

California Secure Choice Retirement Savings Investment Board



Summary of Regulations

February 26, 2018

Summary of Revisions (1 of 2)

1. Open Enrollment Period: only period when non-participating eligible employees can enroll; occurs annually Oct. 1 – Nov. 30
2. Employee enrollment: made language more general; will define specific methods in follow-up regulatory amendments made in consultation in with TPA and Employer groups
3. Minimum contribution for non-payroll contributions: change from \$1 to \$10
4. Tri-partite employment relationships (i.e. “temp agencies” and professional employment organizations): additional clarity added to definitions and employer eligibility
5. Non-electronic registration: increased timeframe from 15 to 30 days

Summary of Revisions (2 of 2)

5. Employer size: based on one-year average; use of DE 9C form data beginning with quarter ending December 31
6. New or newly-eligible employers: 24 month deadline for registration instead of 12 month period
7. Individual participation: \$10 minimum contribution; requirement for CA-residency; no automatic escalation
8. Employee Information Packet: additional detail provided on content and role of employer
9. Survivors & beneficiaries: detail added in Section 10010

Employer Eligibility & Covered Employers

Section 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 December 31 and prior three quarters, rather than September 30
 - Since number is based on annual average, employers become exempt if annual *average* falls below 5 for a one year period
- Revision: Additional clarity added regarding three-party employment relationships
- Revision: Addition of detail regarding controlled group of corporations
- Government employers: not eligible

Employer Registration

Section 10004

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

Employee Information Packet

Section 10005

- Revision: section added to regulations

Employer Duties

Section 10006

- Provide essential information to the Administrator
- Deliver employee information packet provided by Program to eligible employees within 30 days of employer registration
 - Available electronically and, if requested, as hard copies
 - Deliver within 30 days to newly eligible employees
- Revision: Removed some specific details about acknowledgment method
- Remit contributions for each participating employee
- Remain neutral about all aspects of participation
- No fiduciary duty, no liability for participant decisions
- Revision: Detail added for timeliness for employer remission of employee contributions, mirrors DOL guidance for employer plans

Employee Enrollment

Section 10007

- Contributions begin as soon as possible, but no later than the first pay period after 30 days
- New or newly-eligible employees provided opportunity to enroll within first 30 days
- Revision: Addition of annual open enrollment (Oct 1 – Nov 30); only period when non-participating eligible employees can enroll
- Revision: additional detail regarding how the Administrator will resolve issues regarding verification of employee identity
- 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

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: participants may opt out or choose an alternative rate
- IRA type: Traditional, participants may choose both

Contributions and Investments

Section 10010

- Revision: addition of detail regarding beneficiaries
- Revision: minimum contribution of \$10 for non-payroll contributions
- 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
- Rollovers in or out of the Program will be administered 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 anonymized data
- Revision: Addition of language clarifying any collection, storage, or use of data shall be administered in accordance with confidentiality requirements of these regulations and state & federal law

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