



FACTS ABOUT CALSAVERS



Overview

California has established an auto-IRA program that requires employers with 5 or more workers and no retirement plan to automatically enroll their employees, who are allowed to opt out. California was the first state to study the feasibility of an auto-IRA, and the program was adopted in 2016. The program went live in January 2019, with full rollout slated for June 2022.

To date, California has 1,127 participating employers and 43,376 worker accounts (see Table 1). Currently, it is the third largest auto-IRA in the country, but it will be by far the largest once its rollout is complete.

TABLE 1. OVERVIEW OF CALSAVERS

Design	Rollout	Status (as of October 31, 2020)
⇒ Mandated for employers with 5+ employees and no retirement plan	⇒ Rollout to employers in progress	⇒ 1,127 employers facilitating payroll contributions
⇒ 5% default contribution rate, with auto-escalation of 1 ppt per year up to 8%	⇒ Rollout to workers in progress	⇒ 43,376 workers with a funded account
⇒ Annual penalty of \$250 per eligible employee	⇒ Rollout to be completed by June 2022	⇒ \$14.5 million in assets

Source: CalSavers reports, Office of the State Treasurer (2020).

Employers

So far, 1,127 employers in California have set up their payroll systems to process deductions to CalSavers (see Table 2 on the next page), but this number will grow dramatically as the program continues to roll out. Like Oregon and Illinois, California is rolling out to the largest employers in the state first.

Employers subject to the mandate that do not comply must pay an annual fine of \$250 per eligible employee if noncompliance extends 90 days or more after the notice. If found to be in noncompliance 180 days or more after the notice, an additional penalty of \$500 per eligible employee is incurred.

TABLE 2. NUMBER OF CALSAVER EMPLOYERS WITH PAYROLL SET UP, BY QUARTER

Quarter	Employers
2019-Q4	142
2020-Q1	293
2020-Q2	555
2020-October	1,127

Source: CalSavers reports, Office of the State Treasurer (2020).

Employees

To date, the number of employees with assets in CalSavers has reached about 43,000. Given the early stage of the program, average account balances are modest. The first \$1,000 in contributions is defaulted into a money market fund; contributions above this amount are defaulted into a target date fund. Only about one-third of eligible workers have chosen to opt out of participating, but it is important to note that the participation rate is not necessarily equal to one minus the opt-out rate (see Table 3). CalSavers is also open to the self-employed and workers not covered under the mandate.

TABLE 3. SELECTED CALSAVER EMPLOYEE OUTCOMES, BY QUARTER

Quarter	Number of accounts (with balances)	Average account balance	Reported opt-out rate ^a
2019-Q4	3,762	\$378	30%
2020-Q1	5,944	421	33
2020-Q2	15,120	345	30
2020-October	43,376	335	35

^a The participation rate is not necessarily equal to one minus the opt-out rate. For more discussion on participation rates, see [Quinby et al. \(2019\)](#).
Source: CalSavers reports, Office of the State Treasurer (2020).

Assets

The program, which is intended to eventually become financially self-sufficient, had assets under management of \$14.5 million by the end of October 2020 (see Table 4 on the next page). To pay for its operating costs, CalSavers charges an annual fee of 0.83 percent to 0.95 percent (based on the investment option) on program assets.

TABLE 4. ASSETS IN CALSAVERS, BY QUARTER

Quarter	Assets (in millions)
2019-Q4	\$1.4
2020-Q1	2.5
2020-Q2	5.2
2020-October	14.5

Source: CalSavers reports, Office of the State Treasurer (2020).

Related links:

[CalSavers reports \(Office of the State Treasurer\)](#)

[CalSavers program website](#)

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