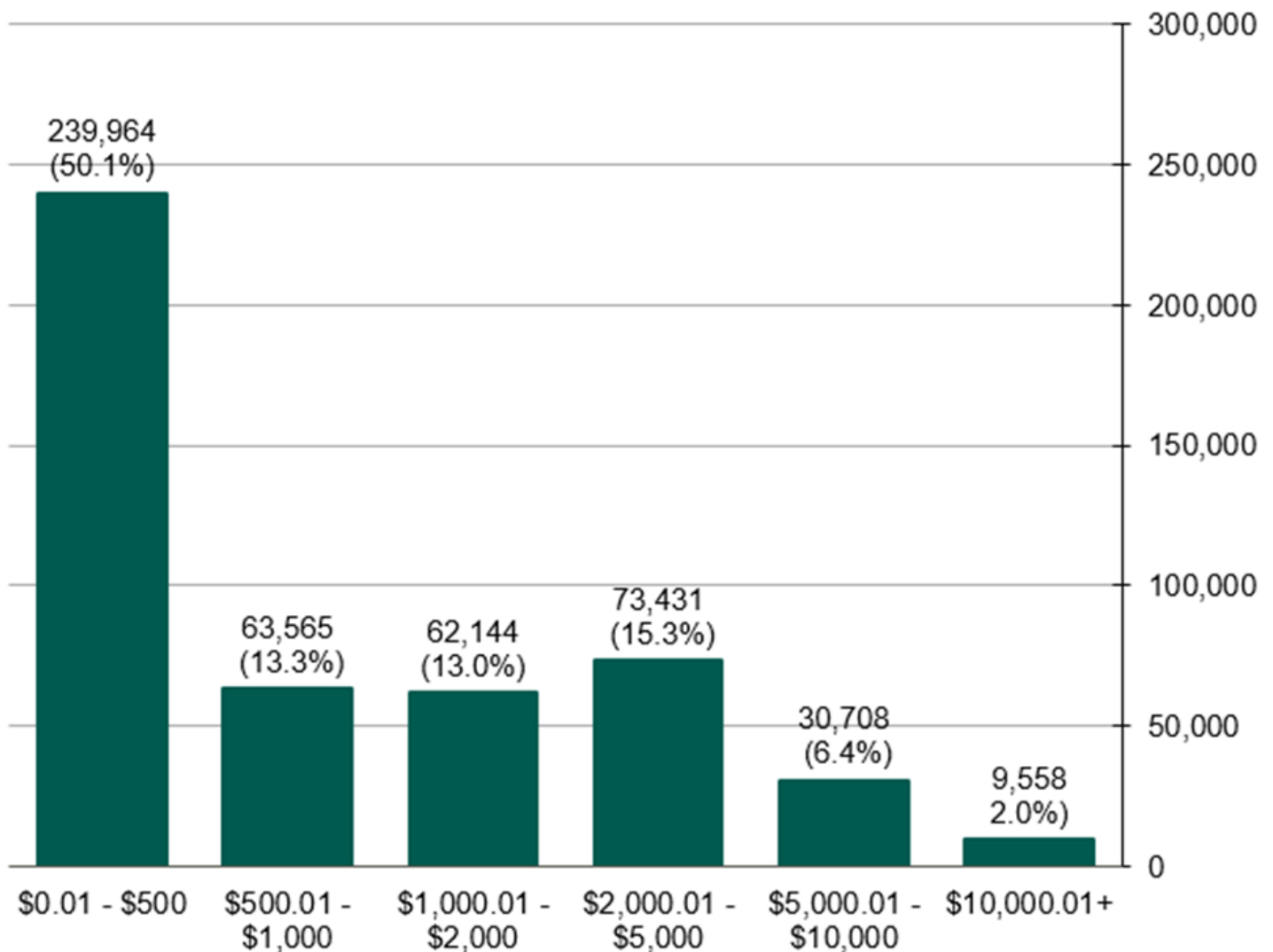
Average Funded Account Balance



SUSTAINING GROWTH: CALSAVERS' COMMITMENT TO LOW-BALANCE CHALLENGES IN 2023

In 2023, the impact of new savers continued, with 50.06% of funded accounts with balances of \$500 or less by year-end. Accounts with longer tenure still displayed higher balances, and over 40,000 savers had account balances exceeding \$5,000. Despite challenges historically posed by low-balance accounts in the retirement industry, particularly affecting lower-income workers, CalSavers and its partners remain dedicated to meeting the evolving needs of underserved Californians.

