CALIFORNIA STATE TREASURER JOHN CHIANG

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Treasurer Chiang Urges Adoption of Automatic Retirement Savings Plan for Millions of Private-Sector Workers

If approved this year, "Secure Choice" could be available after January

SACRAMENTO – State Treasurer John Chiang today joined Senate President pro Tempore Kevin de León, labor leaders, small business owners, and young workers to urge state approval of a proposal that aims to put automatic retirement savings plans in the hands of 6.8 million private-sector workers.

The California Secure Choice Retirement Savings Investment Board voted Monday to forward to state lawmakers its recommendations on how to structure the proposed Secure Choice Retirement Plan. If approved by lawmakers and governor this year, the program could become law by January, 2017.

California is at the forefront of a national movement and is set to herald in the most significant change to retirement savings since Social Security was enacted as part of President Franklin D. Roosevelt's New Deal in the 1930s.

"There are people threatened with not only being left behind but who will almost surely suffer the slight of poverty in their post-employment years unless we make it possible for them to start saving now," the treasurer said. "These are restaurant and agriculture workers, retail store clerks and bicycle shop mechanics, among others, who are not employed by businesses large enough or fortunate enough to offer such plans."

Businesses with five or more employees would be required to provide the state-administered savings plan, or another plan of their choosing. Only workers not currently offered an automatic retirement savings plan through their employment would qualify. Workers would be able to opt out of the plan and the cost to a business is expected to be minimal.

"At last, we are entering the homestretch," said Treasurer Chiang, who chaired the Secure Choice board. "Today, we are giving the Legislature recommendations that they can use to create a model program that promises to brighten the future of millions of private-sector workers and their families.

“We live in a fast-changing world in which innovations that often originate here in California are driving the new economy,” he added. “And we need grand-scale innovative responses to the new challenges that arise with it. Secure Choice is such a solution. That is why I am urging its adoption.”

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