

# Early Adopter: California



## How CalSavers Directly and Indirectly Helps Reduce the Access Gap

### Savings are Growing Rapidly in the CalSavers State-Facilitated Auto-IRA Program...

State-facilitated retirement savings programs like CalSavers are making important progress in expanding access to more workers. In just the first few years, access is already improving directly with employers participating in the CalSavers program and indirectly as businesses adopt new private plans in response to the state policy.

Workers in states with Auto-IRAs are 20% more likely to save for retirement, with the largest gains among small employers and workers earning below the median income.<sup>1</sup> These gains will continue to build through program implementation as more employers register for CalSavers or adopt new private plans.

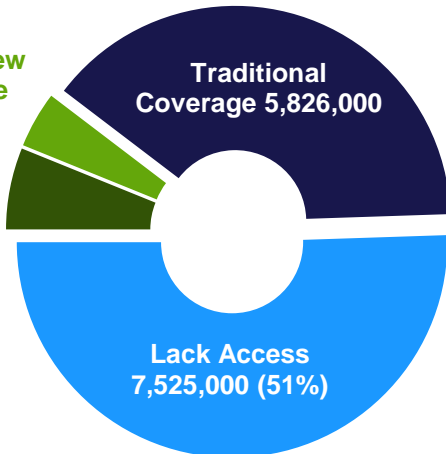
### CalSavers Key Program Metrics (Dec 2024)<sup>3</sup>

Year Launched	2019
Total Assets	\$1.11 Billion
Employers Submitting Payroll Deductions (Last 90 Days)	39,126
Funded Accounts <sup>4</sup>	539,100
Average Contribution Rate	5.2%
Average Monthly Contribution	\$200
Average Funded Account Balance	\$2,061

### California's Workplace Access to Retirement Savings Among Its 14.89 Million Full- & Part-Time Private Sector Employees (2023)<sup>2</sup>

Total With Access  
7,368,000 (49%)

Est. Induced New Plan Coverage  
629,000  
Est. New Auto-IRA Coverage  
913,000



### ...And There Has Been an Associated Increase in Private Plan Formation

#### Induced Plan Formation

California requires private sector employers to either participate in the CalSavers program or offer their own Employer-Sponsored Retirement Plans (ESRP). CRI research found that 16% of private sector California firms with 5-49 employees and 23% of firms with 50-99 employees that were not offering an ESRP before the policy began have created new plans to comply with the state requirement.<sup>5</sup> This "induced" plan formation complements participation in the state-facilitated program to help close the access gap.

### Gig Workers Represent Another Significant Population Lacking Access

"Gig economy" workers with non-traditional employment arrangements are less likely to have access to workplace retirement savings options.<sup>6</sup> This segment of the workforce is growing as work arrangements change.<sup>7</sup> These workers are typically not included in state program requirements and represent an opportunity to further enhance coverage.

7.53 Million  
Private Sector  
Employees in CA  
Lack Access



2.75 Million  
Gig Economy Workers  
in CA  
Lack Access<sup>8</sup>



10.28 Million  
Total Workers In CA  
Potentially Lack  
Access

Sources: 1: Gusto, "Auto-enroll state retirement savings policies significantly increase savings rates" (2024); Gusto, "State Auto-IRA Mandates Boost 401(k) Adoption, With Largest Gains Among Lower-Income Workers" (2023); 2: ESI Estimates based on analysis of Census Bureau and BLS Data, State performance data (CRI, Vestwell, and Ascensus) and induced plan formation data (Bloomfield et. al) – see Technical Document for further detail; 3: See CRI's State Program Performance Data; 4: Funded accounts trail gains in access attributable to the Auto-IRA program due to a combination of employee opt-outs, staggered employer registration timelines and thresholds for employer participation, employees with insufficient information to open accounts, and other factors; 5: Bloomfield et al., "Why Do Employers Establish Retirement Savings Plans? Evidence from State 'Auto IRA' Policies" (2024); 6: Gig workers include independent contractors, on-call, temporary, and contingent workers, as defined by the BLS; 7: Collins, et al., "Is Gig Work Replacing Traditional Employment? Evidence from Two Decades of Tax Returns" (2019); 8: ESI Analysis of BLS Data (2023) and Census NES Data (2022).

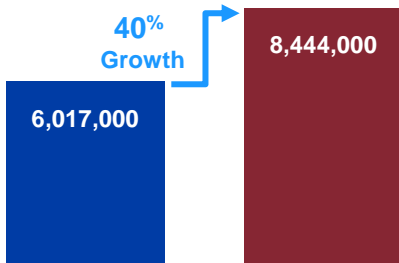
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## Why Do Retirement Savings Matter?

