

Note: These regulations are new to the CCR.

California Code of Regulations

Title 10: Investments

Division 1: California Secure Choice Retirement Savings Investment Board

Chapter 15: California Secure Choice Retirement Savings Trust

Section 10000. Existing Definitions

All meanings of the words or terms defined in California Civil Code Sections 1798 et seq.; California Government Code Sections 7290 et seq.; California Government Code Sections 100000-100050; ~~California Welfare and Institutions Code Section 12302.2~~; California Unemployment Insurance Code Sections ~~1088.9, 601, 606.5, 621, 679, and 621~~1088.9; California Welfare and Institutions Code Section 12302.2; and Title 26 of the United States Code (“Internal Revenue Code”) ~~sections~~Sections 401(a), 401(k), 403(a), 403(b), 408(a), 408(b), or 408(k), 408(p), 408A, 414(b-c), and Internal Revenue Code Section 7705 shall apply wherever the same words or terms are used throughout this Chapter.

NOTE – Authority Cited: ~~Government Code Section 100010~~; California Civil Code Sections 1798 et seq.; California Government Code Section 100048; Sections 7290 et seq.; ~~California Welfare and Institutions~~Government Code Section 12302.2; ~~California Unemployment Insurance Code Section 601~~Sections 100000-100050; California Unemployment Insurance Code Section 606.5; California Unemployment Insurance Code Section 621; California Unemployment Insurance Code Section 679; California Unemployment Insurance Code Section 1088.9; California Welfare and Institutions Code Section 12302.2; Internal Revenue Code Section 401(a); Internal Revenue Code Section 401(k); Internal Revenue Code Section 403(a); Internal Revenue Code Section 403(b); Internal Revenue Code Section 408(a); Internal Revenue Code Section 408(b); ~~and~~Internal Revenue Code Section 408(k); Internal Revenue Code Section 408(p); Internal Revenue Code 408A; Internal Revenue Code Sections 414(b-c); and Internal Revenue Code Section 7705.

Section 10001. Additional Definitions

The following definitions shall also apply wherever the terms are used throughout this Chapter:

- a) “Account” means a Participating ~~Employee~~Employee’s or Participating Individual’s Individual Retirement Account (“IRA”) ~~within the meaning of Section 408(a), 408(b), or 408A~~ held within the Program.
- b) “Administrator” means the third-party administrator, ~~or administrators, hired~~ selected by the Board to ~~perform recordkeeping, manage investments, and provide other administrative functions necessary or desirable for operation of~~ operate the Program.
- c) “Automatic Escalation” means an automatic annual increase in a Participating ~~Employee or Participating Individual’s~~Employee’s Contribution Rate as set forth in Section 10009 of these regulations.

d) "Board" means the California Secure Choice Retirement Savings Investment Board.

e) "Client Employer" means an Employer that is involved in a Tri-Party Employment Relationship due to obtaining the services of a third-party entity.

e)f) "Compensation" means ~~W-2~~ a Participating Employee's wages, from his or her Covered Employer reportable as defined in 26 Code of Federal Regulations ("CFR") 1.415(c) wages, tips, or other compensation on an Internal Revenue Service Form W-2 ("W-2(d)(4)").

f)g) "Contribution" means any ~~deposit from a Participating Employee or Participating Individual~~ monies contributed to an Account.

~~g)h)~~ “Contribution Rate” means the percentage or amount of a Participating Employee’s Compensation to be withheld and contributed to his or her Account via payroll deduction ~~pursuant to an election made under Section 10006 of these regulations~~under the Program.

~~a)~~ “Disclosure Form” means the form (or forms) and other information about the Program provided to Employees on behalf of the Program.

~~i)~~ “Covered Employer” means an Employer that has five or more employees, as determined under the methodology described in Section 10003(b) of these regulations; that does not maintain a Tax-Qualified Retirement Plan for at least one Eligible Employee; and that is not the federal government or any state, county, municipal corporation, foreign government, or other government entity, unit, or instrumentality.

~~h)~~ “Eligible Employee” means any ~~Employee~~employee of an ~~Eligible~~ Covered Employer who is at least eighteen years of age, ~~provided however, that an Eligible Employee does not include: (i) any Employee on whose behalf an Employer makes contributions to a Taft-Hartley pension trust fund; (ii) any Employee covered under the federal Railway Labor Act (45 U.S.C. Sec. 151), or (iii) any Employee engaged in interstate commerce so as not to be subject to the legislative powers of the state, except insofar as application of this title is authorized under the United States Constitution or laws of the United States.~~

~~j)~~ “Eligible Employer” means an Employer, as defined under Section 10001(n) of these regulations, that has five or more Employees and does not provide a Tax-Favored Retirement Plan.

