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CalSavers: A Pathway to Secure Retirement for 7.5 Million Californians

Hollywood has created a popular image most Americans have of California, where we all live in a sunny paradise with homes lining the beach or in lush suburbs. With a state brimming with cutting-edge companies, a highly skilled workforce, and the world's fifth-largest economy, there's no argument that, for some of us, this picture can be somewhat accurate. But there's another, darker image of California — of workers, young and old, struggling to make ends meet, with each generation on track to retire poorer than the last. While our state has reached new heights of wealth and prosperity, still, today, 75 percent of low- and middle-income retirees rely solely on Social Security for their livelihood, and nearly half of California workers are projected to retire into economic hardship.

Demographic trends portend an even more dire outcome. The State Department of Finance has found that Californians over 65 are the fastest-growing segment of the population — expected to more than double over the next 40 years. This means even higher rates of poverty and homelessness among older Californians, which will inevitably put an even greater strain on publicly funded health and human services.

At the same time, many younger Californians, including thousands working in the gig economy, lack access to retirement savings plans, like 401(k)'s at their job, and are on track to have little to nothing saved for retirement.

Add to this, crushing housing costs, a shortage of college-educated workers, and depressed conditions in much of Inland California, and it's not hard to envision a bleak scenario for the Golden State.

That is why State Senator Kevin de León and I have created a bold new program to secure a brighter financial future for 7.5 million hard-working Californians — over 40 percent of the state's workforce. Later this month, we will begin to roll out [CalSavers](#), a state-run program that will help workers — from Generation Z to baby boomers — save for their retirement. CalSavers will help facilitate the most ambitious expansion of retirement security since the passage of Social Security more than 80 years ago. CalSavers will first launch a pilot with a small group of employers to fine tune the program before launching statewide in 2019.

CalSavers will give employees access to a completely voluntary, low-cost, portable retirement savings vehicle, with professionally managed investments, overseen by a public and transparent board of directors, for which I have the privilege of serving as chairman. In addition, the program is fully sustained by competitive participant fees, which will be reduced further as the program grows. There is no taxpayer cost; similarly, there are no fees for employers.

Following the pilot, and beginning in mid-2019, the program will open fully for statewide enrollment. Eligible employers of any size will be able to register at any time, but eligible employers with 100 or more employees, who choose not to offer a retirement plan, will have no more than one year from

the full program launch date to register. Employers with 50 or more employees will be required to register within no more than two years, and those with five or more employees in no more than three years.

In 2012, California was the first state to enact legislation aimed at remedying the personal financial crisis faced by millions of working people here and across the country. We were the first to enact legislation establishing a board and program, providing a model for other states, including Oregon and Illinois, which have followed our lead and done a great job of leading on implementation.

Securing California's economic future requires a range of bold initiatives that address multiple challenges. That's why I have joined with leaders in government, business, nonprofit, and labor who are stepping up, through legislation and other actions, to address critical issues such as housing, homelessness, and support for seniors and veterans.

We cannot measure success by the wealth we create for our most privileged citizens. Indeed, we are only as successful as our ability to significantly improve the lives of all Californians. This means affordable housing, good jobs, and access to quality education and health care. And, just as importantly, it means creating an easy path to retirement security for all working Californians. That is the mission of CalSavers and the reason why we are fervently committed to its success.

BY CALIFORNIA STATE TREASURER JOHN CHIANG

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