Too many of the elderly in California already rely almost exclusively on Social Security. Because California's senior population will grow significantly, boosting private retirement savings is crucial to supporting a better quality of life for seniors and greater economic activity from their household spending, while constraining growth in the costs of government support programs.

### California's Aging Population...

Growth of Population 65 and Older: 2020–2040<sup>1</sup>



### ...Already Relies Heavily on Social Security...

Share of Elderly Households Relying on Social Security for at Least 90% of Their Income<sup>2</sup>



### ...and Benefit Programs

Median Annual Per-Beneficiary Spending (Federal & State) for Elderly Medicaid Recipients in California<sup>3</sup>



State-facilitated retirement programs provide a simple pathway for workers without employer-sponsored plans to save for retirement. These programs, most often designed as automatic enrollment individual retirement accounts (Auto-IRAs), make saving easy and automatic while giving workers full control to adjust their contribution levels or opt out at any time.

The new federal Saver's Match provides additional support for eligible low- and moderate-income workers, including those saving through these state programs. It has the potential to boost retirement savings and income for millions of Americans and help supplement Social Security benefits, which today average \$23,150 per year.<sup>4</sup>

## Worker Contributions + Saver's Match Provide Additional Income for Retirement

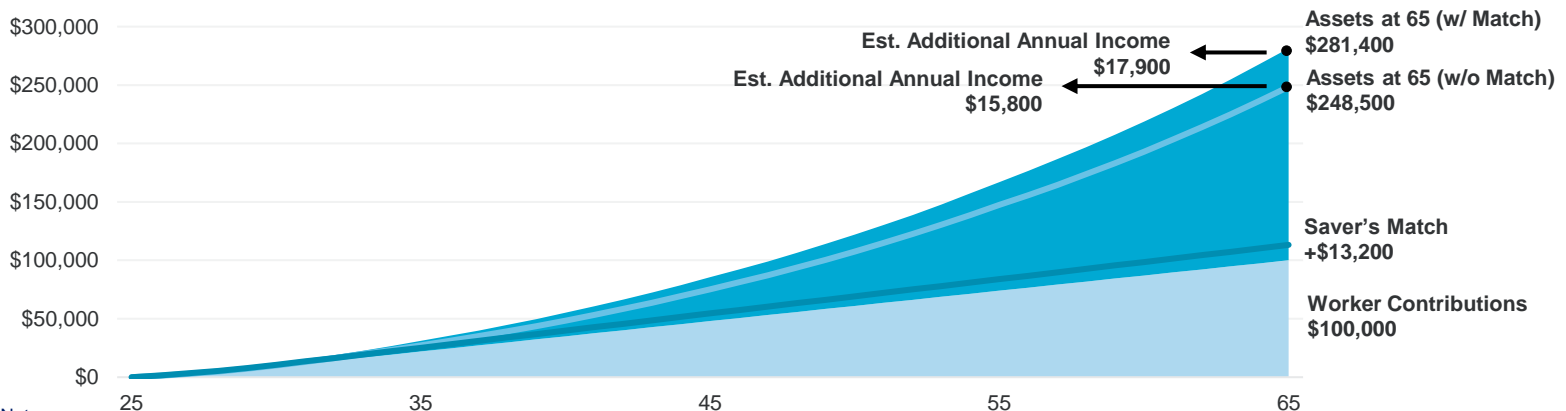


**NAME:** Jane Doe  
**OCCUPATION:** Server  
**AGE:** 25  
**ANNUAL INCOME:** \$30,500  
**SAVINGS CONTRIBUTION:** 5% of income to start, growing 1% annually to 10% cap  
**MARKET RETURN:** Inflation adjusted annual return of 4.0% - 5.4%, adjusted for fees

Using the most common state Auto-IRA program defaults, Jane would contribute \$100,000 to her retirement account over a 40-year career. The Saver's Match could add \$13,200 in contributions.

By age 65, Jane's assets could grow to \$281,400, providing her with \$17,900 each year in retirement through an immediate annual fixed annuity to supplement her Social Security income.

## Potential Supplemental Income Available at Age 65 for a Saver With and Without the Saver's Match<sup>5</sup>



Notes: 1: University of Virginia Population Projections (2024); 2: ESI Analysis of Current Population Survey Data (2022-2024); 3: Centers for Medicaid and Medicare Services (2021-2022); 4: Social Security Administration, "Monthly Statistical Snapshot," Table 2 (Jan. 2025); 5: ESI simulation of asset growth over time for a worker in the food service industry in the state following Auto-IRA savings defaults.