~~h)j)~~ “Employee” means any individual who is a resident of California, or a non-resident with California source income, under the usual common law rules applicable in determining the employer-employee relationship, ~~;~~ has the status of an employee under Unemployment Insurance Code Sections 621 et seq, ~~;~~ and who receives ~~an IRS Form~~ W-2 (“W-2”) with California wages ~~from an Eligible Employer.~~

~~m)k)~~ “Employee Information Packet” means the packet of information provided by the Program ~~to be distributed to Eligible Employees by Eligible Employers~~ that includes the ~~Disclosure Form and the Opt-out~~ Out Form and other forms and information determined to be ~~necessary~~appropriate by the Program, ~~, further specified in Section 10005 of these regulations.~~

~~n)l)~~ “Employer” means ~~an individual or non-governmental entity engaged in a business, industry, profession, trade~~ sole proprietor, partnership, corporation, or other enterprise in the state entity, whether for profit or not for profit, ~~determined to be~~ that is an employer under common law rules ~~applicable in determining an employer-employee~~

~~relationship, except as provided in subdivisions (b) (d) in Unemployment Insurance Code Section 606.5.~~

~~e)m)~~ “Enrollment Date” means the date by which a Participating Employer shall offer Eligible Employees the opportunity to enroll in the Program. ~~The Enrollment Date shall be either:~~

~~a. The date no later than 30 days following the Registration Date; or~~

~~b. For Eligible Employees hired after an Eligible Employer begins participating in the Program, the date no later than 30 days following their hire date.~~

~~p)~~ “Exempt Employer” means an Employer that either (i) has fewer than five ~~Employees~~employees, as ~~reported on the DE 9C for the quarter ending September 30~~determined under the methodology described in Section 10003(b) of each Program Year; or these regulations; (ii) ~~that provides or contributes to maintains~~a Tax-FavoredQualified Retirement Plan for at least one Eligible Employee; or (iii) is the federal

- n) government, the state, any of the state's units or instrumentalities, any county, any municipal corporation, or any of the state's units or instrumentalities.~~other government entity, unit, or instrumentality.~~
- o) "Implementation Date" means the date established by the Board~~opens in accordance with Government Code Section 100043(b)(1) et seq. that is the first date on which a Covered Employer may register for the Program.~~
- p) "IRA" means either a Roth IRA or a Traditional IRA.
- q) "Open Enrollment Period" means the period during which Eligible Employees who are not Participating Employees shall be given the opportunity to enroll in the Program~~for enrollment to all Eligible Employees., as prescribed in California Government Code Section 100032(f).~~
- r) "Opt-out~~Out~~ Form" means the form,~~paper or electronic,~~ through which ~~an~~ Eligible ~~Employee~~Employees can note their decision to opt out of participation in the Program.
- s) "Participating Employee" means an Eligible Employee who is enrolled in the Program.
- ~~s)t) "Participating Employer" means an Eligible~~ Covered Employer that registers with the Program to provide its Eligible Employees access to the Program.
- ~~t)u) "Pilot Program"~~ "Participating Individual" means a period of time during which some Eligible Employers may participate~~an individual who is enrolled in the Program prior to the opening~~ independent of an employment relationship, as further defined in Section 10008 of the Program for enrollment to all Eligible Employer~~these regulations.~~
- ~~u)v) "Program" means the California Secure Choice Retirement Savings Program.~~
- ~~v) "Program Year" means January 1 through December 31.~~
- ~~x) "Participating Employee~~ Roth IRA" means an Eligible Employee enrolled in the Program. References herein to a Participating Employee include a Participating Individual as the context requires.
- ~~z) "Participating Individual" means an individual who enrolls in the Program under such terms and conditions as determined by the Program.~~
- ~~bb) "Registration Date" means the date by which each Eligible Employer is required to register with the Program.~~

