



California State Treasurer Fiona Ma, CPA

# News Release

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## State Treasurer Fiona Ma, Board, and Leaders Announce Official Launch of CalSavers

*State-facilitated automatic enrollment retirement program to help over seven million Californians without access to a workplace retirement plan save for the future*

**SACRAMENTO** – California State Treasurer Fiona Ma, chair of the California Secure Choice Retirement Savings Investment Board, joined Board Members, former senator Kevin de Leon, and other leaders today to announce the official launch of the [CalSavers Retirement Savings Program](#) (CalSavers), the new state program designed to offer California workers a simple, portable, and low cost way to save for the future.

California was the first state in the country to enact legislation establishing a state-run automatic enrollment Individual Retirement Account (IRA) program in 2012, and follows [Oregon](#) and [Illinois](#) in implementation. [CalSavers](#) will be one of the largest U.S. retirement programs to date. The program, which brings a retirement savings option to employees who don't currently have one through their employer, is simple to operate and has no cost to taxpayers.

### **The Worsening Retirement Savings Problem and the CalSavers Solution**

There are [55 million](#) Americans who are currently on their own when it comes to saving for retirement—[seven and a half million](#) in California alone. With [nearly half](#) of California workers on a trajectory to retire into economic hardship (defined as below twice the federal poverty rate), CalSavers is leading the charge to close this savings gap.

“With California’s size and diversity, this pioneering program represents a major milestone—for California and the entire nation,” said California State Treasurer Fiona Ma. “Creating CalSavers solidifies our position as a leader in growing the national movement to help all Americans retire with dignity.”

People are [15 times](#) more likely to save for retirement if they have the tools to do so through their employer. However, an estimated two-hundred-fifty thousand to three hundred thousand employers in California do not offer a retirement savings program, for various reasons. The administrative responsibilities, fiduciary liability, and additional costs that come with providing an employer-sponsored plan are often cited as roadblocks.

“CalSavers addresses all three of these challenges head-on: it’s easy to facilitate, employers have no fiduciary liability, and there are no fees for employers. Employers are only responsible for providing us with their employee roster and then remitting employee payroll contributions each pay period,” said CalSavers Executive Director Katie Selenski. “We take care of all the communication and interaction with employees about their accounts. We’ve designed this groundbreaking program to make the employer experience as seamless and simple as possible.”

### **A Decade-Long Dream**

The first piece of legislation that would eventually lead to CalSavers was introduced by then-Assemblymember Kevin de León in 2008. Later, as a state senator, de León introduced legislation (Senate Bills 1234 and 923) that provided the framework for the implementation of the CalSavers program. “No one who works every day to provide for themselves and their loved ones should be forced to retire into poverty. That’s why we fought Wall Street to create CalSavers, which will provide millions of Californians with a way to end their working years with dignity,” de León said.

CalSavers is operated as a public-private partnership, with oversight by a nine-member public board chaired by the State Treasurer and management by a small staff based in Sacramento. In August 2018, Ascensus was selected to serve as program administrator due to their long track record and expertise administering retirement plans of all types, including other state-facilitated investment programs. The Board hired State Street Global Advisors to serve as investment manager for the initial offering of four funds for the pilot and subsequently hired Newton Investment Management to provide a sustainable balanced fund (environmental, social, governance factors). Program consulting

services are provided by AKF Consulting, investment consulting services by Meketa Investment Group, and legal advisory services by K & L Gates.

### **Pilot Success**

This type of program is more important than ever. According to a [study](#) released today by the UC Berkeley Labor Center, half of private sector workers in California have no retirement assets at all.

CalSavers is poised to change that. Beginning with a select group of employers in November 2018, the pilot program—now with 1,647 total contributing accounts—has seen a promising average contribution of \$91 per month across all full- and part-time workers and average savings rate of 4.93% per month. Employer feedback from the pilot has been leveraged to refine the program, ahead of broad rollout.

“We’re thrilled with the results we’ve seen through the pilot and believe that small steps can lead to giant leaps forward for savers,” said Selenski. “We’re leveling the playing field for workers who haven’t had access to two of the most powerful savings tools—automatic enrollment and saving via payroll deduction—and proving that workers at even low income levels will save when they have access to these easy tools.”

Lorenzo Harris, owner of Janico Building Services, a commercial janitorial services company based in North Highlands near Sacramento, was the first employer to join the pilot program in late 2018. “Janico operates in a tight labor market with 4.3% unemployment in California and triple digit average employee turnover in the building service contracting industry. CalSavers is just what our company needed to help attract and retain good workers,” said Harris.

### **Simple Design and Easy Employer Compliance**

Beginning July 1, 2019, eligible employers of all sizes can register for CalSavers at [www.calsavers.com](http://www.calsavers.com). By law, every California employer with five or more California-based employees who doesn’t already offer an employer-sponsored retirement plan will eventually have to begin offering a retirement savings program, either through the private market or by facilitating employee access to CalSavers. Employers with more than 100 employees who do not already offer a retirement plan will have until June 30, 2020 to register. Employers with more than 50 employees will be required to register by June 30, 2021, and those with five or more employees by June 30, 2022. Eligible employers of any size are encouraged to register at any time starting now, regardless of their registration deadline.