Distribution of Accounts by Balance



MOST SAVERS WORK IN SERVICE INDUSTRIES

CalSavers was created to ensure all Californians have a way to save for retirement by requiring employers to participate in the program if they don't offer a retirement plan. Naturally, CalSavers employers tend to come from industries that do not typically sponsor retirement plans: hotels, restaurants, retail, and other service industries. For many of these employers, CalSavers represents an easy, cost-free way to help their employees save for retirement — and a valuable tool to help with recruitment and retention of employees.

Savers and Assets by Industry

Industry Description	Share of Saver Assets
Accommodation and Food Services	21%
Health Care and Social Assistance	14%
Construction	10%
Administrative and Support and Waste Management and Remediation Services	10%
Retail Trade	7%
Manufacturing	7%
Other Services (except Public Administration)	5%
Professional, Scientific, and Technical Services	5%
Agriculture, Forestry, Fishing and Hunting	4%
Transportation and Warehousing	4%
Wholesale Trade	3%
Arts, Entertainment, and Recreation	3%
All Others <3% Share of Saver Assets each or Not Available	6%
Total	100%

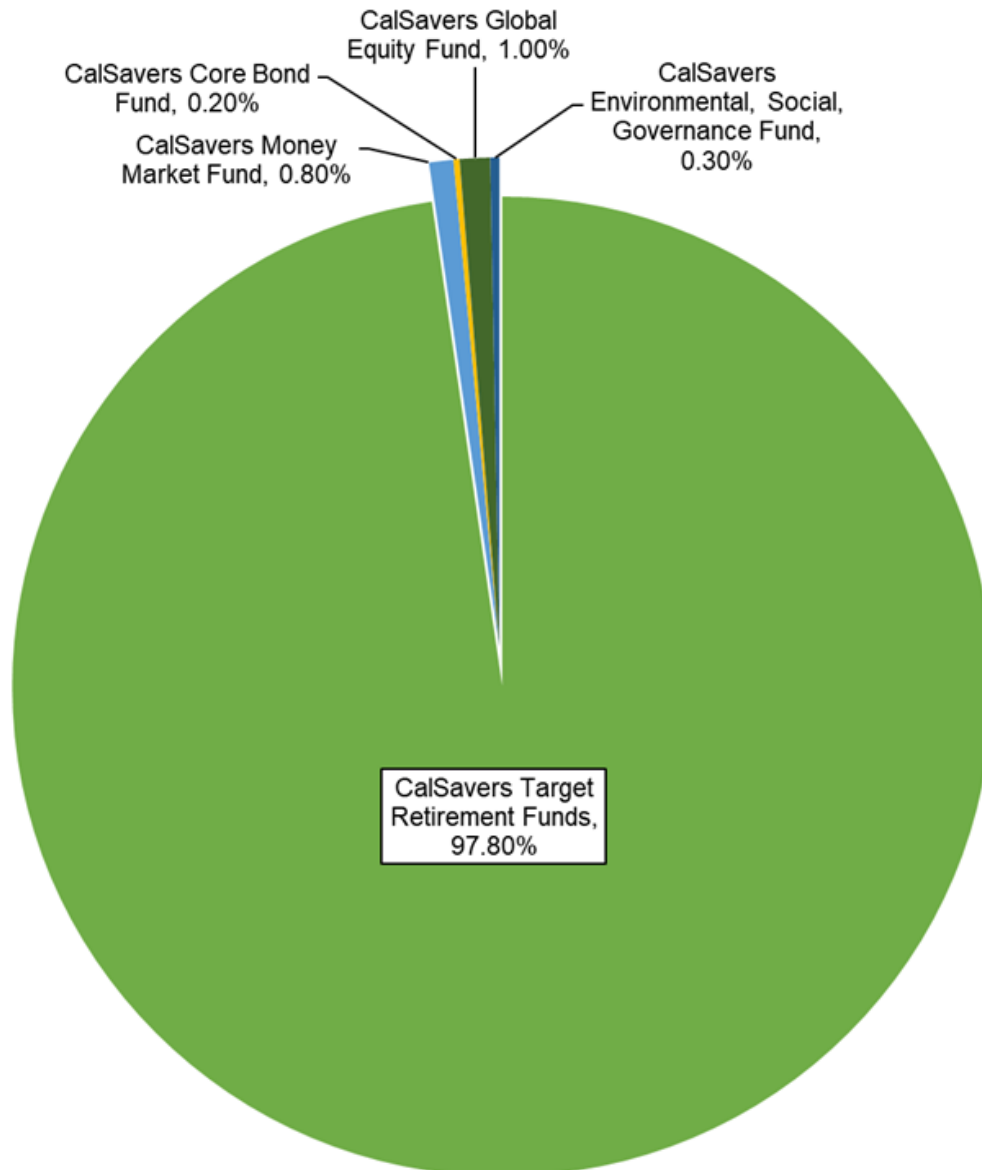
Industry Description	Share of Savers
Accommodation and Food Services	27%
Administrative and Support and Waste Management and Remediation Services	17%
Health Care and Social Assistance	13%
Agriculture, Forestry, Fishing and Hunting	8%
Retail Trade	5%
Construction	5%
Other Services (except Public Administration)	4%
Arts, Entertainment, and Recreation	4%
Manufacturing	3%
Professional, Scientific, and Technical Services	3%
Transportation and Warehousing	3%
All Others <3% Share of Saver Assets each or Not Available	7%
Total	100%

