



Long Beach Small Business Seminar

## Introduction to CalSavers

October 17, 2019

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California Secure Choice Retirement Savings Investment Board







# Why CalSavers?



# Why is CalSavers needed?



## CalSavers by the numbers

**50%**

Nearly **50%** of Californians are projected to retire into economic hardship -- at or below two times the federal poverty level.<sup>1</sup>

**7.5 million**

**7.5 million** Californians lack a workplace retirement plan.<sup>2</sup>

**15X**

Workers are **15 times** more likely to save for retirement if they have access to a payroll deduction savings plan at work.<sup>3</sup>



# Eligibility in the Los Angeles Region



- In the Los Angeles-Long Beach-Santa Ana metropolitan area 62% of employees lack access to work place based retirement programs. (Pew)
- Estimate of Potential CalSavers employers in Los Angeles County
  - 60,700+ firms with an estimated 1.55 million employees.





# Primary Features of CalSavers



- 1) **Employer Requirement:** All CA employers with at least 5 employees must either:
  - Offer a qualified retirement plan
  - Or
  - Register for CalSavers (no fees, contributions, or liability; easy to facilitate)
- 2) **Automatic Enrollment for Employees:** completely voluntary for employees, but automatic enrollment if no opt-out. May opt-out and back in at any time.
- 3) **Public Private Partnership:** Professionally managed & advised by financial services companies with oversight by a public board chaired by State Treasurer.
- 4) **Zero Cost to the State, Taxpayer, Employer:** self-sustaining on saver fees.

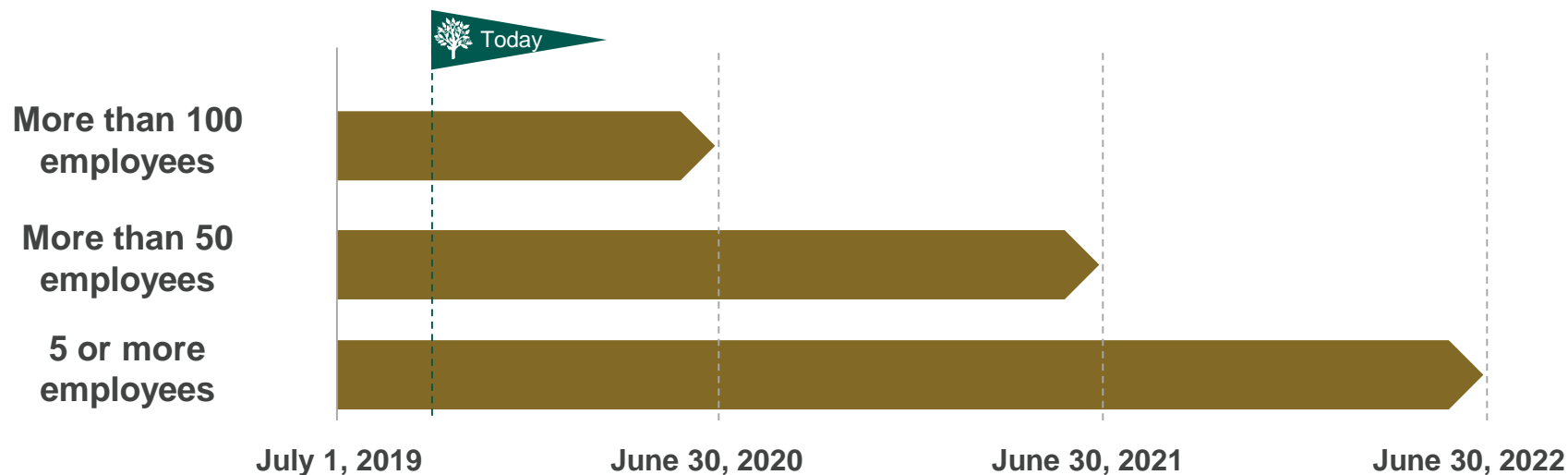




# Employer required registration deadlines



Employers can register **AT ANY TIME** but need to register by their enrollment deadline if they do not offer an employer-sponsored retirement plan.





