

Update on California Secure Choice

February 11, 2016

California's Response to the Proposed DOL Regulations

- Generally pleased with the proposed regulations, the speed and the responsiveness of Secretary Perez and DOL staff.
- Concerned that the safe harbor is linked to the employer mandate – California Secure Choice mandate has a threshold of 5 or more employees.
- We requested some clarifying changes

California Secure Choice Feasibility Study Findings

<http://www.treasurer.ca.gov/scib/report.pdf>

- Program is financially viable and self-sustaining
- Likely participation rates for 6.8 million workers would be 70% to 90%
- Fees could be as low as 30 bps once program is established

California Secure Choice Feasibility Study Recommendations

<http://www.treasurer.ca.gov/scib/report.pdf>

- 5% of pay default contribution rate
- Two possible investment options
 - Target date fund IRAs
 - Pooled IRA with reserve fund to smooth gains and losses
- Auto-escalation of 1% per year to 10%

Next Steps

- Public hearings in Los Angeles and Oakland March 1 and March 3
- Secure Choice Board finalizes recommendations to Governor and Legislature March 28

California Secure Choice Retirement Savings Investment Board

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

California Secure Choice Retirement Savings Investment Board

Progress to date and next steps:

- Legal issues
- Market analysis and feasibility study
- State legislation