

AMENDED IN SENATE MAY 31, 2016

AMENDED IN SENATE APRIL 5, 2016

SENATE BILL

No. 1234

Introduced by Senator De León
(Coauthor: Senator Beall)

February 18, 2016

An act to amend Sections 100002, 100004, 100008, 100010, 100012, 100014, 100032, and 100036 of, to add Sections 100046, 100048, 100049, and 100050 to, and to repeal Sections 100013, 100040, 100042, and 100043.5 of, the Government Code, relating to retirement savings plans, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1234, as amended, 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. Existing law prescribes the composition of the board and its duties and provides that it acts as trustee in entering contracts and accepting moneys, among other things. Existing law prohibits the board from permitting enrollment in the program until enactment of a statute expressing legislative approval of program implementation. 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 express legislative approval of the program and its implementation on January 1, 2017. The bill would require the board to design and implement the program and would prescribe certain parameters that the board is to consider and utilize in establishing the design. The bill would specify that funding and first year administrative costs may be appropriated in the annual budget from the General Fund and would require the board to repay the amount appropriated, plus interest, as specified. The bill would provide that investment policy decisions, including asset allocation and investment options, are entrusted to the board as a fiduciary, and would revise certain principles that the board is to consider in connection with investment policy. The bill would make various changes to existing duties of the ~~broad~~, board, including those regarding dissemination of information and the entities with which the board is to collaborate and cooperate. The bill would require the Treasurer to appoint an executive director of the board, to ~~service~~ *serve at* its pleasure, and to determine the duties of the office and its compensation. The bill would eliminate the duty of the board to ensure that insurance or some other mechanism is in place to protect the value of individual accounts. The bill would repeal the duty of the board to conduct an initial market analysis to determine if the condition for the implementation of the program can be met and associated provisions.

This bill would require eligible employers that do not offer specified retirement plans or accounts to have a payroll deposit retirement savings arrangement so that employees may participate in the program within specified time periods based on the number of eligible employees that the employer has, and the bill would authorize the board to extend these time periods. The bill would authorize the board to adjust the employee contribution amount described above up to ~~5%~~. *5% and would prescribe other limits on increasing employee contributions.* The bill would authorize the board to make annual, automatic escalations of employee contributions subject to certain limitations, including that the employee may opt out, as specified. By authorizing the board to increase moneys

that are deposited into the California Secure Choice Retirement Savings Trust, which is continuously appropriated, the bill would make an appropriation. The bill would authorize the board to adopt regulations to implement the program and would provide that the adoption, amendment, repeal, or readoption of a regulation authorized by this section is deemed to address an emergency. The bill would make various conforming changes.

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 100002 of the Government Code is
2 amended to read:
3 100002. (a) (1) There is hereby created within state
4 government the California Secure Choice Retirement Savings
5 Investment Board, which shall consist of nine members, with the
6 Treasurer serving as chair, as follows:
7 (A) The Treasurer.
8 (B) The Director of Finance, or his or her designee.
9 (C) The Controller.
10 (D) An individual with retirement savings and investment
11 expertise appointed by the Senate Committee on Rules.
12 (E) An employee representative appointed by the Speaker of
13 the Assembly.
14 (F) A small business representative appointed by the Governor.
15 (G) A public member appointed by the Governor.
16 (H) Two additional members appointed by the Governor.
17 (2) Members of the board appointed by the Governor, the Senate
18 Committee on Rules, and the Speaker of the Assembly shall serve
19 at the pleasure of the appointing authority.
20 (b) All members of the board shall serve without compensation.
21 Members of the board shall be reimbursed for necessary travel
22 expenses incurred in connection with their board duties.
23 (c) A board member, program administrator, and other staff of
24 the board shall not do any of the following:
25 (1) Directly or indirectly have any interest in the making of any
26 investment made for the program, or in the gains or profits accruing
27 from any investment made for the program.