~~dd)w) “Tax-Favored Retirement Plan” means an Employer provided retirement plan; including, but not limited to: a defined benefit plan or defined contribution plan which is intended to be tax qualified IRA established under Internal Revenue Code Section 401(a); a Taft-Hartley Plan; a Simple 401(k), Simplified Employee Pension (“SEP-IRA”) plans, Savings Incentive Match Plan for Employees (“SIMPLE”) plans, a plan described by Internal Revenue Code Section 403(a) or 403(b); and an employer provided automatic enrollment payroll deduction IRAs that qualify for favorable federal income tax treatment under the Internal Revenue Code 408A.~~

~~e) “Trust” means the California Secure Choice Retirement Savings Trust.~~

x) “Tax-Qualified Retirement Plan” means a retirement plan that qualifies for favorable federal income tax treatment under Internal Revenue Code Sections 401(a), 401(k), 403(a), 403(b), 408(k), or 408(p), including a multiemployer plan, Simplified Employee Pension, Savings Incentive Match Plan for Employees IRA, and an Employer-provided automatic enrollment payroll deduction IRA.

y) “Traditional IRA” means an IRA established under Internal Revenue Code Section 408.

z) “Tri-party Employment Relationship” generally means a relationship in which an Employer enters into a service contract with a third-party entity for services including, but not limited to, payroll, staffing (both temporary and non-temporary), human resources, and Employer compliance with laws and regulations.

Section 10002. Administration

~~The Board intends that, consistent with~~ Consistent with California Civil Code Section 1798 et seq.; California Government Code Sections 7290 et seq.; California Government Code Sections 100000-100050; ~~California~~ Welfare and Institutions Code Section 12302.2; ~~and California~~ Unemployment Insurance Code Section 1088.9; the Program shall be operated, and these ~~rules~~ regulations be construed, in a manner consistent with applicable

regulations and guidance provided by the U.S. Department of Labor relating to payroll deduction IRA programs that are not pension plans under Title I of the Employee Retirement Income Security Act.

Section 10003. Covered Employers

(a) An Employer shall be a Covered Employer if:

(1) The Employer employs at least five employees;

(2) The Employer does not maintain a Tax-Qualified Retirement Plan for at least one Eligible Employee; or

(3) The Employer is not the federal government; the state; any county; any municipal corporation; any of the state's units or instrumentalities; or any other government entity, unit, or instrumentality.

(b) The number of employees for purposes of determining whether an Employer is a Covered Employer, and to determine the date by which the Covered Employer must register with Program under Section 10004(b) of these regulations, shall be determined based on the average number of employees as reported on the Employment Development Department Form DE 9C for the quarter ending December 31 and the previous three quarters of available data from the Employer's DE 9C reports.

(c) A Covered Employer shall be deemed an Exempt Employer only if its average number of employees drops below five for a calendar year.

(d) For purposes of determining the number of employees, and whether an Employer maintains a Tax-Qualified Retirement Plan, all entities in the Employer's "controlled group of corporations" or under "common control" under Internal Revenue Code Sections 414(b) and (c) shall be considered to be a single Employer.

(e) An Employer shall cease to be a Covered Employer and Participating Employer as of the effective date of its adoption of or participation in a Tax-Qualified Retirement Plan for at least one Eligible Employee.

(f) Each Employer that ceases to be a Covered Employer shall promptly notify the Program.

(g) By the Implementation Date, and annually thereafter, the Program will notify Employers which, based on available information, appear to be Covered Employers and provide such Employers with methods—including electronically, via mail, or by phone—through which Covered Employers shall certify their eligibility for the Program and Exempt Employers may certify their exemption from the Program. Participating Employers shall not be required to annually certify eligibility.

(h) For Employers in a Tri-Party Employment Relationship, the Covered Employer shall be:

(1) For a temporary services employer or leasing employer, as defined in California Unemployment Insurance Code Section 606.5(b), the temporary services employer or leasing employer.

(2) For a professional employer organization described under Internal Revenue Code Section 7705(e)(2)(A)-(E), without regard to the word "certified" in subparagraph (C), that enters into a contract with a Client Employer, the Client Employer.

(3) For a motion picture payroll services company defined under California Unemployment Insurance Code Section 679(f)(4), the motion picture production company defined under California Unemployment Insurance Code Section 679(f)(5).

Note – Authority Cited: California Government Code Section 100000; California Government Code Section 100010; California Government Code Section 100012; California Government Code Section 100032; California Government Code Section 100043; California Government Code Section 100048; California Unemployment Insurance Code Section 606.5; California Unemployment Insurance Code Section 679; Internal Revenue Code Section 414(b-c); and Internal Revenue Code Section 7705.

