

California Secure Choice

Greenwald & Associates Survey of Eligible Workers Summary of Findings

Presenter: Nari Rhee, UC Berkeley CLRE

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Methodology

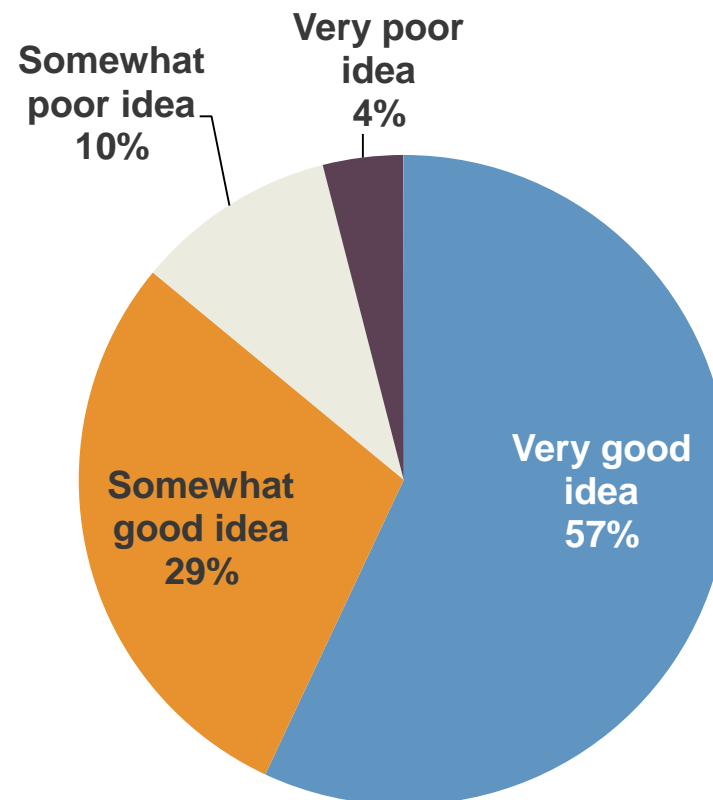
- Online survey conducted by independent research firm Greenwald & Associates.
- 1,000 consumers surveyed August 31th -- September 16st, 2015.
- Respondents recruited from Research Now's online research panel.
- Criteria consistent with California Secure Choice eligibility:
 - Age 21 to 64
 - Working full-time or part-time
 - Private sector
 - Working for employer with 5+ employees
 - Employer does not offer pension or retirement plan
- Data weighted by gender, age, education, race/ethnicity and household income to reflect the population of uncovered workers in California. In a similarly-sized random sample survey, the margin of error would be plus or minus 3.1 percentage points at the 95% confidence level.
- Due to rounding and missing categories, numbers presented may not always total to 100%.

Highlights

- **There is strong support for auto-enrollment retirement savings via payroll deduction.**
 - Other key program features, such as portability and the ability to designate a beneficiary, are appealing to a large majority of workers.
- **Most would participate in the program** – only about a quarter would opt out, regardless of whether the deferral rate is 3% or 5%.
- **Liquidity** – Not having access to funds in the case of job loss or death of a spouse – would deter some participants.
- **Workers have a clear preference for investing for long-term growth** rather than for protecting against loss, when they understand the risk-reward tradeoff.
- The vast majority of uncovered workers have the desire and the ability to put at least some money aside for retirement.
- Low earnings and debt burden are the primary reasons for over half of uncovered workers for not saving more.

Six in seven (85%) support the idea of automatically enrolling uncovered workers into a retirement savings program that has an opt-out option.

Only a very small proportion (4%) think it is a very poor idea.



