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November 19, 2024

AGENDA ITEM 2  
INFORMATION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

*Executive Director's Report*

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**I. TOPICS TO BE PRESENTED DURING MEETING**

**Review of Program Participation and Funding** as of 10/31/2024

- Funded saver accounts: 525,887
- Average funded account balance: \$2,024.29
- Average monthly contribution: \$191.36
- Total AUM: \$1,064,547,888.91
- Employers registered: 138,207
- Employers exempted: 102,969
- Employers facilitating CalSavers: 52,758
- See **Attachment 2A**.

**Update on Employer Compliance Enforcement**

State law established penalties for eligible employers that do not make the Program available to their employees. For each wave of employers, after months of marketing and notices from Ascensus, staff begin distribution of enforcement notices (“due process notices”) to employers who are not compliant due to missing their registration deadline, failing to upload their employee roster, or failing to facilitate contributions.

State law requires due process notice prior to penalty imposition. Following these notices and extensive staff research efforts to identify exempt employers, staff began referring employers to the Franchise Tax Board (FTB) for penalty imposition in October of 2023.

Over 17,000 employers have been removed from the pool of penalty-status employers since the penalty enforcement implementation. The remaining noncompliant employers began receiving the second penalty notice in the amount of \$500 per unenrolled, eligible employee beginning late May of 2024. 4,043 of those employers subject to the \$500 penalty have since taken the appropriate compliance action.

In October and November of 2024, we began our next penalty enforcement round of mailings. CalSavers instructed FTB to mail out an additional 10,361 penalty notices to employers, including both first time notices and annual notices for those previously in enforcement. Results of that enforcement effort will be updated in a future Board meeting.

Summaries of enforcement activity are reported in **Attachment 2B**.

## **Update on Wave 4 – Program Expansion to Businesses with 1-4 Employees**

In 2022, the passing of SB1126 expanded the CalSavers mandate, extending its reach from businesses with five or more employees to now include any business with at least one employee besides the owner or the owner's spouse. This final expansion, known as "Wave 4," is expected to encompass around 440,000 employers. The deadline for registration and compliance for this group of "micro employers" is set for December 31, 2025. We anticipate unique challenges with this wave, given the smaller business sizes, a likely unfamiliarity with retirement savings programs, limited communication infrastructures, and potential complexities with payroll integration.

To streamline the compliance process for these employers, CalSavers is proactively implementing support initiatives well ahead of the deadline, including:

- **Phased, regional roll-out of pre-deadline communications** encouraging businesses to register, initiate the program, or correctly exempt themselves early. We have adjusted the timeline for in-state regional pre-marketing to run from February to June of 2025.
- **A dedicated web landing page for Wave 4 microbusinesses**, designed to facilitate a quick and easy path to compliance. This is live now, at: [employer.calsavers.com/home/onetofouremployees.html](https://employer.calsavers.com/home/onetofouremployees.html)
- **Enhanced digital advertising**, including targeted web ads and an increase in search-based advertising.
- **Coordinated mailing timelines** between contractors and the call center, aimed at reducing anticipated call wait times.
- **Collaboration with stakeholder partner organizations** to amplify messaging, aligned with the regional, pre-deadline marketing approach.
- **Creation of a digital toolkit** tailored for employers and stakeholders to support compliance and outreach efforts.

### **Early Wave 4 employer compliance action:**

- Responded/taken some action: 14,787
  - Exempted themselves: 11,000
  - Registered: 3,787
  - Begun facilitating CalSavers for employees: 1,226

### **Risk Monitoring**

Quarterly risk heat map (**Attachment 2C**)

No updates.

### **Amendments**

The Executive Director exercised the option to extend the contract with outside legal counsel K&L Gates for one year. There are no costs related to this extension.

**Legislation and Policy**

**Federal**

CalSavers collaborated with other state auto-IRA programs and industry partners to submit comments to the IRS and U.S. Department of Treasury in response to their request for comments on the implementation of the Saver’s Match contributions. Saver’s Match is a piece of the SECURE 2.0 legislation, intended to provide up to \$1,000 in Federal funds to low- to middle-income workers with retirement savings accounts. The comments stressed the value of utilizing the state auto-IRA programs as a proven financial rail and communication pathway to the populations that the Saver’s Match is intended to benefit, and suggested ways to streamline the process of administering the Match.

