
MAY 20, 2019

AGENDA ITEM 8
ACTION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

Resolution No. 2019-04: Amendment of Regulations and Authority to Conduct Rulemaking

Summary

For this item, staff will seek approval of amendments to the proposed regulations originally approved by the Board at the January 28, 2019 meeting. The amendments replace reference to transfers made “electronically” with a more specific definition of Electronic Funds Transfer, which seeks to clarify participation for individuals participating without payroll contributions.

Background

At the January 28, 2019 meeting, the Board adopted a version of proposed regulations and authorized staff to conduct the rulemaking process. A public comment period on those regulations was held March 1, 2019 through April 15, 2019. After reviewing the comments, staff identified an item in the regulations that could be improved with clarifying amendments.

One comment letter requested that the regulations clarify how an individual participant—e.g. one who is participating on an “opt-in” basis independent of a participating employer—may make contributions to a CalSavers account, including whether it is necessary to own a bank account from which to draw funds.

Eligible employees participating via the employer-facilitated automatic payroll deduction method do not need a bank account to participate in CalSavers. However, any non-payroll contributions will require a bank account. This restriction only applies to contributions made outside of payroll, such as one-time lump sum contributions or automated contributions deducted from an individual’s bank account.

Sections 10006(b) & (c) of the regulations approved by the Board in January specify that such contributions can be made “electronically.” While staff had intended that term to refer to Electronic Funds Transfer, the regulations should be amended to further clarify the meaning of the term.

Staff propose amending the regulations to establish that such electronic contributions could only be made through Electronic Funds Transfer. These amendments would also be made to Sections 10005(b)(3) and 10005(b)(4) of the proposed regulations, which establish similar requirements for non-payroll contributions by participating employees.

Timeline

Upon approval by the Board, staff will post the amendments to the proposed regulations and initiate a 15-day public comment period. After the period is completed, staff will consider any responses received. If no further changes to these proposed amendments are necessary, staff will file the regulations with the Office of Administrative Law soon after.

Board Resolution 2019-04

Board Resolution 2019-04 would approve the amendments to the regulations and authorize the Executive Director to conduct the formal rulemaking process. This resolution would allow staff to make another round of amendments to the regulations that are sufficiently related to this version, in the event such amendments are required by OAL. This would allow staff to make technical clarifying edits to the regulations that do not materially change the policies of the regulations, but that are more substantial than correcting typographical errors or formatting changes.

Staff recommendation

Staff recommend the Board approve resolution no. 2019-04.

Attachments

- Attachment #1 – Proposed Amendments to Regulations
- Attachment #2 – Rulemaking Timeline
- Attachment #3 – Resolution No. 2019-04