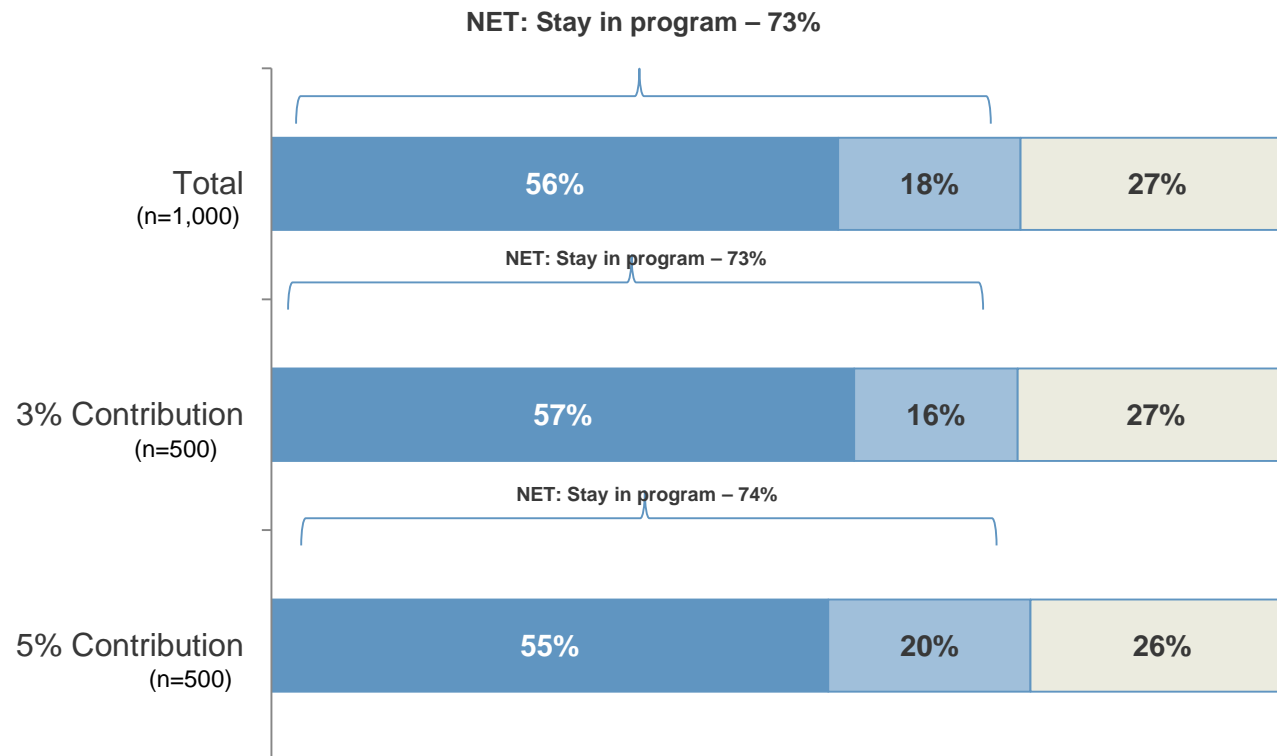
Base: Total, n=1,000

Q2. In general, do you think automatically enrolling workers into a retirement savings program while giving them the option to choose not to participate is a:

Three-quarters of uncovered workers would stay in the program, whether the deferral rate is 3% or 5%. One-quarter would opt out

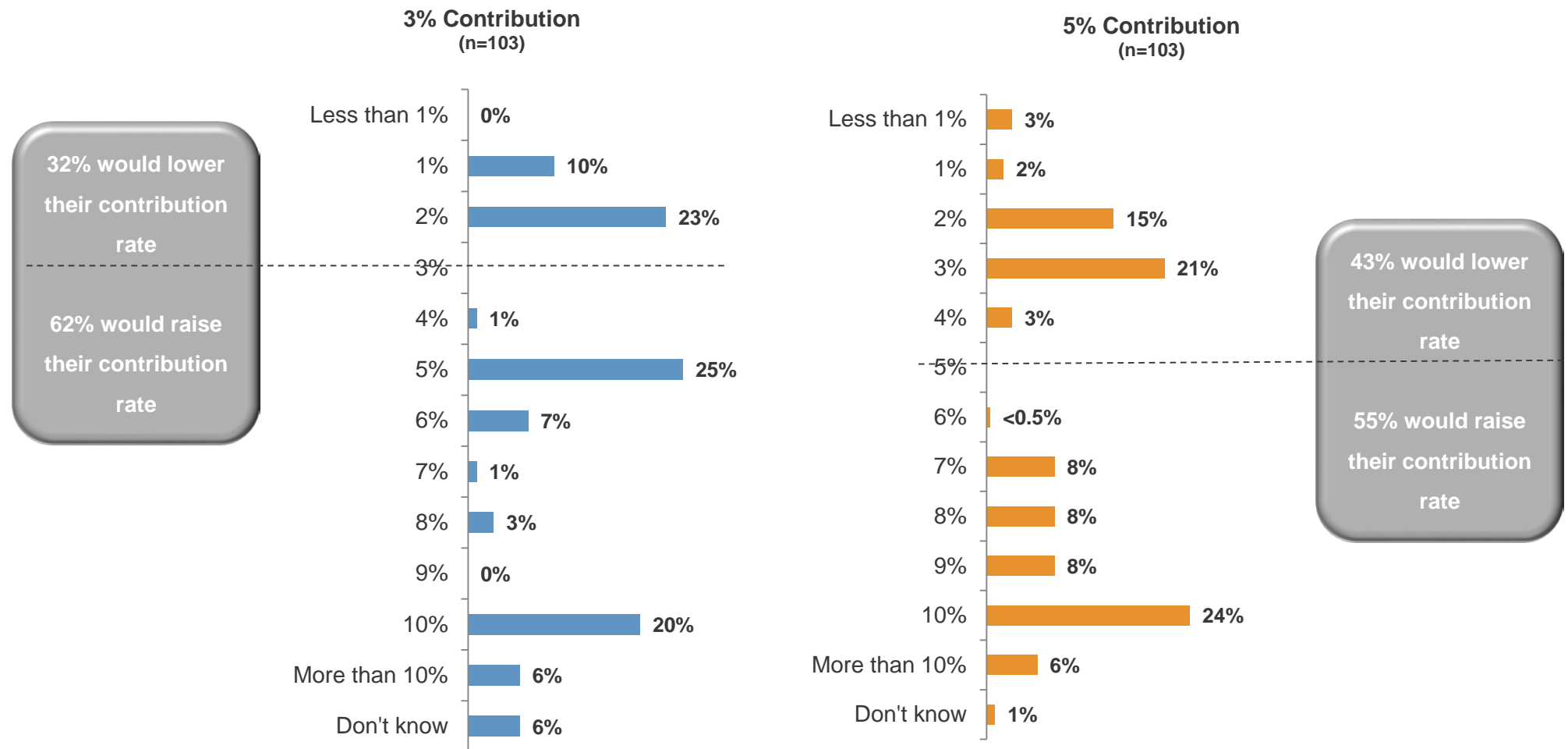
- Opt-out rates are lower for women than men (23% vs 29%) and for workers earning \$60K+ compared to those earning <\$30K (21% vs 29%).
- Opt-out rates are higher for those with no college than for those who attended college but did not get a 4-year degree (30% vs. 17%).