Once enrolled, employees can choose their own contribution rate, up to the federal annual maximum of \$6,000 for those under age 50 and \$7,000 for those over age 50—the same as any IRA—with deductions automatically made from each paycheck. While participating employees will be automatically enrolled at a savings rate of five percent per paycheck, individuals can choose their own savings rate and investments, or opt out at any time. Participant fees are low and expected to shrink further as the program grows to scale. Accounts stay with employees, even if they change jobs, and self-employed and “gig” workers will be allowed in starting September 1, 2019.

**Watch the CalSavers Launch LIVE Here:** <https://www.facebook.com/CaliforniaSTO/>

**Follow Along on Twitter Here:** [@CalSavers](https://twitter.com/CalSavers)

### **About the CalSavers Retirement Savings Program**

The CalSavers Retirement Savings Program (“CalSavers”) is an automatic enrollment payroll deduction IRA overseen by the [California Secure Choice Retirement Savings Investment Board](#) (“Board”). For more information about CalSavers, visit [www.calsavers.com](http://www.calsavers.com), email [CalSavers@sto.ca.gov](mailto:CalSavers@sto.ca.gov), or follow the program on Twitter at [@CalSavers](https://twitter.com/CalSavers).

### **About Ascensus**

Ascensus is the largest independent recordkeeping services provider, third-party administrator, and government savings facilitator in the United States. The firm delivers technology and expertise to help millions of people save for what matters most—retirement, education, and healthcare. For more information about Ascensus, visit [www.ascensus.com](http://www.ascensus.com).

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## **CalSavers Launch July 1, 2019: Quotes from Leaders and Supporters**

### **State Leaders/Program Leadership**

**Treasurer Fiona Ma:** “With California’s size and diversity, this pioneering program represents a major milestone—for California and the entire nation,” said California State Treasurer Fiona Ma. “Creating CalSavers solidifies our position as a leader in growing the national movement to help all Americans retire with dignity.”

**Former Senator Kevin de León, author and champion of CalSavers legislation:** “No one who works every day to provide for themselves and their loved ones should be forced to retire into poverty. That’s why we fought Wall Street to create CalSavers, which will provide millions of Californians with a way to end their working years with dignity.”

**Katie Selenski, Executive Director, California Secure Choice Retirement Savings Investment Board and CalSavers:** “We’re thrilled with the results we’ve seen through the pilot and believe that small steps can lead to giant leaps forward for savers,” said Selenski. “We’re leveling the playing field for workers who haven’t had access to two of the most powerful savings tools—automatic enrollment and saving via payroll deduction—and proving that workers at even low income levels will save when they have access to these easy tools.”

**Kevin Cox, Head of Government Savings, Ascensus:** “Our society is facing a major savings gap that’s leaving millions unable to achieve their retirement goals. Ascensus supports California’s mission to close this gap for business owners and employees and is thrilled to partner with the state in the launch of this important program.”

### **Pilot Employers**

**Christin Evans, Owner, The Booksmith:** “What I love about CalSavers is that it is very low impact for me as an employer, but the potential impact for my employees is huge... This tries to address a culture of saving. I have employees who are quite excited about this possibility.”

**Lorenzo Harris, Owner, Janico Building Services (the first employer to join CalSavers):** “Janico operates in a tight labor market with 4.3% unemployment in California and triple digit average employee turnover in the building service contracting industry. CalSavers is just what our company needed to help attract and retain good workers.”

**Rhonda Johnson-Ruprecht, Administrator, Skyline Framing:** “Once we got started, it was really easy to process the deductions. Our employees are excited that they can now save for retirement.”

**Kris Vipon, Business Office Manager, Ukiah Valley Association for Habilitation:** “The process for CalSavers is working with no hitches so far! It has been pretty easy.”

### **Stakeholder Organizations**

**Blanca Castro, Advocacy Director, AARP California:** “AARP was founded 60 years ago with the purpose of helping to ensure that those who have worked their entire lives can achieve a financially secure retirement. That’s why we strongly supported the legislation that created CalSavers, and why we are committed to helping to ensure the program’s success. We believe that CalSavers is an important step toward improving the future financial security of millions of working Californians.”

**Sabrina Hamm, Managing Director, California Asset Building Coalition:** “The California Asset Building Coalition is a proud partner and supporter of CalSavers. We know that many working Californians, in particular, low-wage earners, do not have access to employer-based retirement savings plans, which leaves many people to retire into poverty. CalSavers ensures Californians have access to a safe and affordable retirement savings program and the opportunity to save for their future.”

