

California Secure Choice Retirement Savings Investment Board



Summary of Regulations

January 22, 2018

Summary of Revisions (1 of 2)

- Minimum contribution: change from \$1 to \$10
- Tri-partite employment relationships (i.e. “temp agencies” and professional employment organizations): additional clarity added to definitions and employer eligibility
- Employee enrollment: revisions according to “Option 2” supported by the Board at the December 18, 2017 Board meeting
- Non-electronic registration: increased timeframe from 15 to 30 days

Summary of Revisions (2 of 2)

- Employer size: based on one-year average; use of DE 9C form data beginning with quarter ending March 30
- New or newly-eligible employers: 24 month maximum for registration instead of 12 month period
- Individual participation: \$10 minimum contribution; requirement for CA-residency; no automatic escalation
- Employee Information Packet: additional detail provided on content and role of employer
- Survivors & beneficiaries: detail added in Section 10010

Employer Eligibility

Sections 10003

- Eligibility: 5+ employees and does not offer a tax-qualified retirement plan
 - Revision to add additional clarity on what plans make an employer exempt
 - 401(a), 401(k), 403(a), 408(k), or 408(p), multiemployer plans, and SEP & SIMPLE IRAs
 - Deferred compensation, “Top Hat” plans, etc. would not qualify
- Revision: Number of employees based on annual average number employees reported in DE 9C form submitted to EDD for 3rd quarter ending March 30, rather than September 30
 - Since number is based on annual average, employers become exempt if annual *average* falls below 5
- Revision: Additional clarity added regarding three-party employment relationships
- Government employers: not eligible

Employer Registration

Section 10004

- Registration date by employer size:
 - 100+ employees: ~January 2020
 - 50+ employees: ~January 2021
 - 5+ employees: ~January 2022
- Employers may register at any time prior to registration date
- Procedure: electronic enrollment through web portal
- Revision: Employers can request enrollment via other means (i.e. paper) at least 30 days before the registration date
- Revision: New or newly-eligible employers must register within 24 months of eligibility, instead of 12 months
- Registration will require transmitting certain essential information about the employer and their eligible employees

Employee Information Packet

Section 10005

- Revision: new section added to regulations solely for employee information packet
- Section incorporates language already included in earlier version of draft regulations and regulations aligning with statute

Employer Duties

Section 10006

- Provide essential information to the Administrator
- Distribute employee information packet provided by Program within 30 days of employer registration
 - Available electronically and, if requested, as hard copies
- Facilitate collection of opt-out forms and record of employees' acknowledgement of receipt of disclosures
- Revision: Procedures for non-electronic employee enrollment according to "Option 2" supported by the Board at the 12/18/17 meeting
- Remit contributions for each participating employee
- Revision: Detail added for timeliness for employer remission of employee contributions
- Remain neutral about all aspects of participation
- No fiduciary duty, no liability for participant decisions

Employee Enrollment

Section 10007

- Revision: additional detail regarding how the Administrator will resolve issues regarding verification of employee identity
- Revision: additional detail regarding role of Acknowledgement Form in employee enrollment
- Information packet: provided to eligible employees within 30 days; includes opt-out form and method to acknowledge receipt of disclosures
- Participants can opt out at any time
- Contributions begin as soon as possible, but no later than the first pay period after 30 days
- Employees may choose to enroll at any time

Individual Participation

Section 10008

- Revision: Added requirement that individual be a California residents
- Minimum age: 18
- Contributions: must be whole dollar amounts
- Revision: \$10 minimum for each contribution
 - Change from prior version due to concerns of cost & meaningful retirement savings
- Revision: removal of automatic escalation feature
- Revision: Additional detail noting individuals cannot contribute through a non-participating employer

Default Settings and Alternative Elections

Section 10009

Default:

- Contribution rate: 5%
- Automatic Escalation: 1% annual increase up to 8% max (can modify rate or opt out)
 - Revision: Includes 90 day employee and employer notice
- IRA Type: Roth IRA
- Investment option: to be determined at Board's discretion

Alternatives:

- Contribution rate: 0-100% or whole dollar amounts
- Auto Escalation: as low as 0.25%
- IRA type: Traditional, participants may choose both

Contributions and Investments

Section 10010

- Revision: addition of detail regarding beneficiaries
- Revision: minimum contribution of \$10 if in whole dollars
- First contribution: made as soon as possible, but no later than first pay period following 30 days
- IRS contribution limits: program will alert participants
- Employer contributions: prohibited

Withdrawals and Transfers

Section 10008

- Withdrawals from the plan will be subject to any applicable federal laws and regulations
- Rollover procedures: to be established in accordance with federal laws and regulations

Confidentiality and Disclosures

Sections 10012 and 10013

- All account information is confidential
- Release of any individual account information shall require written authorization from the individual
- The Board may disclose aggregated anonymized data

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