■ Stay in program ■ Stay in program, but ask your employer to change the contribution rate ■ Opt out of program



Q1. If you were automatically enrolled in the California Secure Choice program above at (3%/5%) of your paycheck, would you...?

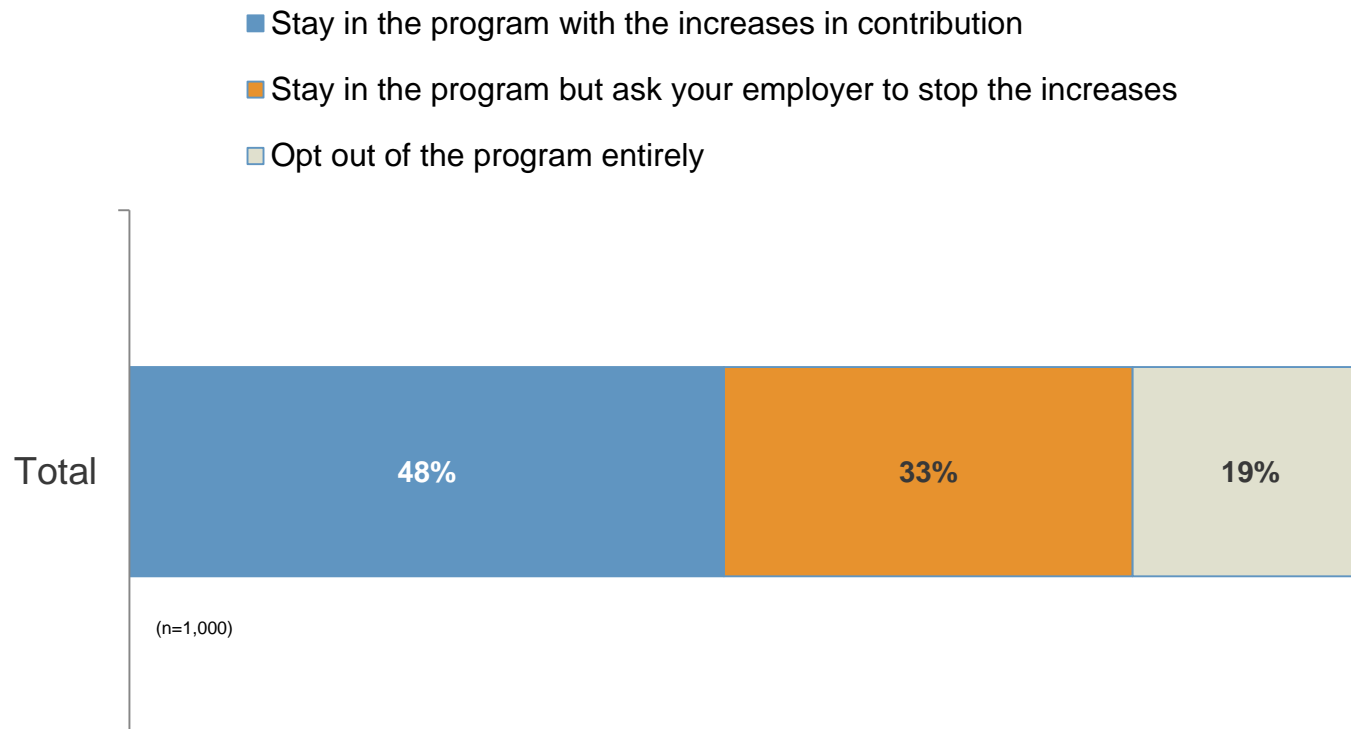
Among the 16-20% who would stay in the program but ask to change their deferral rate, over half would request a higher contribution rate.