**Scott Hauge, President, Small Business California:** “CalSavers is especially appealing to small businesses who are not currently offering a retirement savings plan to their employees. We believe that SB Cal’s members will welcome the opportunity facilitate their employees’

participation in the CalSavers program. The ability for small businesses to let their employees know about this program is a very important opportunity for both small businesses and their employees.”

**Mark Herbert, California Director, Small Business Majority:** “CalSavers is a game changer for California's small businesses and employees who struggled for years to access retirement savings,” said Mark Herbert, California Director for Small Business Majority. “Now that CalSavers is up and running statewide, it will go a long way toward leveling the playing field for the many small firms that want to compete for top talent but lack the resources to help their employees access a retirement savings program.”

**Edwin A. Lombard Interim President/CEO, California Black Chamber of Commerce:** “The California Black Chamber of Commerce is the largest African American non-profit business organization representing hundreds of small and emerging businesses throughout the state that care about their workers and their families. Many do not have the resources or the administrative know-how to provide a retirement plan. CalSavers is a game changer for these employers and their employees, which we are proud to support.”

**Pete Manzo, President and CEO, United Ways of California:** “United Ways of California is excited to partner with CalSavers to get the word out and help Californians become more financially secure now and into the future. For the millions of Californian’s who don’t have access to a workplace retirement plan, CalSavers provides employees with the opportunity to create a secure path to retirement. Workers with an automatic payroll deduction savings option are 15 times more likely to be on a path to retirement security and 20 times more likely to save when they are automatically enrolled. CalSavers allows workers to invest in their future today, so that they can have a secure tomorrow. CalSavers is today’s retirement answer to tomorrow’s retirement needs.”

**Jan Masaoka, CEO, California Association of Nonprofits (CalNonprofits):** “One in every 16 California jobs is at a nonprofit, and many nonprofit staff will be able to benefit from CalSavers. Nonprofit administration is typically super-lean, and CalSavers makes it remarkably easy for employers — including nonprofits — to set up savings programs for the nurses, preschool teachers, musicians, wildlife scientists, and all the other important people who make our communities stronger.”

**Kristin McGuire, Western Region Director, Young Invincibles:** “Today's young people are the most diverse generation in history and they face their own unique challenges as they enter to workforce and begin their career. With wages for young people stagnating nationally, it's as hard as ever to get ahead and make ends meet, let alone save for retirement. With more than 7 million Californians -- many of them young Californians -- lacking access to a retirement program at work, CalSavers will help ensure that everyone in the Golden State can start saving early and building a financially secure future for themselves.”

**Leigh Phillips, CEO, EARN:** “CalSavers is a major step forward in providing all working Californians with the opportunity to build financial stability and plan for a secure retirement. As an organization dedicated to increasing the savings rates for low-to-moderate income Americans, EARN knows first-hand how important building savings is to the economic well-

being of California's families and how hard it can be for families to get started. CalSavers is well-positioned to have real impact on this critical issue."

**Christopher Sanchez, Policy Advocate, The Coalition for Humane Immigrant Rights (CHIRLA):** "CHIRLA is proud to stand behind CalSavers because of the positive impact it can have on immigrant families. Access to retirement savings program is terribly low in the immigrant community, and CalSavers has the chance to change that."

**Betty Jo Toccoli, President, California Small Business Association:** "The CSBA is pleased to see that employers have a choice. They can choose a plan from the private market, or facilitate CalSavers which provides a no cost, simple solution to the new mandate. We are proud to support this opportunity for our members."

**Marisabel Torres, Senior Policy Analyst, UnidosUS:** "UnidosUS has been a strong supporter of the CalSavers program and we are looking forward to seeing the positive impact it will have on working Latino families. In 2014, only 29% of Latinos in the state had access to an employer-sponsored retirement plan and only 21% of those with access to a plan participated. With the implementation of the CalSavers program, an estimated 3.5 million Latino employees will gain access to retirement accounts — something that has been out of reach for many of the state's hard working families for too long."

**Yvonne Walker, President, SEIU Local 1000:** "Local 1000 believes a safe and secure retirement should be available to everyone who works hard throughout their lives, and this is the first step to ensure that all Californians may retire with dignity."

*Fiona Ma is California's 34th State Treasurer. She was elected on November 6, 2018 with more votes (7,825,587) than any other candidate for treasurer in the state's history. She is the first woman of color and the first woman Certified Public Accountant (CPA) elected to the position. The State Treasurer's Office was created in the California Constitution in 1849. It provides financing for schools, roads, housing, recycling and waste management, hospitals, public facilities, and other crucial infrastructure projects that better the lives of residents. California is the world's fifth-largest economy and Treasurer Ma is the state's primary banker. Her office processes more than \$2 trillion in payments within a typical year. She provides transparency and oversight for the government's investment portfolio and accounts, as well as for the state's surplus funds. Treasurer Ma oversees an investment portfolio of more than \$96.9 billion, approximately \$20 billion of which are local government funds. She serves as agent for sale of all State bonds, and is trustee on over \$95.3 billion of outstanding debt.*

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