1 (2) Borrow any funds or deposits of the trust, or use those funds
2 or deposits in any manner, for himself or herself or as an agent or
3 partner of others.

4 (3) Become an endorser, surety, or obligor on investments by
5 the board.

6 (d) The board and the program administrator and staff, including
7 contracted administrators and consultants, shall discharge their
8 duties as fiduciaries with respect to the trust solely in the interest
9 of the program participants as follows:

10 (1) For the exclusive purposes of providing benefits to program
11 participants and defraying reasonable expenses of administering
12 the program.

13 (2) By investing with the care, skill, prudence, and diligence
14 under the circumstances then prevailing that a prudent person
15 acting in a like capacity and familiar with those matters would use
16 in the conduct of an enterprise of a like character and with like
17 aims.

18 (e) (1) Investment policy decisions, including asset allocation
19 and investment options, shall be entrusted to the board subject to
20 its fiduciary duties. The board shall annually prepare and adopt a
21 written statement of investment policy that includes a risk
22 management and oversight program. The board shall consider the
23 statement of investment policy and any changes in the investment
24 policy at a public hearing.

25 (2) The investment policy shall adhere to the following guiding
26 principles:

27 (A) The primary objective of the investment policy is, through
28 ~~pooled investing, to extend investment horizons, investing, to~~
29 *leverage economies of scale*, lower risks, and provide participants
30 with a stable and reasonable rate of return.

31 (B) The investment policy shall mitigate risk by maintaining a
32 balanced investment portfolio that provides assurance that no single
33 investment or class of investments will have a disproportionate
34 impact on the total portfolio.

35 (3) The risk management and oversight program shall ~~be~~
36 ~~designed to ensure that~~ *include* an effective risk management
37 ~~system is in place~~ to monitor the risk levels of the California Secure
38 Choice Retirement Savings Program investment portfolio and
39 ensure that the risks taken are prudent and properly managed. The
40 program shall be managed to provide an integrated process for

1 overall risk management on both a consolidated and disaggregated
2 basis, and to monitor investment returns as well as risk to determine
3 if the risks taken are adequately compensated compared to
4 applicable performance benchmarks and standards.

5 (f) The board shall approve an investment management entity
6 or entities, the costs of which shall be paid out of funds held in the
7 trust and shall not be attributed to the administrative costs of the
8 board in operating the trust. Not later than 30 days after the close
9 of each month, the board shall place on file for public inspection
10 during business hours a report with respect to investments made
11 pursuant to this section and a report of deposits in financial
12 institutions. The investment manager shall report the following
13 information to the board within 20 days following the end of the
14 each month:

15 (1) The type of investment, name of the issuer, date of maturity,
16 and the par and dollar amount invested in each security, investment,
17 and money within the program fund.

18 (2) The weighted average maturity of the investments within
19 the program fund.

20 (3) Any amounts in the program fund that are under the
21 management of private money managers.

22 (4) Any amounts in the program fund that are under the
23 management of the Board of Administration of the Public
24 Employees' Retirement System.

25 (5) The market value as of the date of the report and the source
26 of this valuation for each security within the program fund.

27 (6) A description of compliance with the statement of investment
28 policy.

29 SEC. 2. Section 100004 of the Government Code is amended
30 to read:

31 100004. (a) There is hereby established a retirement savings
32 trust known as the California Secure Choice Retirement Savings
33 Trust to be administered by the board for the purpose of promoting
34 greater retirement savings for California private employees in a
35 convenient, voluntary, low-cost, and portable manner. After
36 sufficient funds are made available for this title to be operative,
37 the California Secure Choice Retirement Savings Trust, as a
38 self-sustaining trust, shall pay all costs of administration only out
39 of moneys on deposit therein.

(b) The board shall segregate moneys received by the California Secure Choice Retirement Savings Trust into two funds, which shall be identified as the program fund and the administrative fund. Notwithstanding Section 13340, moneys in the trust are hereby continuously appropriated, without regard to fiscal years, to the board for the purposes of this title.

