

# Update on California Secure Choice

John Chiang, Treasurer  
California State Treasurer's Office  
July 14, 2015

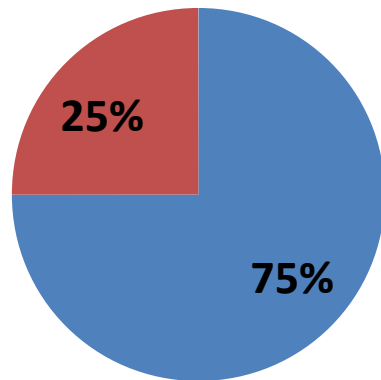
# California Retirement Landscape

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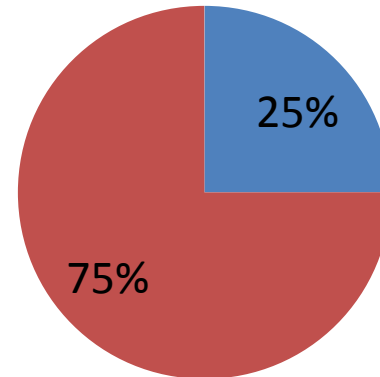
## Lower-income retirees rely more on Social Security

(U.S. Census Current Population Survey Annual Social and Economic Supplement, 2012-14)

**Top Quartile Retirees**



**Median Retirees**



- Other sources of income
- Social Security

# California Retirement Landscape

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- 6 million California workers lack access to workplace retirement savings plans.
  - Non-white workers and women are disproportionately represented
  - 50% are age 36 or younger
  - Only 10.3% have a spouse with access to a workplace plan
  - More than half work for employers with fewer than 100 employees.
  - Median income is \$23,000 annually

# California Secure Choice Retirement Savings Trust Act of 2012 (SB 1234 / SB 923)

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- State administered payroll deduction savings program
- Mandatory for employers with 5 or more employees who offer no retirement savings plan
- Voluntary for employees – automatic enrollment with opt out
- Portable, low cost, low risk

# California Secure Choice Retirement Savings Trust Act of 2012 (SB 1234 / SB 923)

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- Market analysis and feasibility study required (to be conducted with donated funds)
- No implementation if:
  - “the IRA arrangements offered fail to qualify for favorable federal income tax treatment”
  - “if it is determined the program is an employee benefit plan under ERISA”
  - If it is determined the plan will not be “self-sustaining”

# California Secure Choice Retirement Savings Investment Board

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**John Chiang,**  
Treasurer

**Betty Yee,**  
Controller

**Michael Cohen,**  
Director of finance

**Ed De La Rosa,**  
investment expert  
appointed by Sen.  
Rules

**Yvonne Walker,**  
employee rep.  
appointed by Asm  
Speaker

**Cindy Pollard,** small  
bus. rep. appointed  
by Governor

**Bill Sokol,** public  
member appointed  
by Governor

**Marty  
Morgenstern,**  
public member  
appointed by  
Governor

**Heather Hooper,**  
public member  
appointed by  
Governor

# 2013 to 2014: Fundraising and Procurement

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The Board reached its fundraising target of \$1 million.



# 2013 to 2014: Fundraising and Procurement

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## Executed Contracts for the work:

- **K&L Gates** – tax and ERISA legal work
- **Overture Financial** – Market Analysis, Feasibility, Program Design. The team includes:
  - Segal Consulting
  - Greenwald and Associates
  - UC Berkeley Center for Labor Research and Education
  - Bridgepoint Group



## 2015: Market Analysis, Program Design, Feasibility Study, Legal Analysis and Stakeholder Outreach

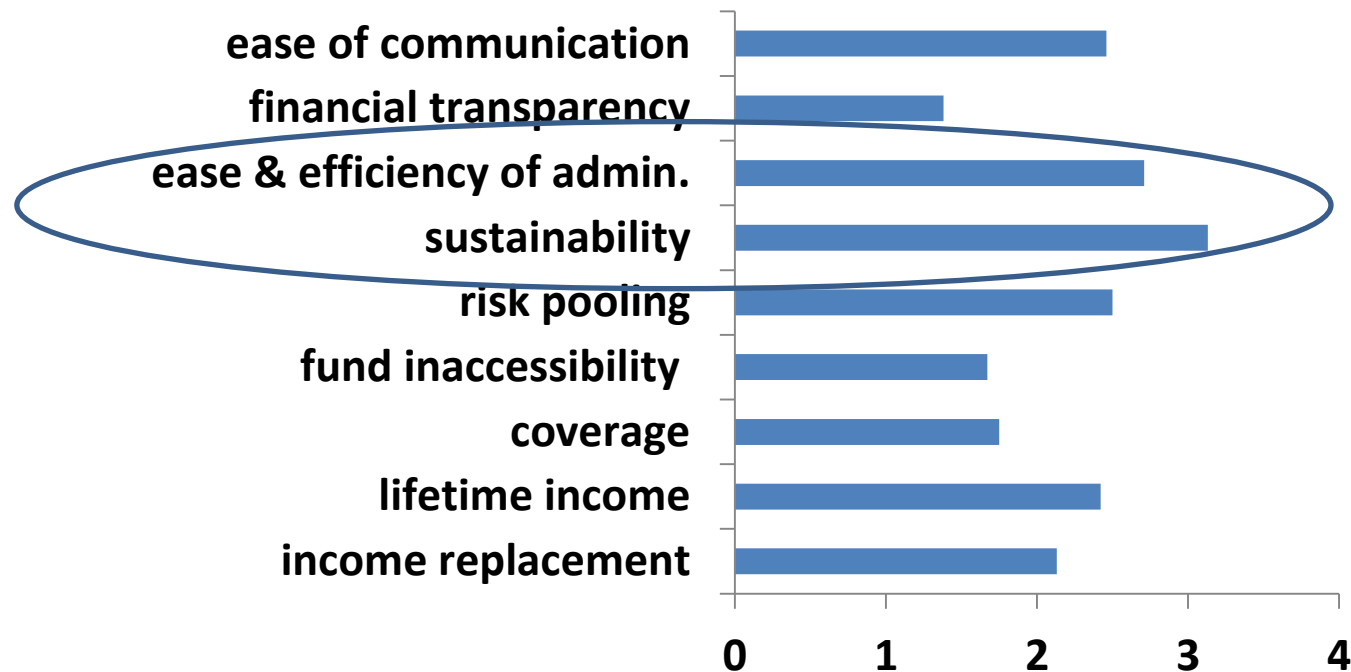
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- Conversations with the U.S. Department of Labor
- The study approach
- Secure Choice “listening tour”

# 2015: Market Analysis, Program Design, Feasibility Study, Legal Analysis and Stakeholder Outreach

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- Initial Board member rating of the relevance of program attributes



# 2016 and Beyond?

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