# Employers With <5 Employees



## **Employers with less than five employees are not subject to the mandate**

- no automatic enrollment of their employees
- not required to register for CalSavers.

## **Individual saver participation is welcome in the program starting fall 2019**

- Individuals can open an account on their own directly on the website
- Individual participants may ask their employer to facilitate their payroll contribution, but the employer is not required to do so





# Who is CalSavers for?



## Employees



Employed in the state of California



18 or older



Social Security Number or an Individual Taxpayer Identification Number

## Employers



Do not offer an employer-sponsored retirement plan



5+ California employees



at least one of whom is eligible (age 18 or older)

Employers who fit these criteria will need to either:



facilitate CalSavers

-or-



begin offering an employer-sponsored plan

**CalSavers is not intended to replace or compete with employer-sponsored plans**





# Facilitating CalSavers



# Employer Barriers



Generally, employers report three hurdles that prevent them from offering a plan:

**Administrative  
burden**

**Fees**

**Fiduciary liability**

CalSavers addresses all three:

**Very easy to  
facilitate**

**No fees for  
Employers**

**Employers are  
not fiduciaries**



# Facilitating CalSavers

## Employer's responsibilities



**Register by state-required deadline**



Employers **will not**:

- Incur any program fees.
- Have any fiduciary responsibility.
- Be allowed to make an employer contribution.



**Set up account**



Employers **must not**:

- Encourage or discourage participation in CalSavers.
- Provide advice about investment options, taxes, or participation in the program.
- Manage investment options.
- Process distributions.
- Manage changes that an employee must make. (Example: change address, add beneficiary)