Q1A. What percentage would you ask your employer to change the contribution rate to?

If the program had automatic escalation of 1% annually up to a maximum of 10%, a fifth would opt out and another third would just stop the increases.

- Opt-out rates if the program included an automatic escalation feature are higher for non-Hispanic than for Hispanic respondents (23% vs. 15%).

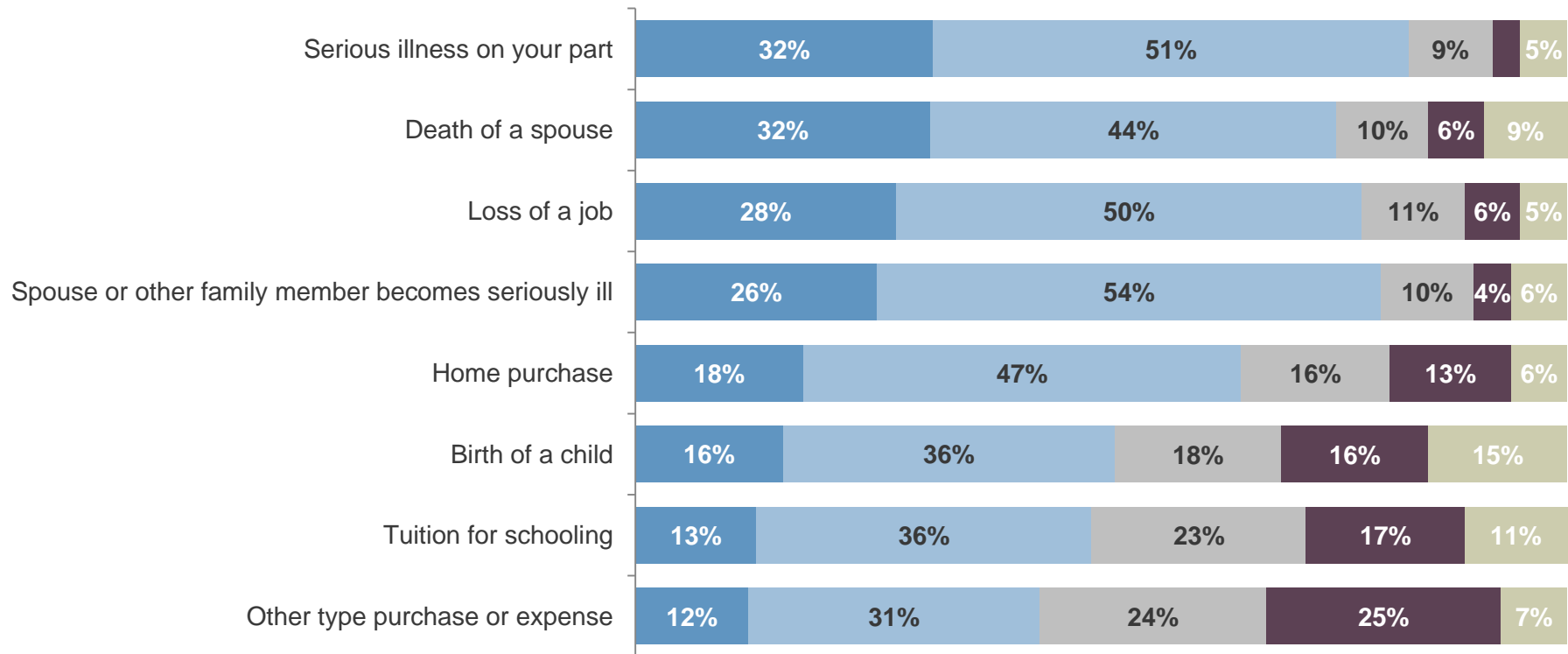


Q4. Suppose that the program automatically increased your contributions by 1% of your paycheck every year up to a maximum of 10%. Would you...

About a third won't participate in the program if they are unable to access their money if they become seriously ill or their spouse dies.

- About a quarter would require, as a condition of participation, being able to access their savings in the event of job loss (28%) or a family member becoming seriously ill (26%).
- There is less demand for liquidity in these situations: home purchase (18%), birth of a child (16%), tuition (13%) and other large types of purchases (12%).