(c) Moneys in the program fund may be invested or reinvested by the Treasurer or may be invested in whole or in part under contract with the ~~Board of Administration of the Public Employees' Retirement System~~ *board of a California public retirement system* or private money managers, or both, as determined by the board.

(d) Transfers may be made from the program fund to the administrative fund for the purpose of paying operating costs associated with administering the trust and as required by this title. On an annual basis, expenditures from the administrative fund shall not exceed more than 1 percent of the total program fund. All costs of administration of the trust shall be paid out of the administrative fund. Operating costs associated with administering the trust do not include the procurement of private underwriting for the retirement savings' return.

(e) Any contributions paid by employees and employers into the trust shall be used exclusively for the purpose of paying benefits to the participants of the California Secure Choice Retirement Savings Program, for the cost of administration of the program, and for investments made for the benefit of the program.

SEC. 3. Section 100008 of the Government Code is amended to read:

100008. The California Secure Choice Retirement Savings Program shall include, as determined by the board, one or more payroll deposit IRA arrangements.

SEC. 4. Section 100010 of the Government Code is amended to read:

100010. (a) ~~The board, in the capacity of trustee,~~ *board* shall have the power and authority to do all of the following:

(1) Make and enter into contracts necessary for the administration of the trust.

(2) Adopt a seal and change and amend it from time to time.

(3) Cause moneys in the program fund to be held and invested and reinvested.

1 (4) Accept any grants, gifts, legislative appropriation, and other
2 moneys from the state, any unit of federal, state, or local
3 government or any other person, firm, partnership, or corporation
4 for deposit to the administrative fund or the program fund.

5 (5) Appoint a program administrator and determine the duties
6 of the program administrator and other staff as ~~necessary~~
7 *appropriate* and set their compensation. The Treasurer shall, on
8 behalf of the board, appoint an executive director, who shall not
9 be a member of the board and who shall serve at the pleasure of
10 the board. The Treasurer shall determine the duties of the executive
11 director and other staff as ~~necessary~~ *appropriate* and set his or her
12 compensation. The board may authorize the executive director to
13 enter into contracts on behalf of the board or conduct any business
14 necessary for the efficient operation of the board.

15 (6) Make provisions for the payment of costs of administration
16 and operation of the trust. The costs of the program administrator
17 shall be paid out of funds held in the trust and shall not be attributed
18 to the administrative costs of the board in operating the trust.

19 (7) Employ staff.

20 (8) Retain and contract with the board of a California public
21 retirement system, private financial institutions, other financial
22 and service providers, consultants, actuaries, counsel, auditors,
23 third-party administrators, and other professionals as necessary.

24 (9) Procure insurance against any loss in connection with the
25 property, assets, or activities of the trust, and secure private
26 underwriting and reinsurance to manage risk and insure the
27 retirement savings rate of return.

28 (10) Procure insurance indemnifying each member of the board
29 from personal loss or liability resulting from a member's action
30 or inaction as a member of the board.

31 (11) Set minimum and maximum investment levels in
32 accordance with contribution limits set for IRAs by the Internal
33 Revenue Code.

34 (12) Collaborate and cooperate with the board of a California
35 public retirement system, private financial institutions, service
36 providers, and business, financial, trade, membership, and other
37 organizations to the extent necessary or desirable for the effective
38 and efficient design, implementation, and administration of the
39 program and to maximize outreach to eligible employers and
40 eligible employees.

1 (13) *Collaborate with, and evaluate the role of, insurance and*
2 *financial advisors in assisting and providing guidance for eligible*
3 *employers and eligible employees.*

4 ~~(13)~~

5 (14) Cause expenses incurred to initiate, implement, maintain,
6 and administer the program to be paid from contributions to, or
7 investment returns or assets of, the program or arrangements
8 established under the program, to the extent permitted under state
9 and federal law.