**Submit employee roster**

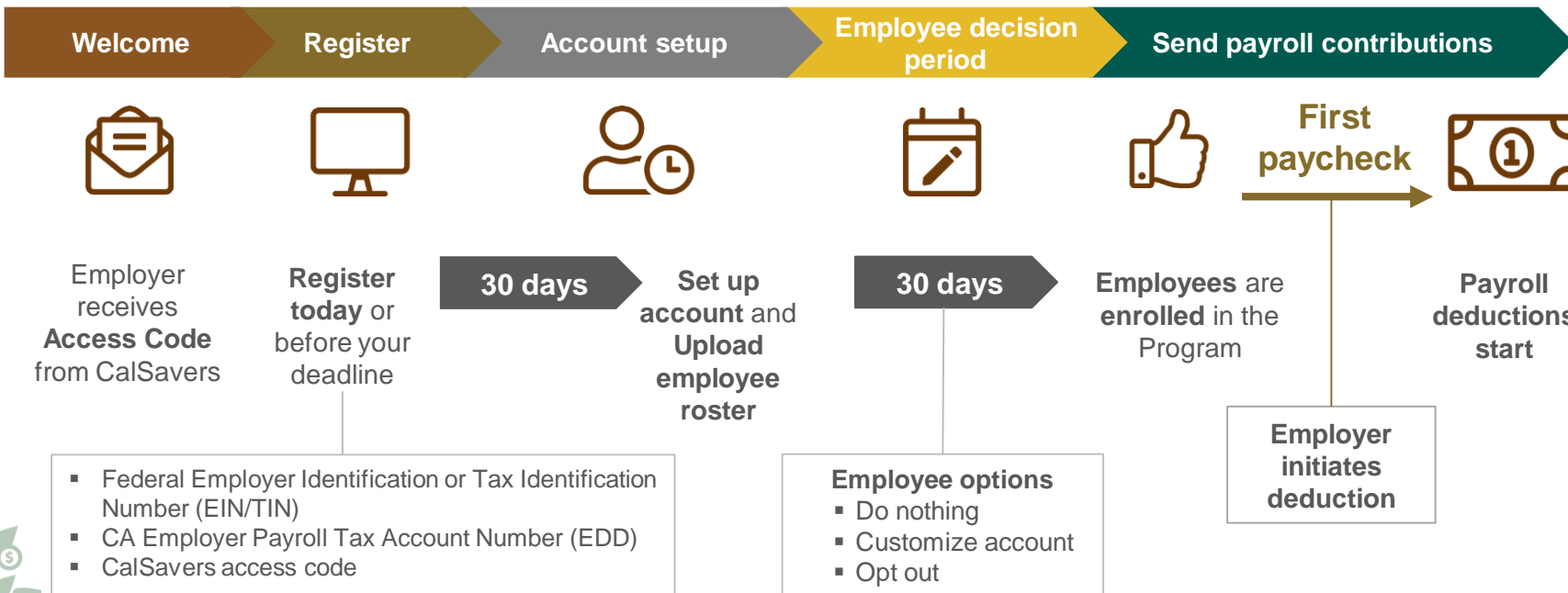


**Submit employee contributions**





# Employer timeline





# How does it work?



Employers **automatically deduct** a portion of employee pay (unless employee has opted out) and remit it to the program.



**Savings are invested** in an IRA that belongs to the employee, with the potential for long-term growth in value over time.



The program administrator (Ascensus) **communicates** with the employee about program options and investment performance.



Employees can **take their IRA** with them **from job to job** and have access to their retirement contributions if needed.<sup>1</sup>

<sup>1</sup>Distributions from your CalSavers Roth IRA account will be subject to taxation in accordance with applicable federal tax rules.



A young woman with long brown hair, wearing a white shirt and a dark green apron, stands behind a restaurant counter, smiling warmly at the camera. In the background, another server in a white shirt and dark apron is visible, working behind the counter. The restaurant has warm lighting, with blue pendant lamps hanging over the counter. Festive red and gold garlands are visible in the upper left corner. The counter in the foreground holds various items, including a container of colorful straws, a coffee machine, and some glassware.

**Your Money. Your Future.**



# Saver features



## **Automatic payroll deduction IRA**

Contributions are deducted from paycheck and deposited into IRA account.

## **Completely voluntary**

Savers may opt out or opt back in at any time.

## **Simple options**

- Automatic enrollment at work.
- Use standard contribution and investment settings or customize.

## **Portable**

Saver keeps their account even if they change jobs.

## **Low cost for savers**

Savers will pay a small fee to cover program administration costs.





# How do Savers join CalSavers at work?





# Option 2 - Customize account



Account type



Contribution rate



Investment options

**Standard**

Roth IRA

5% with Automatic escalation of 1% annually until 8%.

Money Market Fund/  
Target Retirement Fund\*

**Customize**

Recharacterize to a  
Traditional IRA.

(Starting in early 2020)

- Savers can contribute from 1%-100% of salary, subject to IRS limits.
- Savers can turn off/on auto-escalation feature.



Money Market Fund



Target Retirement Date  
Funds



Core Bond Fund



Global Equity Fund



Sustainable Balanced  
Fund (ESG)

\*First \$1,000 of contributions will be invested into the CalSavers Money Market Fund. Subsequent contributions will be invested in a Target Retirement Fund.



# Resources/Client Services Assistance



## Website

[www.calsavers.com](http://www.calsavers.com)

### Saver Resources

- Program Details
- Forms
- Frequently Asked Questions

### Employer Resources

- Tools, Tips, Templates
- Program Details
- Registration Timelines/Deadlines
- Frequently Asked Questions



## Phone/Email

1-855-650-6918 (Savers)

1-855-650-6916 (Employers)

[clientservices@calsavers.com](mailto:clientservices@calsavers.com)