Section 10004. **Employer Registration and Employee Enrollment**

- ~~(a) On or before the Registration Date, each Eligible Employer shall register with the Program.~~
- ~~(b) The Implementation Date shall be the date reported to the Governor and Legislature required in Government Code Section 100043(b)(1) and shall not be the date of the launch of the Pilot Program.~~
- ~~(c) Except as provided in Section 10003(d), the Registration Dates are as follows:~~
- ~~(a) An Employer Any Covered Employer may register with the Program at any time on or after the Implementation Date and shall register no later than the date specified in paragraph (b) below. However, if a Covered Employer registers before the deadline specified in paragraph (b) below, the Program may delay the enrollment of such Covered Employer's Eligible Employees for purposes including, but not limited to, testing the Program platform among a limited set of Participating Employers, if the Program determines such a delay to be in the best interests of Program administration.~~
- ~~(b) Each Covered Employer shall register with the Program no later than:~~
- ~~(1) For Covered Employers employing 100 or more Employees:employees, the date 12 months following the Implementation Date +12 months.~~
 - ~~(2) An Employer For Covered Employers employing 50 or more Employees:employees, the date 24 months following the Implementation Date +24 months.~~
 - ~~(3) An Employer For Covered Employers employing 5 or more Employees:employees, the date 36 months following the Implementation Date +36 months.~~
- ~~(b) Eligible Employers may determine to accelerate their Registration Date, provided the Program may delay the Enrollment Date applicable to such An Employer's Employees if it determines to be in the best interests of Program administration.~~
- ~~(c) To determine the number of Employeesemployees for the purposes of this section, Eligible EmployersSection shall use data as submitted on the DE 9C filed for the quarter ending September 30 of each yearbe determined under the methodology established under Section 10003(b) of these regulations.~~
- ~~(d) To register with the Program, an Eligible Employer shall use theAn Employer that becomes a Covered Employer after the Implementation Date shall register with the Program within the later of 24 months after the date it becomes a Covered Employer, or the date specified in paragraph (b) above.~~
- ~~(e) A Covered Employer may register with the Program using the Program's internet portal establishedor by non-electronic means.~~
- ~~(d)(f) Upon registration, a Participating Employer shall provide the following information to the Administrator. Eligible Employers shall provide the following information:~~
- ~~(1) Employer name and Doing Business As name, if applicable;;~~
 - ~~(2) Federal Employer Identification Number or California State-Employer Payroll Tax Account Number;;~~
 - ~~(3) Employer mailing address; and~~

(4) Name, title, telephone number, and email address of an individual designated by the Employer as the primary contact for the Program;⁷

~~(0) Number of Employees as determined pursuant to paragraph (e) of this section, and~~

~~(0) Any other information reasonably required by the Program for the purposes of administering the Program.~~

~~(g) An Eligible~~ Upon registration with the Program, a Covered Employer is a Participating Employer.

~~(e) A Covered~~ Employer who lacks access to the internet may request to register with the Program by ~~alternate~~ alternative means established by the Administrator. Such ~~Eligible~~ Covered Employers shall make the request to the Administrator no later than 1530 days prior to the ~~Registration Date~~.

~~(f) The initial Enrollment Date for each Eligible Employer shall be a date that is not more than 30 days after the Employer's Registration Date.~~

~~(g) The Enrollment Date for new hires will be on or about the date that the Eligible Employee typically completes new hire paperwork, but in no event later than 30 days following the Eligible Employee's start date.~~

~~(h) Eligible Employees who initially choose not to participate in the Program may enroll in the Program at any time.~~

~~(i)(h) _____ An Eligible Employer formed after the Implementation Date or Employers who were previously ineligible for the Program, by which they must register with the Program at a time of their choosing but no later than 12 months after the date it becomes eligible for the Program.~~

Note – Authority Cited: California Government Code Section 100002; California Government Code Section 100010; California Government Code Section 100012; California Government Code Section 100014; California Government Code Section 100032; California Government Code Section 100043; California Government Code Section 100048; California Unemployment Insurance Code Section 1088.9.

