



# FACTS ABOUT CALSAVERS



## Overview

California has established an auto-IRA program that requires employers without a 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.

To date, California has 34,482 actively participating employers and 437,586 worker accounts (see Table 1). It is the largest auto-IRA program in the country.

TABLE 1. OVERVIEW OF CALSAVERS

| Design  | Rollout   | Status<br>(as of July 31, 2023)   |
|---|---|---|
| ⇒ Mandated for all employers without a retirement plan                          | ⇒ Rollout to employers in progress  | ⇒ 34,482 employers facilitating payroll contributions in the last 90 days |
| ⇒ 5% default contribution rate, with auto-escalation of 1 ppt per year up to 8% | ⇒ Rollout to workers in progress  | ⇒ 437,586 workers with a funded account                                   |
| ⇒ Annual penalty of \$250 per eligible employee                                 | ⇒ Registration deadline has passed for employers with 5+ employees, rollout ongoing for smaller firms | ⇒ \$606.9 million in assets   |

Source: CalSavers reports, Office of the State Treasurer (2023).

## Employers

As of July 2023, 34,482 employers in California have payroll systems in place to process deductions to CalSavers (see Table 2). In August 2022, California expanded its eligibility requirements to include firms with 1-4 employees. Among firms that have registered, not all have completed setting up their payroll systems. Thus, the number of firms will keep growing as the program continues to roll out and mature.

TABLE 2. NUMBER OF CALSAVERS EMPLOYERS WITH PAYROLL DEDUCTIONS IN THE LAST 90 DAYS

| Quarter   | Active employers |
|-----------|------------------|
| 2022-Q4   | 33,802           |
| 2023-Q1   | 34,417           |
| 2023-Q2   | 34,070           |
| 2023-July | 34,482           |

Source: CalSavers reports, Office of the State Treasurer (2023).

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.

## Employees

To date, the number of employees with assets in CalSavers has reached 437,586. 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 36 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<br>(with balances) | Average account<br>balance | Reported<br>opt-out rate <sup>a</sup> |
|-----------|--------------------------------------|----------------------------|---------------------------------------|
| 2022-Q4   | 395,972                              | \$942                      | 37%                                   |
| 2023-Q1   | 416,985                              | 1,136                      | 37                                    |
| 2023-Q2   | 431,009                              | 1,320                      | 36                                    |
| 2023-July | 437,586                              | 1,387                      | 36                                    |

<sup>a</sup> 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 (2023).

## Assets

The program, which is intended to eventually become financially self-sufficient, had assets under management of \$606.9 million by the end of July 2023 (see Table 4). To pay for its operating costs, CalSavers charges a fixed annual fee of \$18 per year plus an annualized asset-based fee of 0.33 percent to 0.49 percent (based on the investment option).

TABLE 4. ASSETS IN CALSAVERS

| Period    | Assets (in millions) |
|-----------|----------------------|
| 2022-Q4   | \$373.0              |
| 2023-Q1   | 473.7                |
| 2023-Q2   | 569.1                |
| 2023-July | 606.9                |

Source: CalSavers reports, Office of the State Treasurer (2023).

**Related links:**

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

[CalSavers program website](#)

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