**State**

*No updates*

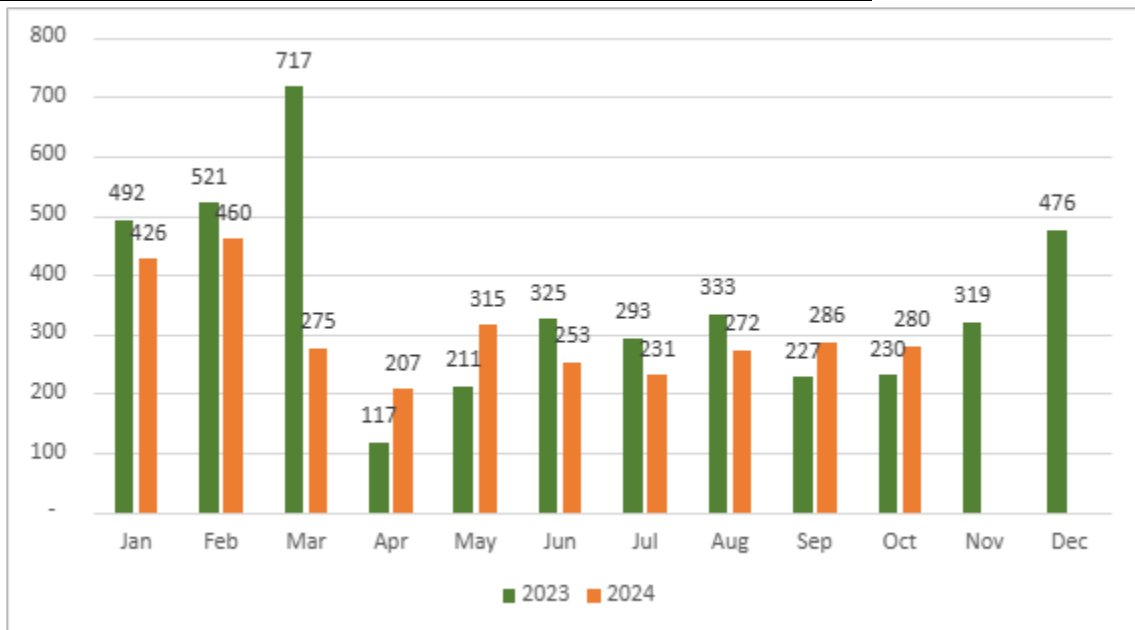
**CalSavers Regulations**

*Updates on previously approved regulation packages*

**Noncompliance Regulations**

During the August 21, 2024, Board meeting, the Office of Administrative Law approved the Board’s certificate of compliance submission to make the Board’s noncompliance regulations permanent. No further action is required and this regulatory proposal is closed.

**Staff Customer Service Caseload Referred by Ascensus Call Center**



*Counts of employer cases handled by CalSavers staff, thru 10/31/2024*

## **External Presentations**

### *Public Webinars Summary*

	English	Spanish	Mandarin	Cantonese	TOTAL
Attendees Aug-Oct	447	22	9	7	485
Attendees YTD	1,491	115	9	7	1,622
Sessions Aug-Oct	18	10	6	6	40
Sessions YTD	73	36	16	16	141

### *Stakeholder/Community Presentations, Employer Visits, and Policy Forum Remarks*

(Events Since August Board Report)