Section 10005. Section 10004. — Employer Exemptions
An Employer Employee Information Packet

~~(a) The Employee Information Packet shall be exempt from prepared by the Program if:~~

~~(0) The Employer employs fewer than five Employees as reported on and include the DE 9C for Opt-Out Form and any other form and such information deemed to be appropriate by the quarter ending September 30 of each Program Year;~~

~~(0) in accordance with Government Code Section 100014. The Employer provides or contributes to a Tax Favored Retirement Plan; or~~

~~(0) The Employer is the federal government; the state; any county; any municipal corporation; or any of the state's units or instrumentalities.~~

~~(e) By the Implementation Date, the Program will notify Employee Information Packet shall be made available to Participating Employers with a method whereby Exempt Employers may certify their exemption from the Program in accordance with Government Code Section 100014.~~

Note – Authority Cited: California Government Code Section ~~100000~~; 100002; California Government Code Section 100010; California Government Code Section 100012; California Government Code Section 100014; California Government Code Section 100032; California Government Code Section 100043; California Government Code Section 100046; California Government Code Section 100048; and California Unemployment Insurance Code Section 1088.9.

Section 10005. Section 10006. Participating Employer Duties

~~(a) After a Covered Employer registers with the Program and becomes a Participating Employers shall:~~

~~(2)(a) _____ For Employer, and for each individual who becomes an Eligible Employee after such registration, the Participating Employer shall provide to the Administrator within thirty days, the following information for each employee reportable on a DE 9C:~~

~~(A)(1) _____ Eligible Employee's full legal name;~~

~~(B)(2) _____ Eligible Employee's Social Security Number or Individual Taxpayer Identification Number;~~

~~(C)(3) _____ Eligible Employee's date of birth;~~

~~(D)(4) _____ Eligible Employee's mailing address;~~

~~(E)(5) _____ Eligible Employee's phone number, if available; and~~

~~(F)(6) _____ Eligible Employee's email address(es), if available; and~~

~~(-) Any other information requested by the Administrator for the sole~~

~~purpose of administering the Program;~~

~~(4)(b) Provide~~ Participating Employers shall ensure the Employee Information Packet is delivered to all Eligible Employees within 30 days of the initial ~~Registration Date~~ date of registration.

~~(5)(1) Provide~~ After the date an Employer registers with the Program, Participating Employers shall ensure the Employee Information Packet is delivered to all ~~newly-hired or new~~ Eligible Employees within 30 days.

~~(A) The~~ Participating Employers shall generally deliver the Employee Information Packet ~~shall be provided by the Administrator to Participating Employers electronically via email or by supplying Participating Employers the online location where the materials may be downloaded.~~

- ~~(A) Upon request by a Participating Employer, the Administrator will provide the Employee Information Packet(s) in hard copy form.~~
- ~~iii. Participating Employers must request hard copies no later than 45 days prior to the Enrollment Date.~~
- ~~iv.(2) Eligible Employees may also request receipt of, however the Employer may deliver the Employee Information Packet in hard copy form-, either by requesting copies from the Administrator or printing their own copies.~~
- ~~(1) Facilitate collection of Opt-out Forms and the record of employees' acknowledgement of receipt of the Disclosure Forms.~~
- ~~(A) Remit Covered Employers may request hard copies of the Employee Information Packet from the Administrator no later than 30 days prior to the date by which they must deliver the Employee Information Packet.~~
- ~~(3) Participating Employers shall facilitate enrollment of Eligible Employees that do not opt out of the Program by making a notation on the Opt-Out Form.~~
- ~~(c) During the annual Open Enrollment Period, Participating Employers shall ensure the Employee Information Packet is delivered to all Eligible Employees who are not Participating Employees by the start of the Open Enrollment Period and facilitate enrollment of any Eligible Employees who did not complete an Opt-Out Form.~~
- ~~(6)(d) Participating Employers shall remit Contributions for each Participating Employee each Compensation payroll period to the Administrator at the default applicable Contribution Rate, or at such other Contribution elected by the Participating Employee, or at a rate increased automatically by Automatic Escalation, as directed by the Administrator.~~
- ~~(-) Any rate change, or other alternate election impacting Participating Employee's Contributions, Employers shall be made by the next practicable remit all Compensation period and no later than the Compensation period occurring at least 30 days after the election.~~
- ~~(8)(1) Communicate to Eligible Employees (i) that the Participating Employer's role is limited to remitting Participating Employee Contributions, providing essential Eligible Employee contact information withheld to the Administrator, collecting signed Disclosure Forms from Eligible Employees who request paper enrollment and remitting to the Administrator; and (ii) that the Participating Employer does not provide any additional benefit or promise any particular investment return on the Participating Employee's savings and that Eligible Employees shall refer questions about the Program to the Administrator within 15 business days after the end of the payroll period during which the amounts were withheld.~~
- ~~(9)(e) Participating Employers shall remain neutral about the Program. Participating Employers shall not:~~
- ~~(A)(1) Require, endorse, or discourage Eligible Employee employee participation in the Program.~~
- ~~(B)(2) Provide Participating Employees advice or direction on investment choices, Contribution Rates, participation in auto-escalation Automatic Escalation, or any other Participating Employee employee decision about the Program.~~
- ~~(C)(3) Remit any Contributions for any Participating Eligible Employee that who completed an Opt-out Out Form.~~
- ~~(D) (4) Exercise any authority, control, or responsibility regarding the Program other than as set forth in paragraph 1 of this section. Section.~~

