



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS RELEASE

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Governor Approves Secure Choice Retirement Plan

Largest Expansion of Retirement Security Since the Passage of the New Deal

SACRAMENTO – Millions of Californians soon will have an easy way to save for a more comfortable and dignified retirement now that Gov. Jerry Brown has signed Senate Bill 1234, landmark legislation creating the California Secure Choice Retirement Plan.

Secure Choice was authored by Senate President Pro Tem Kevin de León of Los Angeles. State Treasurer John Chiang oversaw the market studies and legal analysis driving the design of the new program.

The new program will offer a retirement savings plan for about 6.8 million California workers, who currently have no access to an employer-provided retirement savings account.

Passage of Secure Choice is “the most significant step toward providing Californians with a dignified retirement since the establishment of Social Security in 1935,” said Chiang. “It offers hope and protection to millions of Californians who are careening toward an impoverished retirement where they face the all-too-real scenario of whether to spend their meager retirement draw on food or rent.”

When the program becomes operational, businesses with five or more employees that do not provide their own pension, 401(k) plan or similar retirement program will be required to offer Secure Choice. This requirement will be phased in over three years, starting with businesses that have 100 or more employees. After three years, businesses with five or more employees will need to comply.

The Secure Choice plan enables participation through payroll contributions. However, employees will have the option to opt out of the benefit. The program will be self-sustaining through participant fees and will impose a minimal cost to employers and no cost to taxpayers.

The benefit, Chiang stressed, will be at minimal cost to employers and no cost to state taxpayers.

“Creating Secure Choice will pay benefits for decades to come,” said Sen. de León.

“Regardless of socioeconomic status, the hard-working people of California who have made our state a global economic powerhouse deserve a measure of financial security in their Golden Years,” he said. “This will benefit our current workers and younger generations who will finally have an easy and reliable way to save for the future.”

California’s retirement plan has been endorsed by the editorial boards of newspapers across the country, including the Los Angeles Times, New York Times and The Sacramento Bee.

This new law will go into effect on Jan. 1, 2017 and will authorize the build-out of Secure Choice.

What others are saying about Secure Choice:

"Despite facing a harsh economic landscape with declining wages, Millennials know the value of retirement savings and are eager to contribute to a plan. A recent poll we conducted found that over three-quarters of Millennial workers with access to an employer-sponsored retirement plan are making consistent personal contributions. Yet in California, 6.8 million private-sector employees currently lack access to employer-sponsored retirement plans, including 68 percent of Latino workers and 53 percent of African American workers. Secure Choice would meaningfully help set up young adults for financial security, and would be an important step in working towards a more equitable future."

--*Gustavo Herrera, Western Regional Director of Young Invincibles.*

"For many small businesses, retirement plans are out of reach because of complicated paperwork, financial liability and high costs. Secure Choice eliminates these barriers and helps small businesses offer retirement plans to their workers without forcing them to foot the bill. This is a great step toward a more level playing field for small employers in California."

--*Mark Herbert, California Director of Small Business Majority*

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