### Hours:

8:00 am to 8:00 pm PT M-F



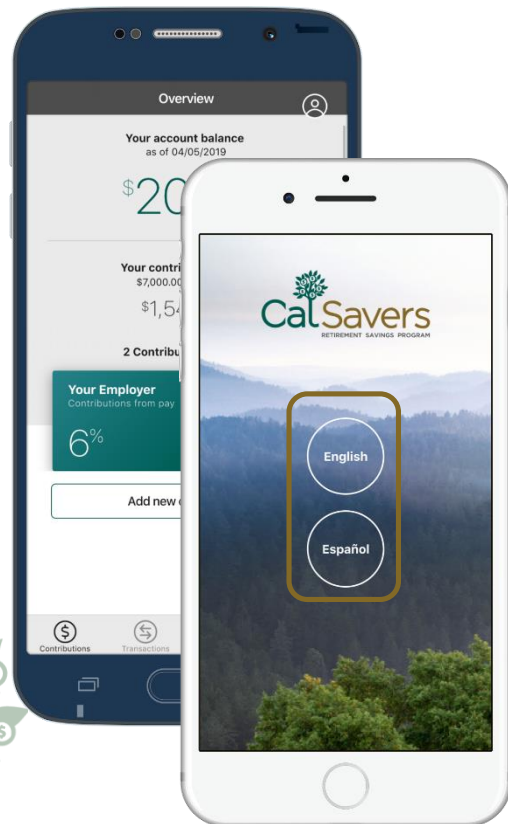
## Onsite Support

- In-state representatives available to visit employers and savers across the state.
- Assist employers with registration and account setup.
- Assist savers with enrollment.
- Answer questions about the program.

Website, phone/email and onsite support offer multilingual support



# CalSavers Mobile App



## Easy, Convenient, Mobile

It's simple. It's secure. It's bilingual.