~~(10)~~ (e) A Participating Employer is not a fiduciary ~~for~~of the Program, is not a sponsor of the Program, and shall not be liable as a fiduciary or plan sponsor.

~~(11)~~ (1) A Participating Employer shall have no civil liability for acting in accordance with these regulations.

Note – Authority Cited: California Government Code Section 100000; California Government Code Section 100002; California Government Code Section 100008; California Government Code Section 100010; California Government Code Section 100012; California Government Code Section 100014; California Government Code Section 100032; California Government Code Section 100034; California Government Code Section 100043; California Government Code Section 100046; and California Government Code Section 100048.

Section 10007. Employee Enrollment

- (a) The initial Enrollment Date for each Eligible Employee shall be a date that is not more than 30 days after the date a Covered Employer registers with the Program.
- (b) The Enrollment Date for an Eligible Employee hired by a Participating Employer after it begins participating in the Program, or an employee who becomes an Eligible Employee after an Employer begins to participate in the Program, shall be the date 30 days following his or her hire date or date of eligibility.
- (c) An Eligible Employee shall be enrolled in the Program if he or she does not opt out of the Program by making a notation on the Opt-Out Form.
- (d) If the Administrator is unable to enroll an employee due to inability to verify the employee identity, the Administrator shall notify the employee directly to notify them that a problem occurred during enrollment and notify the Participating Employer to cease remitting Contributions for the employee. Such communications shall be held in the strictest confidence and shall not be used for any purpose outside of the Program.
- (e) After a Participating Employer has registered with the Program, the Participating Employer shall ensure the Employee Information Packet is delivered to all Eligible Employees who are not Participating Employees annually during the Open Enrollment Period.
 - (1) The Open Enrollment Period shall begin October 1 and conclude November 30.
 - (2) Eligible Employees who are not Participating Employees shall be enrolled in the Program if they do not return a completed Opt-Out Form received during the Open Enrollment Period.
 - (3) Other than new or newly-eligible Employees, non-participating Eligible Employees may only enroll in the Program during the Open Enrollment Period.

Note – Authority Cited: ~~10006~~ California Government Code Section 100002; California Government Code Section 100010; California Government Code Section 100012; California Government Code Section 100014; California Government Code Section 100032; California Government Code Section 100043; California Government Code Section 100046; California Government Code Section 100048; and California Unemployment Insurance Code Section 1088.9.

Section 10008. Individual Participation

- (a) An individual who is a California resident, eighteen years of age, and who is not an Eligible Employee may choose to participate in the Program as a Participating Individual outside of an employment relationship.
- (b) Any Contribution made by a Participating Individual must be at least \$10.
- (c) Participating Individuals may not make Contributions to the Program through deductions from a non-participating Employer.

Note – Authority Cited: California Government Code Section 100002; California Government Code Section 100010; California Government Code Section 100012; and California Government Code Section 100048.

Section 10009. Default ~~program~~**Program** options and alternative elections for Contributions,

Automatic Escalation, and investment options for Participating Employees

- (a) Default Elections

A Participating Employee who has not made an alternative election as specified in this ~~section~~Section shall make Contributions to the Program according to the following default elections:

(1) At a Contribution Rate of 5%.

~~(1) Have Contributions shall be made subject to a Roth IRA Account.~~

~~(2) Contributions shall equal 5% of Compensation for each Compensation period.~~

~~(-) Before a default election under this section may be changed by Automatic Escalation whereby the Board, the Board must first hold an interested persons' hearing on the proposed change; and~~

~~(-) The Program shall provide notice to Participating Employees no later than 90 days before the change is scheduled to take effect.~~

~~(5)(2)~~ (2) The Contribution Rate shall increase by an additional 1% of Compensation on each January 1 following the Participating Employee's initial enrollment up to a maximum Contribution Rate of 8%.

