



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS RELEASE

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Treasurer's CalSavers Promises Brighter Future for Millions in Need of Retirement Savings

*AARP and Treasurer Chiang to Partner in Promoting Largest Expansion
of Retirement Security since the Passage of Social Security Act*

SACRAMENTO – California State Treasurer John Chiang and AARP have combined efforts to introduce CalSavers — a new retirement savings plan that aims to provide greater financial security for millions of Californians, who could otherwise be careening toward an impoverished retirement.

CalSavers specifically aims to help 7.5 million hard-working private-sector workers gain access to a retirement saving program through the places where they work. The state-backed program — the first of its kind in California — provides employees access to a completely voluntary, low-cost, portable retirement savings vehicle, featuring professionally managed investments and oversight provided by a public, transparent board of directors.

“America is facing a retirement crisis and desperately needs bold ideas,” said Treasurer Chiang. “About half of households age 55 and older have no retirement savings. Even more alarming, nearly one-half of Californians are on a path to retire into economic hardship.”

Treasurer Chiang, who is currently overseeing the launch of the new program and also advocated for the enabling legislation, continued, “Without spending a dime, nickel, or penny of taxpayer monies, CalSavers will put millions of Californians on the path toward a more dignified retirement. This is a bold and fiscally-responsible solution to a growing humanitarian catastrophe that has cornered more and more seniors into choosing between buying vital medications or paying rent. Just as dire, too many seniors may never be able retire and will have no choice but to work until the grave.”

CalSavers lies squarely in line with AARP’s mission “to empower people to choose how they live as they age.”

“We want to help make Californians aware of what a great advantage this program gives them when it comes to saving for their future,” said AARP California State Director Nancy

McPherson. “CalSavers is especially beneficial to millennials, who will now have an easy way to start saving early for retirement.”

The first fully-captioned YouTube video in a planned series of videos stresses the value of CalSavers to employees and employers and includes Gulsum Rustemogu, founder and president of GEPPermit, a San Diego-based environmental and consulting permitting firm.

“The program will help employers because it will help level the playing field for their recruitment and retention goals,” she said.

California state law now requires that any employer with at least five employees that doesn’t already offer a workplace retirement savings vehicle begin offering one either through the private market or by providing their employees access to CalSavers. The program has no cost to taxpayers or employers.

Many employers, especially small business employers, report the inability to offer their employees a retirement savings plan is a major impediment to employee retention. Making the CalSavers plan available to employees may help employers who are unable to provide retirement programs due to administrative complexity, fees, or a fiduciary liability retain valuable employees.

The deadline for employer compliance depends on the number of employees. Employers with 100 or more employees that do not offer a retirement plan will have one year from the full program launch date. Employers with 50 or more employees, and those with 5 or more employees, have two and three years, respectively.

“What excites me most about this retirement program is that it addresses the lack of access for small businesses to keep their employees happy,” said Deborah Lowe Muramoto, Director of the California Women’s Business Center.

To view or download the video about CalSavers — the most significant retirement savings program since the creation of Social Security in 1935 — go to <https://vimeo.com/281361239> For more information, visit www.treasurer.ca.gov/scib or send an email to CalSavers@sto.ca.gov.

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