

Introduced by Senator De LeónFebruary 18, 2016

An act to amend Section 100032 of the Government Code, relating to retirement savings plans, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1234, as introduced, De León. Retirement savings plans.

Existing federal law provides for tax-qualified retirement plans and individual retirement accounts or individual retirement annuities by which private citizens may save money for retirement. Existing law, the California Secure Choice Retirement Savings Trust Act, establishes the California Secure Choice Savings Program, administered by the California Secure Choice Retirement Savings Investment Board, contingent on specified funding and interest criteria being met. The program requires specified eligible employers, as defined, to offer a payroll deposit retirement savings arrangement and requires eligible employees, as defined, who do not opt out of the program, to contribute a portion of their salary or wages to a retirement savings account in the program, as specified. Existing law requires contributions from the wages of employees participating in the program to be deposited in the California Secure Choice Retirement Savings Trust, which is continuously appropriated and administered by the board. Existing law authorizes the board to adjust the employee contribution amount between 2% and 4%, inclusive, of the employee's annual salary or wages, as specified.

This bill would authorize the board to adjust the employee contribution amount up to 5%. By authorizing the board to increase the amount of money that is deposited into the California Secure Choice Retirement

Savings Trust, which is continuously appropriated, the bill would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 100032 of the Government Code is
2 amended to read:

3 100032. (a) After the board opens the California Secure Choice
4 Retirement Savings Program for enrollment, any employer may
5 choose to have a payroll deposit retirement savings arrangement
6 to allow employee participation in the program.

7 (b) Beginning three months after the board opens the program
8 for enrollment, eligible employers with more than 100 eligible
9 employees and that do not offer an employer-sponsored retirement
10 plan or automatic enrollment payroll deduction IRA shall have a
11 payroll deposit retirement savings arrangement to allow employee
12 participation in the program.

13 (c) Beginning six months after the board opens the program for
14 enrollment, eligible employers with more than 50 eligible
15 employees and that do not offer an employer-sponsored retirement
16 plan or automatic enrollment payroll deduction IRA shall have a
17 payroll deposit retirement savings arrangement to allow employee
18 participation in the program.

19 (d) Beginning nine months after the board opens the program
20 for enrollment, all other eligible employers that do not offer an
21 employer-sponsored retirement plan or automatic enrollment
22 payroll deduction IRA shall have a payroll deposit retirement
23 savings arrangement to allow employee participation in the
24 program.

25 (e) (1) Each eligible employee shall be enrolled in the program
26 unless the employee elects not to participate in the program. An
27 eligible employee may elect to opt out of the program by making
28 a notation on the opt-out form.

29 (2) Following initial implementation of the program pursuant
30 to this section, at least once every two years, participating
31 employers shall designate an open enrollment period during which
32 eligible employees that previously opted out of the program shall

1 be enrolled in the program unless the employee again elects to opt
2 out as provided in this subdivision.

3 (3) An employee who elects to opt out of the program who
4 subsequently wants to participate through the employer's payroll
5 deposit retirement savings arrangement may only enroll during
6 the employer's designated open enrollment period or if permitted
7 by the employer at an earlier time.

8 (f) Employers shall retain the option at all times to set up any
9 type of employer-sponsored retirement plan, such as a defined
10 benefit plan or a 401(k), Simplified Employee Pension (SEP) plan,
11 or Savings Incentive Match Plan for Employees (SIMPLE) plan,
12 or to offer an automatic enrollment payroll deduction IRA, instead
13 of having a payroll deposit retirement savings arrangement to allow
14 employee participation in the California Secure Choice Retirement
15 Savings Program.

16 (g) An eligible employee may also terminate his or her
17 participation in the program at any time in a manner prescribed
18 by the board and thereafter by making a notation on the opt-out
19 form.

20 (h) Unless otherwise specified by the employee, a participating
21 employee shall contribute 3 percent of the employee's annual
22 salary or wages to the program.

23 (i) By regulation, the board may adjust the contribution amount
24 set in subdivision (h) to no less than 2 percent and no more than
25 4 5 percent and may vary that amount within that 2 percent to-4 5
26 percent range for participating employees according to the length
27 of time the employee has contributed to the program.