Check your balance



Change your savings rate



View transaction history



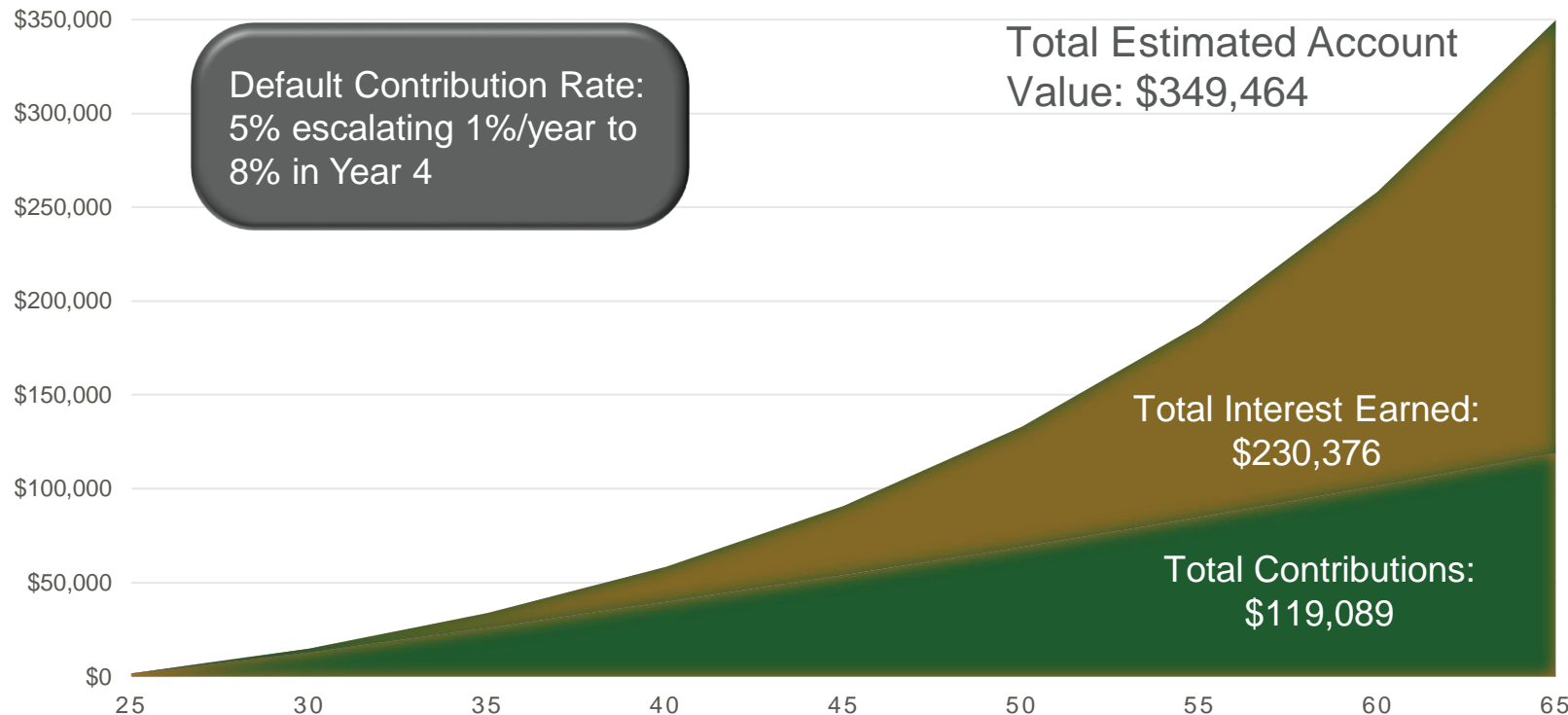
Add personal contributions



Search for "CalSavers"



# The Power of Compound Interest Scenario



Scenario assumptions: starting salary of \$30,000 with 1% salary increase per year; hypothetical rate of return is 5%. Investment returns may vary, are not guaranteed, and assets may lose value.



# Pilot Program Feedback



"I'm a businessman. I'm very leery of government [mandates]. But wow, I'm very impressed with CalSavers... This will allow us to attract employees better, and we can better retain them with a retirement [program]." – Lorenzo Harris, Janico Building Services



CalSavers @CalSavers · Mar 19

"It couldn't be easier," says Teckla, Office Manager at Triple E Trucking of their participation in @CalSavers. Great to visit Teckla and Sandy in Bakersfield today!



"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." – Christin Evans, The Booksmith





# Six things to remember



**No employer fees; no employer fiduciary responsibility.**

**You play a limited role. Facilitating is easy and takes minimal time.**

**Employers must register by a state-required deadline.**

**Savers are “auto-enrolled” in the program.**

**Saver features: Voluntary participation and flexible choices.**

**Many Californians will benefit from participating in CalSavers. Register today!**





# Next Steps



- If you qualify, **join anytime**
- Likely that members' peers, family, and friends will be affected. **Please help spread the word**
- **Opportunity to help CalSavers raise awareness through:**
  - existing communications channels and word of mouth
  - special events/workshops where CalSavers or partner staff provide content/speakers





# Thank you

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[www.calsavers.com](http://www.calsavers.com)



[www.treasurer.ca.gov/scib](http://www.treasurer.ca.gov/scib)



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**CalSavers**  
RETIREMENT SAVINGS PROGRAM



# Information and disclosures



The CalSavers Retirement Savings Program (“CalSavers” or “the Program”) is an automatic enrollment payroll deduction IRA overseen by the California Secure Choice Retirement Savings Investment Board (“Board”). Ascensus College Savings Recordkeeping Services, LLC (“ACSR”) is the program administrator. ACSR and its affiliates are responsible for day-to-day program operations. Participants saving through CalSavers beneficially own and have control over their IRAs, as provided in the Program Disclosure Booklet available at [saver.calsavers.com](http://saver.calsavers.com). CalSavers is not sponsored by the employer, and therefore the employer is not responsible for the plan or liable as a plan sponsor.

CalSavers offers investment options selected by the Board. For more information on CalSavers’ investment options go to [saver.calsavers.com](http://saver.calsavers.com). Account balances in CalSavers will vary with market conditions. Investments in CalSavers are not guaranteed or insured by the Board, the State of California, the Federal Deposit Insurance Corporation, or any other organization.






