

CALIFORNIA SECURE CHOICE: MAKING WORKPLACE RETIREMENT SAVINGS POSSIBLE FOR 7.5 MILLION CALIFORNIANS

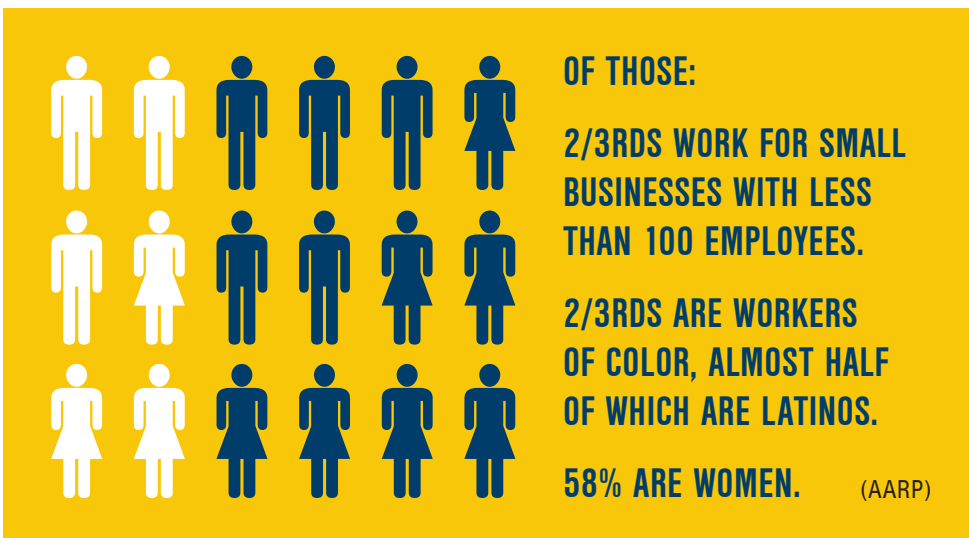
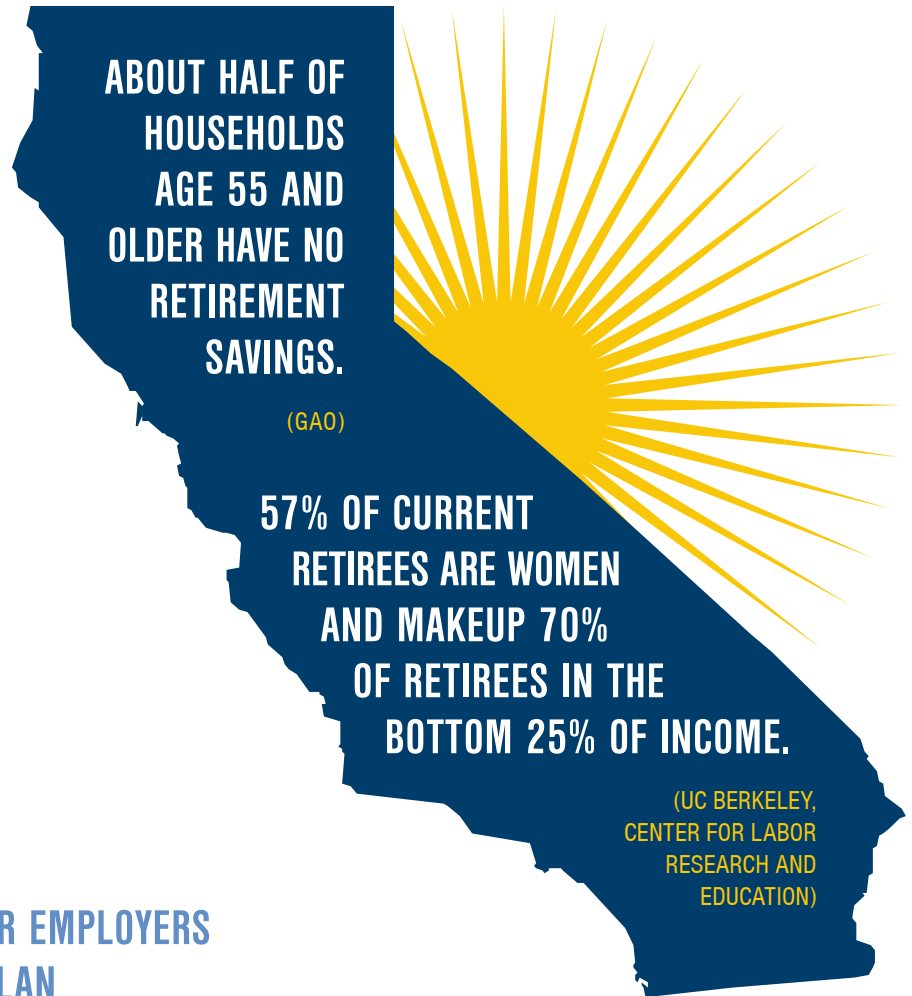