■ Must have or won't participate ■ Would be nice to have access ■ Don't care either way ■ Do not need access ■ Not applicable

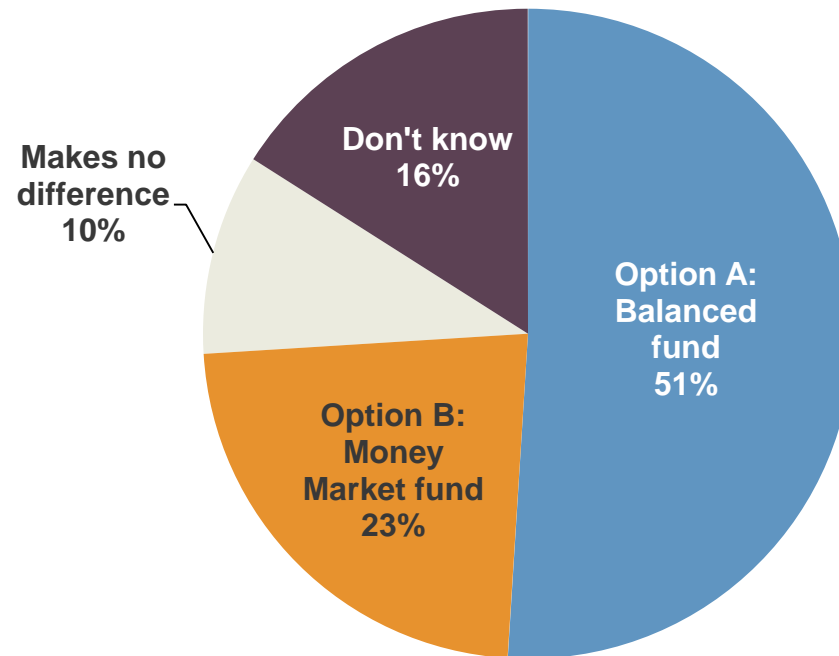


Base: Total, n=1,000

Q8. How important is it that you have access, before retirement, to your money in your California Secure Choice program account for each of the following situations?

About twice as many prefer a Balanced Fund over a Money Market Fund.

- Half (51%) prefer a Balanced Fund compared to 23% who prefer a Money Market Fund. Another 10% do not have a preference and 16% don't know.
- Preference for the Balanced Fund increases with education and income.