CalSavers is a completely voluntary retirement program. Savers may opt out at any time or reduce or increase the amount of their payroll contributions. If a Saver opts out they can later opt back into CalSavers. California law requires that CalSavers conduct an Open Enrollment Period once every two years during which eligible employees that previously opted out of the Program shall be re-invited to participate under automatic enrollment and must opt out again if they still do not wish to participate in the Program.

Saving through an IRA may not be appropriate for all individuals. Employer facilitation of CalSavers should not be considered an endorsement or recommendation by a participating employer, IRAs, or the investment options offered through CalSavers. IRAs are not exclusive to CalSavers and can be obtained outside of the program and contributed to outside of payroll deduction. Contributing to a CalSavers IRA through payroll deduction may offer some tax benefits and consequences. Participants should consult a tax or financial advisor if they have questions related to taxes or investments. Employers do not provide financial advice and employees should not contact an employer for financial advice. Employers should refer all questions about the Program to CalSavers. Employers are not liable for decisions employees make pursuant to Section 100034 of the California Government Code.



# Investment option details



Investment Options	Description	Total Annualized Asset-Based Fee	Investment Manager
 <b>CalSavers Money Market Fund</b>	Seeks to maximize current income, to the extent consistent with the preservation of capital and liquidity.	0.92%	<b>STATE STREET</b> GLOBAL ADVISORS
 <b>CalSavers Target Retirement Fund</b> (Age-based Funds for 2020, 2025, 2030, 2035, 2040, 2045, 2050, 2055, 2060 2065)	Investment Options that correspond with the year closest to when you will be the target retirement age, defined as age 65.  This option seeks to provide for retirement outcomes based on quantitatively measured risk. The portfolios will be broadly diversified across global asset allocations becoming more conservative over time.	0.89%	<b>STATE STREET</b> GLOBAL ADVISORS
 <b>CalSavers Core Bond Fund</b>	The total return of an index composed of the total U.S. investment grade bond market.	0.83%	<b>STATE STREET</b> GLOBAL ADVISORS
 <b>CalSavers Global Equity Funds</b>	Invest substantially all of its investable assets in two SSGA FM-advised stock equity index funds.	0.84%	<b>STATE STREET</b> GLOBAL ADVISORS
 <b>CalSavers Sustainable Balanced Fund (Environmental, Social, Governance)</b>	Generate capital appreciation by investing in the equity securities of companies that demonstrate sustainable business practices and issuers of U.S. investment grade fixed income securities that satisfy certain environmental, social and governance (ESG) criteria.	0.95%	<b>NEWTON</b> Investment Management

Administrative fees: annual asset-based  
 Accrue daily and are factored into each Investment Option's Unit Value  
 Approximately \$0.83-\$0.95 for every \$100 in your account







