



# 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 555 participating employers and 15,120 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	Target	Status (as of June 30, 2020)
⇒ Mandated for employers with 5+ employees and no retirement plan	⇒ 140,200 employers <sup>a</sup>	⇒ 555 employers able to process payroll contributions
	⇒ 7.1 million workers <sup>a,b</sup>	
⇒ 5% default contribution rate, with auto-escalation of 1 ppt per year up to 8%	⇒ Rollout to be completed by June 2022	⇒ 15,120 workers with a funded account
		⇒ \$5.2 million in assets
⇒ Annual penalty of \$250 per eligible employee		

<sup>a</sup> The targets are CRR estimates designed to reflect the CalSavers mandate. The estimates are based on 2017 data on the number of employers and workers from the *Statistics of U.S. Businesses* and 2018 data on retirement plan coverage from the *National Compensation Survey* and the *Current Population Survey*.

<sup>b</sup> These workers represent an estimated 69 percent of all uncovered workers in California. The remaining uncovered workers include those whose firms are not covered by the mandate and the self-employed.

Sources: CRR calculations from U.S. Census Bureau, *Current Population Survey* (2018); *National Compensation Survey* (2018); *Statistics of U.S. Businesses* (2017); and CalSavers program website (2020).

## Employers

So far, 555 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.

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

Quarter	Employers
2019-Q3	78
2019-Q4	142
2020-Q1	293
2020-Q2	555

Source: CRR calculations from the CalSavers website (2020).

## Employees

To date, the number of employees with assets in CalSavers has reached about 15,000. Given the early stage of the program, average account balances are modest. 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). (For more discussion on participation rates in state auto-IRA programs, see [Quinby et al. \(2019\)](#).) While the focus of CalSavers is on extending coverage to the workers at employers covered by the mandate, the program is also open to workers not covered under the mandate and the self-employed.

TABLE 3. SELECTED CALSAVER EMPLOYEE OUTCOMES, BY QUARTER

Quarter	Number of accounts (with balances)	Average account balance	Reported Opt-out rate <sup>a</sup>
2019-Q3	2,285	\$316	31%
2019-Q4	3,762	378	30
2020-Q1	5,944	421	33
2020-Q2	15,120	345	30

<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: CRR calculations from the CalSavers program website (2020).

## Assets

The program, which is intended to eventually become financially self-sufficient, had assets under management of \$5.2 million by the end of June 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-Q3	\$0.7
2019-Q4	1.4
2020-Q1	2.5
2020-Q2	5.2

Source: CRR calculations from the CalSavers website (2020).

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.

Related link: [CalSavers program website](#)

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