~~(A) If a Participating Employees who choose an alternative Contribution Rate shall have Contributions subject to Automatic Escalation unless they choose to opt out of Automatic Escalation.~~

~~(A)(B)~~ (A)(B) A Participating Employee who has not participated in the Program for at least 180 days ~~such Employee, participation in Automatic Escalation during the calendar year~~ shall not ~~be a default Account setting~~ have Contributions subject to Automatic Escalation until the Program Year January 1 that occurs after ~~they have exceeded~~ 180 days of participation.

1. Contributions will shall be the responsibility of the Administrator to determine if a Participating Employee shall have Contributions subject to Automatic Escalation and to notify the Participating Employee and Participating Employer at least 90 days before the Automatic Escalation is scheduled to take effect.

(3) Contributions shall be made to a Roth IRA.

~~(6)(4)~~ (4) Contributions shall be invested in ~~an~~ the investment option, ~~or options,~~ selected by the Board ~~that appropriately balances risk and return opportunities for Participating Employees.~~

(b) Alternative Elections

(1) A Participating Employee may ~~select~~ elect a Contribution Rate other than the default Contribution Rate between 0% and 100% of Compensation, or represented as whole dollar amounts, ~~through a method established by the Administrator.~~

~~(-) Participating Employees may select an alternative Contribution Rate, or whole dollar Contribution amount, as frequently as they choose, however Participating Employers may choose to limit such changes to no more than once every 30 days.~~

~~(3)(2)~~ (2) A Participating Employee may opt out of Automatic Escalation at any time by ~~following procedures established by~~ notifying the Administrator.

(3) A Participating Employee may ~~select~~ elect an alternative Automatic Escalation amount at ~~least 0.25%~~ any time.

(4) A Participating Employee may choose to make all or some of Compensation if their ~~his or her~~ Contributions are represented as to a percentage of Compensation or at least \$1 in additional monthly Contributions ~~if their Contributions are~~

~~represented by whole dollar amounts by following procedures established by the Administrator. Traditional IRA.~~

- (5) ~~Alternate~~Alternative elections shall be implemented as quickly as practicable and no later than the nearest ~~Compensation payroll~~ period 30 days following notification by the Administrator of the alternative election.

~~— Participating Individuals~~

~~(0) The Program shall not allow for participation by individuals until it receives explicit authorization from the Board~~

~~(0) If the Board allows participation by individuals, the Program may establish processes and procedures for Participating Individual transactions with the Program, including without limitation payroll and non-payroll Contributions, including minimum~~

~~and maximum Contribution amounts, in accordance with annual Contribution limits established by the Internal Revenue Service and any applicable federal laws and regulations.~~

Note – Authority Cited: California Government Code Section 100002; California Government Code Section 100010; California Government Code Section 100012; California Government Code Section 100032; California Government Code Section 100034; California Government Code Section 100043; California Government Code Section 100048; and Internal Revenue Code Section 408A.

Section ~~10007.~~10010. Contributions and Investments

~~(a) Participating Employees~~

~~(2) The initial Participating Employee Contributions shall be facilitated by the Participating Employer no later than the first Compensation period that occurs following 30 days after creation of the Participating Employee's Account.~~

~~(3)(a)~~ _____ A Participating Employee may elect to make non-payroll Contributions of at least \$10 directly to an his or her Account in accordance with procedures developed by the Administrator.

~~(4) The Program shall establish procedures for payroll and non payroll Contributions, including maximum Contribution amounts, in accordance with annual Contribution limits established by the Internal Revenue Service and any applicable federal laws and regulations.~~

~~(a) Participating Employers~~

~~(6)(b)~~ _____ Participating Employers are prohibited from contributing to a Participating Employee's Account.

~~(-) This provision shall not apply to Participating Employers who are also Eligible Employees participating in the Program.~~

(1) An individual who is both a Participating Employer and a Participating Employee may make Contributions to his or her own Account under the same terms and conditions as other Participating Employees.

~~(7)(2)~~ _____ Amounts ~~deducted~~withheld by the Participating Employer ~~pursuant to~~under this Section shall not exceed the amount of the Participating Employee's Compensation remaining after any payroll deductions required by law to have higher precedence, including a court order.