# Eligibility Estimate By County (1 of 2)



	101+ Employees		51-100 Employees		5-50 Employees		TOTALS	
Deadline	6/30/2020		6/30/2021		6/30/2022			
County	Firms	Employees	Firms	Employees	Firms	Employees	Firms	Employees
LOS ANGELES	1,961	834,638	2,581	179,872	54,323	711,885	58,865	1,726,395
ORANGE	876	388,221	1,086	75,599	19,661	264,733	21,623	728,553
SAN DIEGO	586	211,903	807	55,846	16,453	220,661	17,846	488,410
ALAMEDA	278	174,750	375	26,013	8,352	111,909	9,005	312,672
SANTA CLARA	297	137,806	464	31,620	9,753	128,884	10,514	298,310
RIVERSIDE	282	144,163	379	26,319	8,635	114,619	9,296	285,101
SAN FRANCISCO	218	113,092	328	22,645	7,142	94,441	7,688	230,178
SAN BERNARDINO	254	96,187	373	25,974	8,124	107,215	8,751	229,376
SACRAMENTO	213	79,387	275	18,699	6,017	79,261	6,505	177,347
CONTRA COSTA	117	54,855	199	13,684	4,505	56,425	4,821	124,964
SAN MATEO	136	49,319	209	14,267	4,552	60,722	4,897	124,308
KERN	186	68,733	171	11,839	3,164	43,353	3,521	123,925
FRESNO	170	49,986	247	17,196	4,223	56,333	4,640	123,515
VENTURA	139	45,791	219	15,191	4,353	56,620	4,711	117,602
SANTA BARBARA	106	54,280	174	11,928	2,876	38,668	3,156	104,876
MONTEREY	125	40,981	76	5,093	2,087	27,706	2,288	73,780
SONOMA	81	18,220	142	9,702	3,519	44,850	3,742	72,772
SAN JOAQUIN	95	21,173	143	10,123	2,857	37,753	3,095	69,049
TULARE	99	25,906	118	8,486	2,010	28,373	2,227	62,765
STANISLAUS	74	22,489	94	6,441	2,342	30,501	2,510	59,431
SANTA CRUZ	49	30,683	86	6,068	1,726	22,606	1,861	59,357
PLACER	67	24,484	75	5,250	2,229	27,593	2,371	57,327
SAN LUIS OBISPO	39	10,404	93	6,344	2,155	28,775	2,287	45,523
MARIN	42	13,412	85	5,805	1,822	23,505	1,949	42,722
SOLANO	40	16,948	73	5,081	1,540	19,989	1,653	42,018
MERCED	28	10,539	45	3,033	989	13,642	1,062	27,214
NAPA	34	7,295	70	4,987	1,067	14,339	1,171	26,621
YOLO	39	10,787	29	2,005	973	13,631	1,041	26,423
BUTTE	21	7,469	52	3,729	1,123	14,765	1,196	25,963
SHASTA	30	8,079	35	2,521	1,011	12,979	1,076	23,579
IMPERIAL	26	11,476	28	1,990	661	9,154	715	22,620



# Eligibility Estimate By County (2 of 2)



	10+ Employees		51-100 Employees		5-50 Employees		TOTALS	
Deadline	6/30/2020		6/30/2021		6/30/2022			
County	Firms	Employees	Firms	Employees	Firms	Employees	Firms	Employees
EL DORADO	21	6,572	29	1975	992	12,440	1,042	20,987
MADERA	23	7,391	38	2,851	598	8,090	659	18,332
HUMBOLDT	16	3,074	31	2,177	886	11,618	933	16,869
SUTTER	14	8,076	23	1,536	543	7,144	580	16,756
KINGS	20	7,775	13	825	533	7,023	566	15,623
MENDOCINO	11	2,339	21	1,428	672	8,373	704	12,140
NEVADA	6	784	18	1,149	697	8,562	721	10,495
TUOLUMNE	4	2,621	4	236	313	3,874	321	6,731
SAN BENITO	5	1,556	14	992	290	4,094	309	6,642
YUBA	8	2,840	3	199	192	2,407	203	5,446
LAKE	8	1,558	5	357	255	3,119	268	5,034
TEHAMA	5	974	9	691	239	2,973	253	4,638
AMADOR	1	1,064	7	501	182	2,338	190	3,903
SISKIYOU	3	641	5	344	224	2,807	232	3,792
INYO	3	1,603	3	244	134	1,775	140	3,622
COLUSA	6	1,739	1	59	132	1,568	139	3,366
CALAVERAS	2	247	4	313	201	2,456	207	3,016
GLENN	4	611	4	269	157	1,984	165	2,864
DEL NORTE	4	725	2	151	117	1,739	123	2,615
MONO	0	0	3	237	130	1,695	133	1,932
PLUMAS	2	522	4	260	106	1,111	112	1,893
LASSEN	2	237	2	125	81	1,061	85	1,423
MARIPOSA	1	301	1	100	55	665	57	1,066
MODOC	0	0	0	0	39	450	39	450
TRINITY	0	0	0	0	28	319	28	319
SIERRA	0	0	0	0	6	50	6	50
ALPINE	0	0	0	0	3	36	3	36
<b>Subtotal</b>	<b>6,877</b>	<b>2,836,706</b>	<b>9,375</b>	<b>650,369</b>	<b>198,049</b>	<b>2,615,661</b>	<b>214,301</b>	<b>6,102,736</b>
CA-COUNTY TBD	3,556	48,678	202	13,858	126	61,381	3,884	123,917
NON-CA ADDRES	1,400	1,144,057	786	56,336	6,272	98,181	8,458	1,298,574
<b>GRAND TOTAL</b>	<b>11,833</b>	<b>4,029,441</b>	<b>10,363</b>	<b>720,563</b>	<b>204,447</b>	<b>2,775,223</b>	<b>226,643</b>	<b>7,525,227</b>

