



# 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)].

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- 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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