10 ~~(14)~~

11 (15) Facilitate compliance by the retirement savings program
12 or arrangements established under the program with all applicable
13 requirements for the program under the Internal Revenue Code of
14 1986, including tax qualification requirements or any other
15 applicable law and accounting requirements, including providing
16 or arranging for assistance to program sponsors and individuals
17 in complying with applicable law and tax qualification
18 requirements in a cost-effective manner.

19 ~~(15)~~

20 (16) Carry out the duties and obligations of the California Secure
21 Choice Retirement Savings Trust pursuant to this title and exercise
22 any and all other powers ~~as may be reasonably necessary~~
23 *appropriate* for the effectuation of the purposes, objectives, and
24 provisions of this title pertaining to the trust.

25 (b) The board shall adopt regulations it deems necessary to
26 implement this title consistent with the Internal Revenue Code and
27 regulations issued pursuant to that code to ensure that the program
28 meets all criteria for federal tax-deferral or tax-exempt benefits,
29 or both.

30 SEC. 5. Section 100012 of the Government Code is amended
31 to read:

32 100012. In addition to the powers and authority granted to the
33 board pursuant to Section 100010, the board shall have the power
34 and authority to do the following:

35 (a) Cause the retirement savings program or arrangements
36 established under the program to be designed, established, and
37 operated, in a manner consistent with all of the following:

38 (1) In accordance with best practices for retirement savings
39 vehicles.

1 (2) To ~~maximize~~ *encourage* participation, saving, and sound
2 investment practices, and appropriate selection of default
3 investments.

4 (3) With simplicity, ease of administration for participating
5 employers, and portability of benefits.

6 (b) Arrange for collective, common, and pooled investment of
7 assets of the retirement savings program or arrangements, including
8 investments in conjunction with other funds with which those
9 assets are permitted to be collectively invested, with a view to
10 saving costs through efficiencies and economies of scale.

11 (c) Explore and establish investment options that offer
12 employees returns on contributions and the conversion of individual
13 retirement savings account balances to secure retirement income
14 without incurring debt or liabilities to the state.

15 (d) Disseminate educational information designed to educate
16 participants about the benefits of planning and saving for retirement
17 and information to help them decide the level of California Secure
18 Choice Retirement Savings Program participation and savings
19 strategies that may be appropriate for them.

20 (e) Disseminate information concerning the tax credits available
21 to small business owners for establishing new retirement plans
22 and the federal Retirement Savings Contribution Credit (Saver's
23 Credit) available to lower and moderate-income households for
24 qualified savings contributions.

25 (f) Submit progress and status reports to participating employers
26 and eligible employees.

27 (g) If necessary, determine the eligibility of an employer,
28 employee, or other individual to participate in the program.

29 (h) Evaluate and establish the process by which an eligible
30 employee of an eligible employer is able to contribute a portion
31 of his or her salary or wages to the program for automatic deposit
32 of those contributions and the participating employer provides a
33 payroll deposit retirement savings arrangement to forward the
34 employee contribution and related information to the program or
35 its agents. This may include, but is not limited to, financial services
36 companies and third-party administrators with the capability to
37 receive and process employee information and contributions for
38 payroll deposit retirement savings arrangements or other
39 arrangements authorized by this title.

1 (i) Design and establish the process for the enrollment of
2 program participants.

3 (j) Allow participating employers to use the program to remit
4 employees' contributions to their individual retirement accounts
5 on their employees' behalf.

6 (k) Allow participating employers to make their own
7 contributions to their employees' individual retirement accounts,
8 provided that the contributions would be permitted under the
9 Internal Revenue Code and would not cause the program to be
10 treated as an employee benefit plan under the federal Employee
11 Retirement Income Security Act.

12 (l) Evaluate and establish the process by which an individual
13 or an employee of a nonparticipating employer may enroll in and
14 make contributions to the program.