(c) The Administrator shall promptly process all Participating Employee Contribution and opt-out elections (including default elections and Automatic Escalation and any election changes) and notify the Participating Employer of the appropriate Contribution Rate or opt-out.

(d) Each Account holder (including a current or former Participating Employee or Individual) may designate one or more death beneficiaries and contingent death beneficiaries for his or her Account.

The Program may determine to allow Participating Employees and Participating Individuals to invest their Accounts among a menu of investment options as may be selected by the Program in accordance with

(e) ~~Note – Authority Cited:~~ Government Code Section 100002; and other applicable law.

Note – Authority Cited: California Government Code Section 100002; California Government Code Section 100010; California Government Code Section 100012; California Government Code Section 100043; California Government Code Section 100048; and Internal Revenue Code Section 408A.

Section ~~10008. Rollovers~~ 10011. Withdrawals and Distributions ~~Transfers~~

~~(a)~~ A Participating Employee or Participating Individual may request a ~~rollover or a distribution of funds~~ full or partial withdrawal or transfer to another retirement vehicle from his or her Account at any time by submitting a properly-completed ~~distribution~~ request to the Administrator in a manner as may be established by the Program.

~~(b)~~ The Program shall establish procedures for rollovers to and from an Account and distributions from an Account, in accordance with applicable regulations established by the U.S. Treasury Department and the Internal Revenue Service, and any other in accordance with federal laws and regulations, including the Internal Revenue Code.

Note – Authority Cited: California Government Code Section 100002; California Government Code Section 100010; California Government Code Section 100012; California Government Code Section 100043; California Government Code Section 100048; and Internal Revenue Code Section 408A.

Section ~~10010.~~10012. Confidentiality

- (a) The Board will treat Account information as confidential, including, without limitation, names, addresses, telephone numbers, personal identification information, Contributions, ~~and earnings~~earnings, and any issues related to verification of identity for an Eligible Employee.
- ~~(a) The Board may disclose Account information to persons or entities other than those described in Section 10006 if the Administrator receives a signed release from the Participating Employee or Participating Individual consenting to disclosure of some or all of the Account information to a specific person or entity. For purposes of this paragraph Account information includes information pertaining to:~~
- ~~(0) An Account;~~
 - ~~(0) Primary and contingent beneficiary designations;~~
 - ~~(0) Distributions from the Account; or~~
 - ~~(0) Other information contained in any order from a court of competent jurisdiction.~~
- (b) Any information compiled pursuant to the operations of the Program shall be maintained by the Board and protected consistent with the requirements of the Information Practices Act of 1977 (Civil 20 Code Section 1798 et seq.)
- ~~(b)(c)~~ (c) A written authorization to release information is valid indefinitely, unless a specific end date is provided in the written statement.

Note – Authority Cited: California Civil Code Sections 1798 et seq.; California Government Code Section 100002; California Government Code Section 100010; and California Government Code Section 100014.

Section ~~10011.~~ 10011. ~~Subpoena~~

~~A subpoena for information available from the Program must be addressed to the Program. The Program reserves the right to object to any subpoena on the grounds that the subpoena fails to provide a reasonable time for preparation and travel, is otherwise unreasonable or oppressive, or that service was improper, in addition to any other basis legally available. To facilitate prompt processing, copies of subpoenas should be served at the Program. Faxed subpoenas are not acceptable.~~

10013

~~Note – Authority Cited: Government Code Section 100010; Government Code Section 100048.~~

Section ~~10012.~~ Disclosure

The Board may disclose ~~aggregated~~ anonymized data ~~that does not include information that is in~~ accordance with applicable California law and procedures reasonably designed to exclude information identifiable to an individual ~~Eligible Employee~~employee or Participating Employer ~~for purposes of research associated with the Program.~~ The Board ~~may~~will disclose information that it is required to disclose under the California Public Records Act. The Board ~~may~~will disclose Account information to the Administrator, the providers of investments for the Program, regulatory agencies to the extent disclosure is required by law, and may release information to other

persons or entities under contract to the Board to the extent the Board determines disclosure is necessary to administer the Program. The collection, storage, use, and disclosure of data by the Program and its contractors shall be administered consistent with Section 100012(b) of these regulations.

Note – Authority Cited: California Government Code Section 6250 et seq.; California Government Code Section 100010; and California Government Code Section 100048; Government Code Section 6250 et seq.

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