Source: California Employment Development Department data extraction as of July 2019; CalSavers staff eliminated firms reporting qualified plans per the U.S. Department of Labor Employee Benefits Security Administration, Form 5500 database.



# Brief History of CalSavers



- 2008: Sen. de Leon began exploring solutions to retirement crisis
- 2012: Passage of Senate Bill 1234 (de Leon)
- 2013: Board established, began raising funds for Feasibility Study
- 2016: Feasibility Study completed
- September 2016: Gov. Brown signs SB 1234 into law
- April 2017: First Executive Director appointed by Treasurer Chiang
- August 2018: Board approves contracts for Ascensus and State Street
- November 2018: Regulations approved, pilot program open, first pilot employers and employees enrolled
- January 3, 2019: First contributions made via payroll deduction
- July 1, 2019: Full Launch – Program open statewide



Full History: <https://www.treasurer.ca.gov/scib/history.asp>



# Profile of Eligible Population: Work



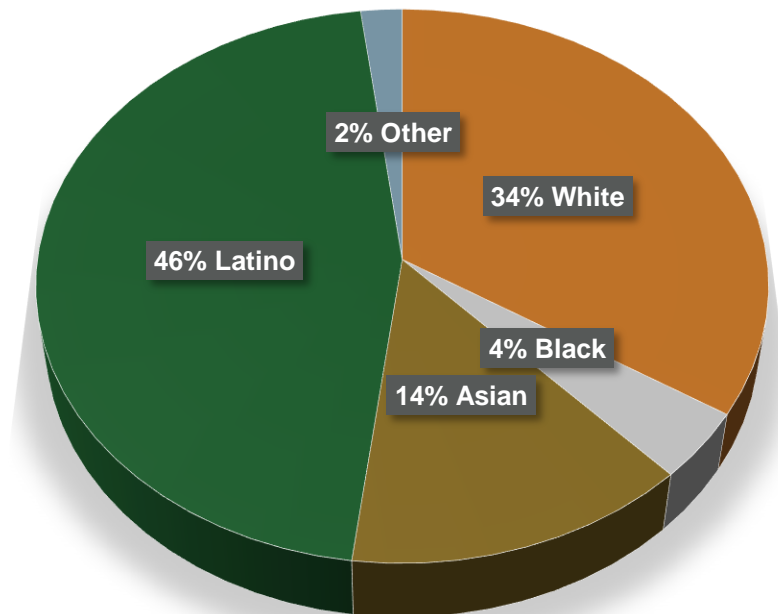
- What is their average income?
  - \$35,146
- Where do they work?
  - 13.3% Retail
  - 12.3% Accommodation and Food Service
  - 11.0% Manufacturing
  - 11.0% Health Care and Social Services
  - Other top fields: Management/Administration/Support Waste Management Services; Wholesale, Transportation & Warehousing; Construction; Agriculture





# Profile of Eligible Population: Race

## Race/Ethnicity of Eligible Workers, 2012-2014



Source: CA Secure Choice Market Analysis and Feasibility Study By Overture Financial LLC, March 17, 2016



# Profile of Eligible Population: Age

59% of the eligible population is under 40