	Date	Organization	Event	Location
1.	8/1/2024	United Domestic Workers (UDW)	UDW Madera Picnic Day	Madera
2.	8/7-8/2024	Ofiso Solutions Corp	MegaMix Expo	Ontario
3.	8/16/2024	Negozee	Negoziante Summer Seminar	Long Beach
4.	8/21-23/2024	CA Hispanic Chamber of Commerce	Annual Conference	Bakersfield
5.	9/10/2024	United Domestic Workers (UDW)	UDW Home Care Provider's Membership Meeting	Ceres
6.	9/16/2024	Small Business Majority w/ Assemblymember Villapudua	Access to Responsible Capital for Small Business Owners	Stockton
7.	9/16-19/2024	Ascensus	Due Diligence Meeting	Newton, MA
8.	9/24-25/2024	National Association of State Treasurers (NAST)	Policy Summit	Chicago, IL
9.	9/25/2024	Office of Senator Aisha Wahab	Business Support Workshop	Sunnyvale
10.	9/26/2024	CAMEO	Maximize Impact: CalSavers Guide & Marketing Strategy for Micro Enterprises	Virtual
11.	9/28/2024	El Pajaro Women's Business Center	Liderazgo para Emprendedoras Latinas	Watsonville
12.	10/8/2024	Hispanic Media	Su Socio de Negocios	Norwalk
13.	10/9/2024	Hispanic Media	Podcast: Cómo iniciar una cuenta de retiro con CalSavers	Norwalk
14.	10/24/2024	Small Business Development Center	Small Business Expo	San Diego
15.	10/25/2024	Maravillosa Movement	Grow Your Small Business	Ontario
16.	11/6/2024	CA Restaurant Association	Board of Directors Meeting	Sacramento
17.	11/7/2024	Valley Sierra SBDC	Central Valley Business Expo 2024	Modesto
18.	11/7/2024	Small Business Development Center	Small Business Expo	El Centro

	Date	Organization	Event	Location
19.	11/12/2024	Redondo Beach Chamber of Commerce	Lunch-and-Learn	Redondo Beach
20.	11/13/2024	Moreno Valley Chamber of Commerce	Business in Action Meeting	Moreno Valley

## **II. TOPICS AVAILABLE FOR PRESENTATION BY REQUEST**

### **Staffing**

- CalSavers Director of Stakeholder Outreach and Customer Service Jonathan Hererra accepted an offer to serve as the first leader of the Washington Saves state-facilitated retirement program. We are recruiting to backfill the position.
- CalSavers has made a job offer to fill a vacant analyst position on the Outreach and Customer Service team.
- There is one additional analyst position vacancy.

### **Budget**

- The fiscal year-date-income for the Program is \$37,755.63, and expenditures are \$308,398. Figures are as of most recent STO accounting figures, August 31, 2024.
- See CalSavers Retirement Savings Board Fund Manager’s Report in **Attachment 2E**

### **Earned Media**

Media coverage, including articles, television and radio segments, and podcasts published since the previous Board report, is summarized below.

	Pub. Date	Publication	Headline/Link
1.	8/26/2024	American Society of Pension Professionals & Actuaries	<a href="#">How Are Employees Responding to State-Run Retirement Plans?</a>
2.	8/29/2024	Pensions & Investments	<a href="#">CalSavers hits \$1 billion mark</a>
3.	8/29/2024	American Society of Pension Professionals & Actuaries	<a href="#">CalSavers Assets Hit \$1 Billion</a>
4.	8/30/2024	Barron’s	<a href="#">California’s State-Run Retirement Plan Is Popular. Assets Just Hit \$1 Billion.</a>
5.	9/25/2024	AARP	<a href="#">Latino-Owned Businesses Are Booming, but Retirement Savings Lag</a>
6.	10/8/2024	Center for Retirement Research at Boston College	<a href="#">Will Auto-IRAs Help Households Cope with Emergency Expenses?</a>
7.	10/8/2024	Investment Magazine	<a href="#">Stapling puts super ‘ahead of the curve’: Shlomo Benartzi</a>
8.	10/16/2024	Sacramento Business Journal	<a href="#">California small businesses: 3 tips for selecting the right 401(k) provider</a>
9.	10/19/2024	The Wall Street Journal	<a href="#">It’s Time to Bring 401(k)s Into the 21st Century</a>
10.	10/29/2024	National Association of Plan Advisors	<a href="#">Et tu, Shlomo?</a>

### **Attachments**

- Attachment 2A: Summary of Program Participation & Funding as of October 31, 2024
- Attachment 2B: Employer Enforcement Activity as of October 31, 2024
- Attachment 2C: Quarterly Risk Heat Map

- Attachment 2D: CalSavers Retirement Savings Board Fund Manager's Report as of June 30, 2024