DEFAULT AGE-BASED INVESTMENT STRATEGY CONTINUES TO DOMINATE

The power of the “nudge” was on display once again in 2023, with the default investment option claiming 97.8 percent of assets. The age-based target retirement date funds continue to work well for automatically enrolled participants who may prefer to “set it and forget it” and let their asset allocations automatically adjust over time to match the general risk profile associated with age groups.

Information on the quarterly performance of our five investment options may be found on our [reports page](#).

Saver Assets by Fund



PRESS COVERAGE & SOCIAL MEDIA

CalSavers was featured in digital, television, and print media 103 times in 2023, including coverage by industry publications, local media, mainstream media sources, and industry associations for specific employer groups.

CalSavers continued its presence on all major social media platforms, using them to push out information about the program and respond to saver and employer inquiries, and interact with stakeholder groups. These are actions staff will continue to take and expand in the coming year.

← Post



CalSavers
@CalSavers

CalSavers exceeded 400,000 savers in January and total account balances jumped by 14%! With employer compliance efforts ramping up, we expect strong growth in new savers in 2023.

Read the full January participation report here:
treasurer.ca.gov/calsavers/repo...

400,000
TOTAL FUNDED ACCOUNTS
- 1/17/2023 -

CalSavers
RETIREMENT SAVINGS PROGRAM

10:33 AM · Feb 6, 2023 · 549 Views

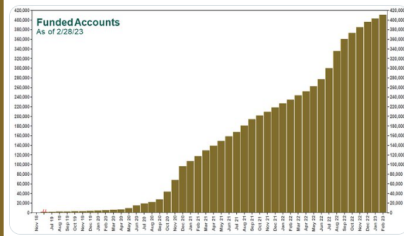
← Post



CalSavers
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February brought steady growth in saver contributions and employer facilitation.

For our February participation report, visit:
treasurer.ca.gov/calsavers/repo...



2:59 PM · Mar 8, 2023 · 128 Views

...

DEFINED CONTRIBUTION

April 17, 2023 03:48 PM

State-run retirement savings programs may fuel launch of private plans, Pew study says

By MARGARIDA CORREIA



ASPPA
American Society of
Pension Professionals
& Actuaries

CalSavers Assets Hit Half Billion

By JOHN IEKEL | MAY 18, 2023

PERSONAL FINANCE

Millions Gain Access to 401(k)s as More Small Businesses Launch Plans

State mandates and the hot job market prompted the big increase in new retirement plans

By Anne Tergesen

Updated April 14, 2023 11:22 am ET

← Post



CalSavers
@CalSavers

It's clear: programs like CalSavers work. Whether its through our program or new plans formed in response to the mandate, millions are gaining a way to save for their future. Cc: [@CalTreasurer](#)



WSJ Markets



@WSJmarkets · Apr 13, 2023

An estimated 56.5 million Americans don't have access to a workplace retirement plan on.wsj.com/3Ux0KO5

4:40 PM · Apr 13, 2023 · 406 Views

LEGISLATION & REGULATIONS

SB 1126 ALIGNMENT

As highlighted in last years report, employers with fewer than five employees were made eligible to participate in CalSavers. This expansion of program eligibility, and the associated mandate, was made possible by Senate Bill 1126 (Cortese), signed into law on August 26, 2022. Mandated employers with fewer than five employees will have until December 31, 2025, before they are required to register with the program. Program staff spent the year conforming regulations to match the newly instituted eligibility requirements.

CHANGE TO EMPLOYER REGISTRATION REQUIREMENTS

CalSavers staff monitored a previous regulations modification that meant to streamline the employer registration process, but found the changes opened the possibility of making our participating employers' data less secure. Program staff spent 2023 reverting that piece of the regulations to its former language to make sure participants data remains secure.

DEFINING NONCOMPLIANCE

As the Program has passed the bulk of its launch stages and moves into compliance of participating employers, the Board wanted to outline and clarify how penalties are assessed and collected from employers that become and remain out of compliance with State law. Program staff has begun the regulatory change process for these new additions to the Program regulations.





calsavers.com

Board: treasurer.ca.gov/calsavers

Data & Reports: treasurer.ca.gov/calsavers/reports/2023