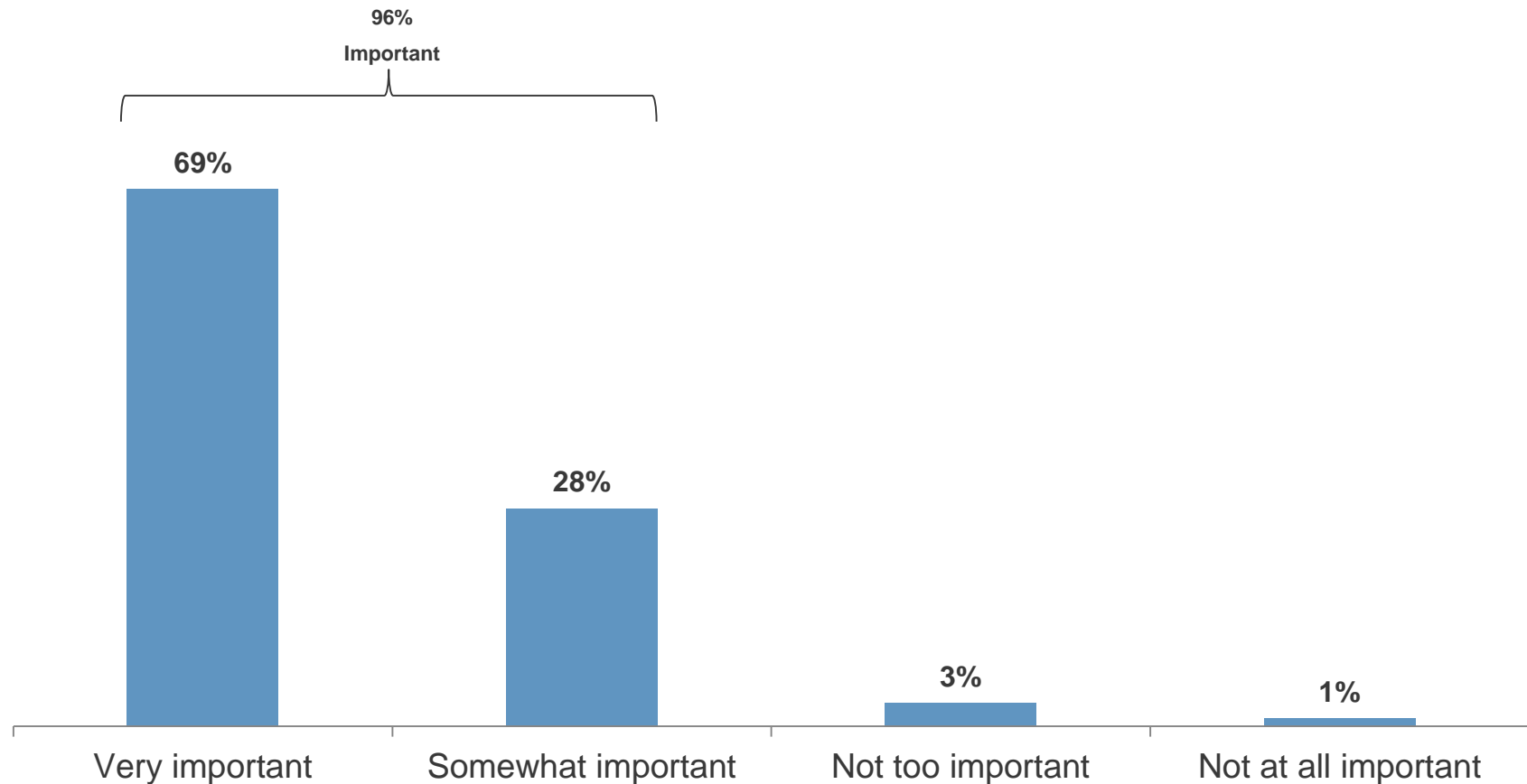


Base: Total, n=1,000

Q5. Do you prefer to have the money automatically invested in a low-cost fund that is:

Uncovered workers agree that saving for retirement is important.

- Nearly all (96%) affirm the importance of saving for retirement, including 69% who say this goal is very important.
- Placing high importance on saving for retirement increases with age and with income.

