



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 4,750 participating employers and 167,696 worker accounts (see Table 1). Currently, it is not the largest auto-IRA in the country, in terms of employers and assets, but it will be by far the largest once its rollout is complete.

TABLE 1. OVERVIEW OF CALSAVERS

| Design | Rollout | Status (as of July 31, 2021) |
|---|--|--|
| ⇒ Mandated for employers with 5+ employees and no retirement plan | ⇒ Rollout to employers in progress | ⇒ 4,750 employers facilitating payroll contributions |
| ⇒ 5% default contribution rate, with auto-escalation of 1 ppt per year up to 8% | ⇒ Rollout to workers in progress | ⇒ 167,696 workers with a funded account |
| ⇒ Annual penalty of \$250 per eligible employee | ⇒ Rollout to be completed by June 2022 | ⇒ \$102.3 million in assets |

Source: CalSavers reports, Office of the State Treasurer (2021).

Employers

So far, 4,750 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 substantially 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-Q4 | 2,203 |
| 2021-Q1 | 3,280 |
| 2021-Q2 | 4,312 |
| 2021-July | 4,750 |

Source: CalSavers reports, Office of the State Treasurer (2021).

Employees

To date, the number of employees with assets in CalSavers has reached 167,696. Given the early stage of the program, average account balances are modest. Contributions made in the first 30 days are invested in a money market fund; after that point, the account balance and future contributions are defaulted into a target-date fund. Only about 30 percent 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 account (with balances) | Average account balance | Reported opt-out rate ^a |
|-----------|-----------------------------------|-------------------------|------------------------------------|
| 2020-Q4 | 96,018 | \$295 | 30% |
| 2021-Q1 | 128,818 | 425 | 29 |
| 2021-Q2 | 158,335 | 569 | 30 |
| 2021-July | 167,696 | 610 | 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 (2021).

Assets

The program, which is intended to eventually become financially self-sufficient, had assets under management of \$102.3 million by the end of July 2021 (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-Q4 | \$28.4 |
| 2021-Q1 | 54.8 |
| 2021-Q2 | 90.1 |
| 2021-July | 102.3 |

Source: CalSavers reports, Office of the State Treasurer (2021).

Related links:

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

[CalSavers program website](#)

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