



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 2,203 participating employers and 96,018 worker accounts (see Table 1). Currently, it is not the 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 December 31, 2020)
⇒ Mandated for employers with 5+ employees and no retirement plan	⇒ Rollout to employers in progress	⇒ 2,203 employers facilitating payroll contributions
⇒ 5% default contribution rate, with auto-escalation of 1 ppt per year up to 8%	⇒ Rollout to workers in progress	⇒ 96,018 workers with a funded account
⇒ Annual penalty of \$250 per eligible employee	⇒ Rollout to be completed by June 2022	⇒ \$28.4 million in assets

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

Employers

So far, 2,203 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 CALSAVERS EMPLOYERS WITH PAYROLL SET UP

Quarter	Employers
2020-Q1	293
2020-Q2	555
2020-Q3	855
2020-Q4	2,203

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

Employees

To date, the number of employees with assets in CalSavers has reached 96,000. Given the early stage of the program, average account balances are modest. Currently, the first \$1,000 in contributions is defaulted into a money market fund; contributions above this amount are defaulted into a target date fund. Recently, the CalSavers Board voted to modify this policy by moving contributions more quickly into the target date fund, beginning in April 2021. Only about one-third of eligible workers have chosen to opt out of participating (see Table 3). CalSavers is also open to the self-employed and workers not covered under the mandate.

TABLE 3. SELECTED CALSAVERS EMPLOYEE OUTCOMES

Period	Number of accounts (with balances)	Average account balance	Reported opt-out rate ^a
2020-Q1	5,944	\$421	33%
2020-Q2	15,120	345	30
2020-Q3	27,544	400	35
2020-Q4	96,018	295	30

^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 \$28.4 million by the end of December 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

Period	Assets (in millions)
2020-Q1	\$2.5
2020-Q2	5.2
2020-Q3	11.0
2020-Q4	28.4

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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