



California Secure Choice Retirement Savings Investment Board

CalSavers Retirement Savings Program

Summary of Changes to Proposed Regulations

September 24, 2018



Summary of Substantial Changes

This document summarizes changes to the proposed regulations approved by the Board during the February 26, 2018 meeting.

- 1) *Employee enrollment*** – Employer role simplified. CalSavers will distribute materials and enroll employee directly [§ 10005(c)]. Additionally, employees that previously chose to opt out can choose to opt in at any time.
- 2) *Participation by non-mandated businesses*** – Non-mandated businesses are allowed to facilitate contributions for participating individuals [§ 10008(d)].
- 3) *Employer registration*** – Specific dates added for full implementation July 1, 2019 with specific dates for employer deadlines identified [§ 10004(b)].
- 4) *Specificity added throughout*** – Specific methods added for employer registration, employee enrollment, account changes, etc. with specific addresses, phone numbers, and URLs.
- 5) *Investments*** – Default investment options identified [§ 10007(a)(4)].

Summary of Substantial Changes

- 6) Contributions** – Dollar-based contributions are prohibited until the feature can be implemented by the administrator. Minimum contribution amounts for direct contributions amended to:
- At least \$10 for recurring contributions; and
 - At least \$50 for one-time lump sum contributions [§ 10007(b)(4)].
- 7) Rollovers or Transfers** – Rollovers or transfers into a CalSavers account won't be ready for the pilot launch, but will be made available later [§ 10009(b)].
- 8) Exemption of Employers** – Businesses that derive all or part of their income from activities illegal at the federal level may be deemed exempt [10000(J)].

Summary of Other Changes

- 1) ***In-Home Supportive Service Workers*** – The issue remains unresolved, but the regulations have been modified to make explicit they will be included upon satisfaction of the requirements in statute [§ 10000(j)].
- 2) ***Alternative Contribution Rates*** – The regulations require alternate contribution rates be made in integer values only due to technical complications of using decimal values (i.e. a 3.5% contribution rate is not allowed) [§ 10007(b)(1)].
- 3) ***Traditional IRA*** – Because it will not be available at pilot launch, the regulation was changed accordingly [§ 10007(c)(4)].
- 4) ***IRA eligibility*** – The regulations make explicit it is the responsibility of the participant to determine eligibility and contribution limits. The program will, however, provide tools to educate individuals about both [§ 10009(a)].
- 5) ***Automatic Escalation*** – Minimum notification changed from 90 days to 60. Program will provide employees with multiple notices leading up to any contribution rate change due to automatic escalation [§ 10007(a)(1)(B)(1)].
- 6) ***Beneficiaries*** – More detail regarding beneficiaries was added. Procedures and policies will be developed according to state and federal law.



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