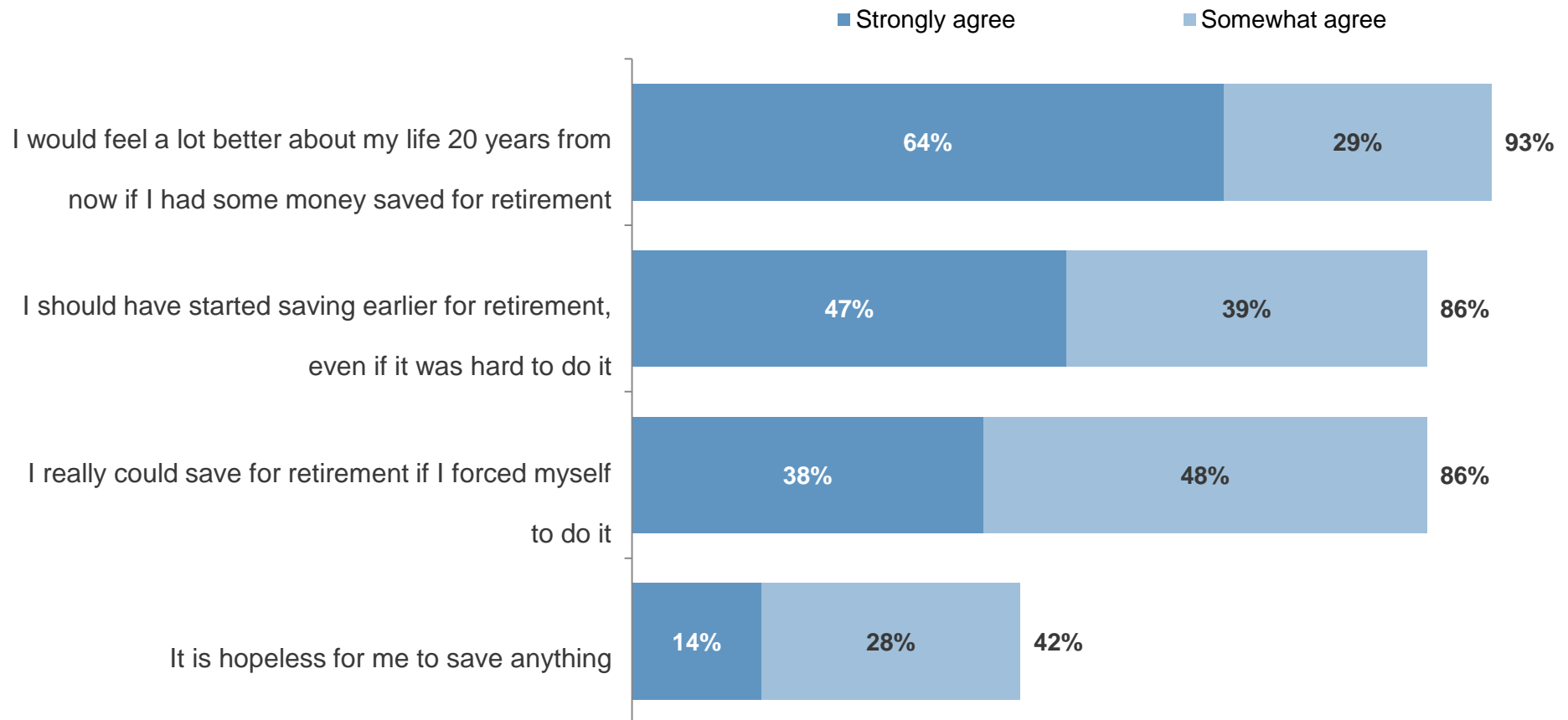


Base: Total, n=1,000

Q11. The next few questions are about your attitudes about saving for retirement in general. How important to you is it to save for retirement?

Another indication of the strong interest uncovered workers have in saving for retirement are large shares who think they could and should do it.

- Only about one in seven (14%) thinks it is hopeless for them to save anything for retirement.

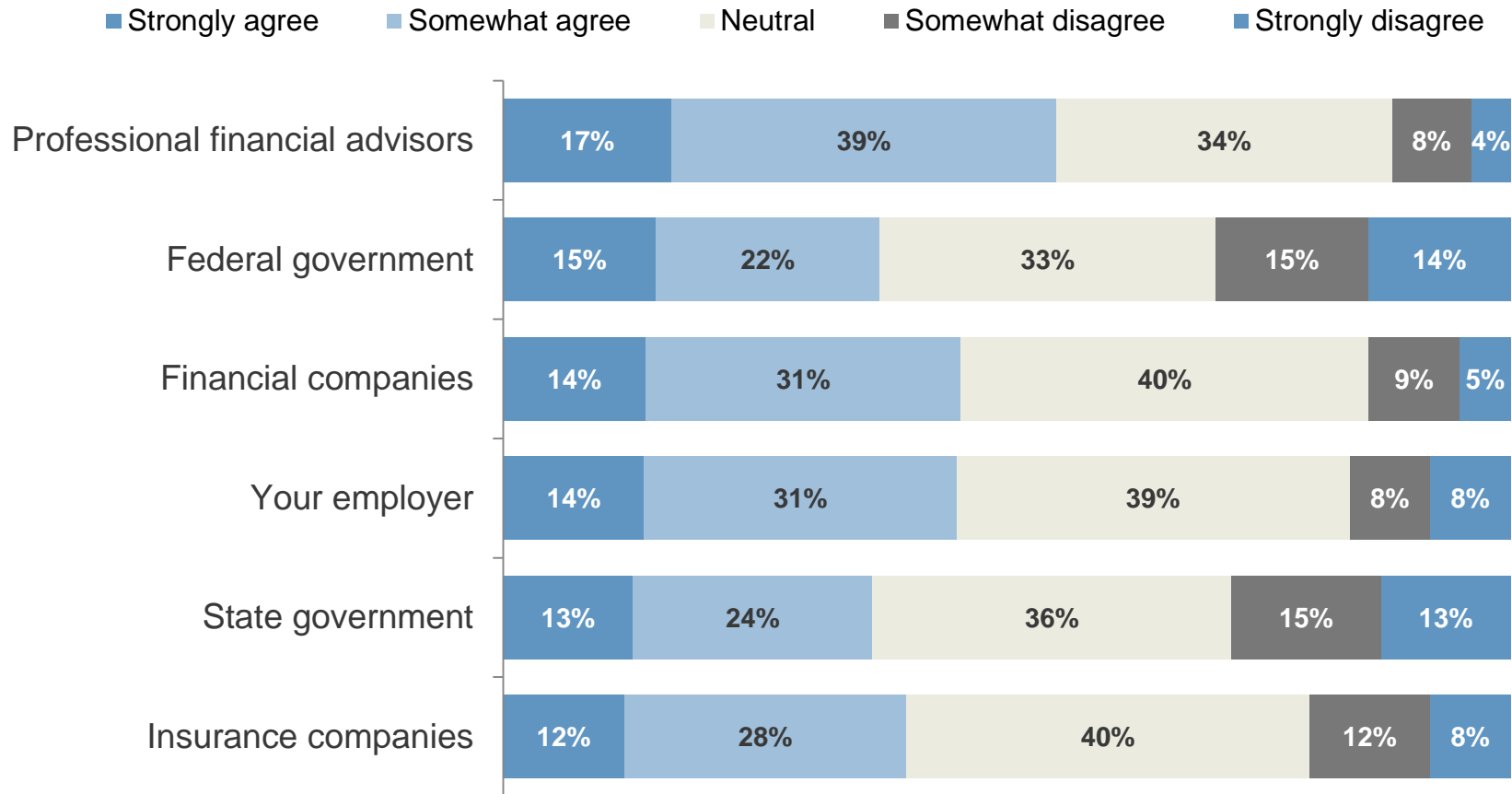


Base: Total, n=1,000

Q18. To what extent do you agree or disagree with the following statements:

For managing and investing retirement money, there is greater trust in professional financial advisors than in government and other entities.