THE PROBLEM:

Over 75% of California's low and moderate income retirees rely exclusively on Social Security, leading to significant economic hardship. With each generation on track to retire poorer than the last, the strain on taxpayer funded health and human services will undermine the long-term financial stability of the state.

- Nearly half of California workers are on track to retire with incomes below 200 percent of the federal poverty level (\$22,000 a year), a widely accepted threshold for serious economic hardship. (UC Berkeley)
- At least 62% of retirees rely on Social Security for more than half their income.
- The average monthly Social Security retirement benefit is \$1,328.

7.5 MILLION CALIFORNIANS WORK FOR EMPLOYERS WHO DO NOT OFFER A RETIREMENT PLAN



SECURE CHOICE

CHAPTER 804 (CA STATUTES 2016)

A voluntary workplace retirement savings plan that enables participation through employee payroll contributions into a personal retirement account managed by the California Secure Choice Retirement Savings Investment Board.

WHAT SECURE CHOICE WOULD MEAN FOR EMPLOYEES:

- **SIMPLE.** Payroll contribution of 3% of salary into a personal retirement plan, with the option to change contributions at any time. Escalation of contribution rates up to 8% of salary with participant ability to stop or change the rate.
- **SAFE.** For up to the first three years of the program, the Board would establish managed accounts invested in U.S. Treasuries, or similarly low-risk investment, and develop investment options that address risk-sharing and smoothing of market losses and gains. Participant fees would be low. The Board, and its relevant contractors, would have a fiduciary duty to the participants of the program.
- **PORTABLE.** Employees can contribute to their account throughout their working life.

WHAT SECURE CHOICE WOULD MEAN FOR EMPLOYERS:

- Enables employers to offer employees access to an automatic IRA account with limited administrative duties and no fiduciary responsibility.

- Applies to employers, with 5 or more employees, who do not offer an employer-sponsored retirement plan. These employers will be required to offer an employer sponsored retirement plan, or provide their employees with access to California's Secure Choice Retirement Program.
- Mandated employers would be exempt from ERISA (Employee Retirement Income Security Act).

WHAT SECURE CHOICE WOULD MEAN FOR TAXPAYERS:

- There would be NO cost or liability to taxpayers. The program would be self-sustaining through participant fees.
- The state would have no liability for the program funding or performance.
- By enabling participants to save for retirement, they may be less reliant on taxpayer funded public services when they reach retirement age.

KEY SUPPORTERS:

- AARP
- Asian Business Association
- California Black Chamber of Commerce
- California Asset Building Coalition
- California Association of Nonprofits
- Church IMPACT
- Los Angeles Latino Chamber of Commerce
- National Council of La Raza
- SEIU California
- Small Business Majority
- Young Invincibles

WORKERS WITH ACCESS TO A WORKPLACE RETIREMENT PLAN ARE 15 TIMES MORE LIKELY TO SAVE FOR RETIREMENT.

(AARP)

TWO-THIRDS OF SMALL BUSINESS OWNERS IN CALIFORNIA SUPPORT A STATE RETIREMENT SAVINGS PROGRAM THAT WOULD HELP SMALL BUSINESSES AND THEIR EMPLOYEES SAVE FOR THE FUTURE.

73 PERCENT OF RESPONDENTS THINK OFFERING SUCH A PROGRAM WOULD GIVE THEIR BUSINESS A COMPETITIVE EDGE.

(2015 SURVEY OF CA SMALL BUSINESS BY AARP AND SMALL BUSINESS MAJORITY)



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