- Small shares strongly indicate any would be untrustworthy stewards, including federal government (14%) and state government (13%).

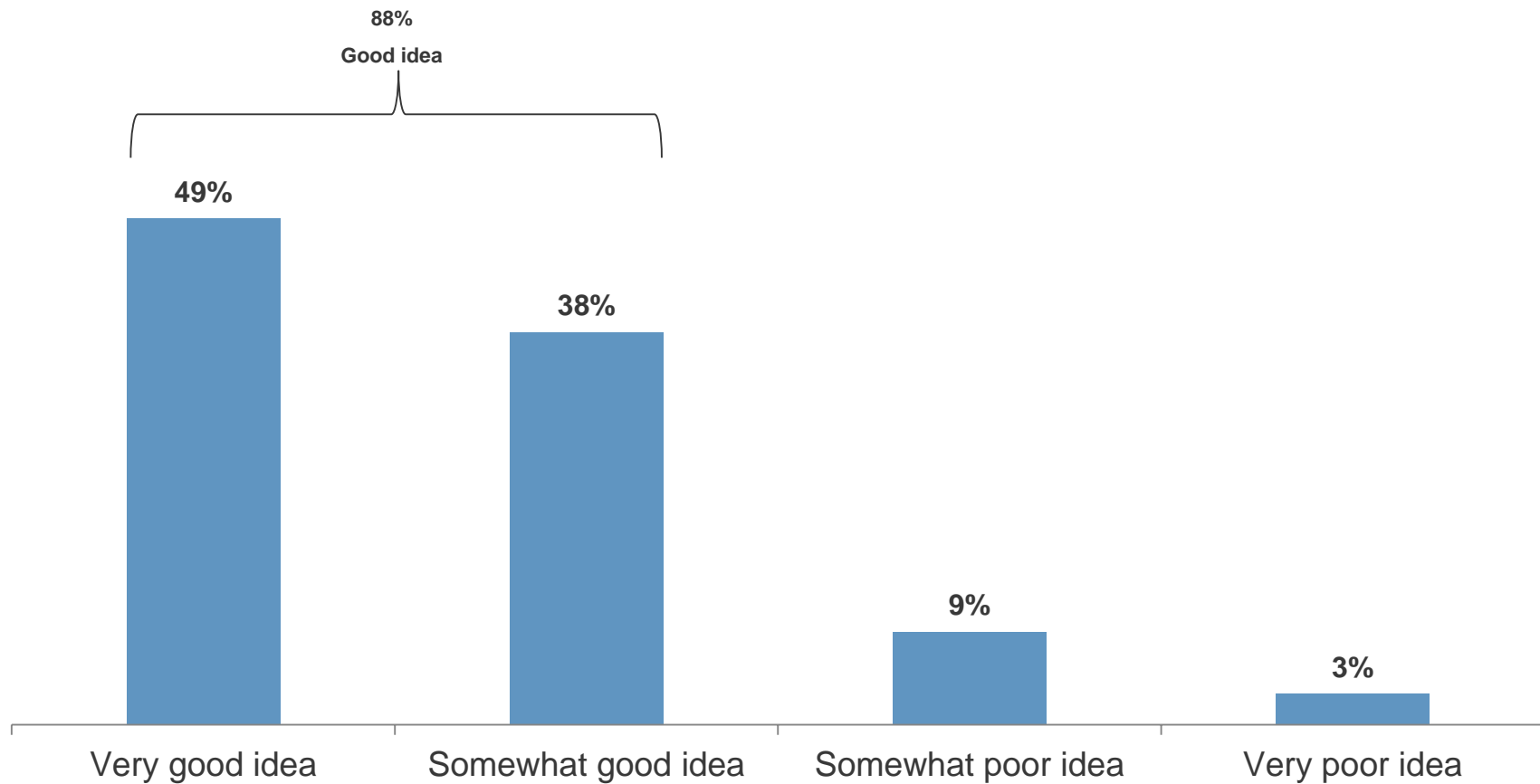


Base: Total, n=1,000

Q20. For each of the following, to what extent do you agree or disagree that each is trustworthy when it comes to managing and investing workers' retirement savings:

Nearly nine in ten think the proposed retirement savings program is a good idea for the State of California.

- Just 12% describe it as a somewhat or very poor idea.



Base: Total, n=1,000

Q7. How good or poor an idea do you think this program is for the State of California?

Questions?