15 SEC. 6. Section 100013 of the Government Code is repealed.

16 SEC. 7. Section 100014 of the Government Code is amended
17 to read:

18 100014. (a) Prior to opening the California Secure Choice
19 Retirement Savings Program for enrollment, the board shall design
20 and disseminate to employers through the Employment
21 Development Department (EDD) an employee information packet.
22 The packet shall include background information on the program
23 and appropriate disclosures for employees.

24 (b) The disclosure form shall include, but not be limited to, all
25 of the following:

26 (1) The benefits and risks associated with making contributions
27 to the program.

28 (2) The mechanics of how to make contributions to the program.

29 (3) How to opt out of the program.

30 (4) The process for withdrawal of retirement savings.

31 (5) How to obtain additional information on the program.

32 (c) In addition, the disclosure form shall clearly articulate the
33 following:

34 (1) Employees seeking financial advice should contact financial
35 advisors, that employers are not in a position to provide financial
36 advice, and that employers are not liable for decisions employees
37 make pursuant to Section 100034.

38 (2) The program is not an employer-sponsored retirement plan.

39 (3) The program fund is not guaranteed by the State of
40 California.

1 (d) The disclosure form shall include a signature line for the
2 employee to sign and date acknowledging that the employee has
3 read all of the disclosures and understands their content.

4 (e) The employee information packet shall also include an
5 opt-out form for an eligible employee to note his or her decision
6 to opt out of participation in the program. The opt-out notation
7 shall be simple and concise and drafted in a manner that the board
8 deems necessary to appropriately evidence the employee's
9 understanding that he or she is choosing not to automatically deduct
10 earnings to save for retirement.

11 (f) The employee information packet shall be made available
12 to employers through EDD and supplied to employees at the time
13 of hiring. All new employees shall review the packet and
14 acknowledge having read it by signing the signature line
15 accompanied by the date of the signature.

16 (g) The employee information packet shall be supplied to
17 existing employees when the program is initially launched for that
18 participating employer pursuant to Section 100032 and employees
19 shall review and sign the disclosure form at that time.

20 SEC. 8. Section 100032 of the Government Code is amended
21 to read:

22 100032. (a) After the board opens the California Secure Choice
23 Retirement Savings Program for enrollment, any employer may
24 choose to have a payroll deposit retirement savings arrangement
25 to allow employee participation in the ~~program~~. *program under*
26 *the terms and conditions prescribed by the board.*

27 (b) Within 12 months after the board opens the program for
28 enrollment, eligible employers with more than 100 eligible
29 employees and that do not offer an employer-sponsored retirement
30 plan or automatic enrollment payroll deduction IRA shall have a
31 payroll deposit retirement savings arrangement to allow employee
32 participation in the program.

33 (c) Within 24 months after the board opens the program for
34 enrollment, eligible employers with more than 50 eligible
35 employees and that do not offer an employer-sponsored retirement
36 plan or automatic enrollment payroll deduction IRA shall have a
37 payroll deposit retirement savings arrangement to allow employee
38 participation in the program.

39 (d) Within 36 months after the board opens the program for
40 enrollment, all other eligible employers that do not offer an

1 employer-sponsored retirement plan or automatic enrollment
2 payroll deduction IRA shall have a payroll deposit retirement
3 savings arrangement to allow employee participation in the
4 program.

5 (e) The board, in its discretion, may extend the time limits
6 defined in subdivisions (b) to (d), inclusive.

7 (f) (1) Each eligible employee shall be enrolled in the program
8 unless the employee elects not to participate in the program. An
9 eligible employee may elect to opt out of the program by making
10 a notation on the opt-out form.

11 (2) Following initial implementation of the program pursuant
12 to this section, at least once every two years, participating
13 employers shall designate an open enrollment period during which
14 eligible employees that previously opted out of the program shall
15 be enrolled in the program unless the employee again elects to opt
16 out as provided in this subdivision.

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

22 (g) Employers shall retain the option at all times to set up any
23 type of employer-sponsored retirement plan, such as a defined
24 benefit plan or a 401(k), Simplified Employee Pension (SEP) plan,
25 or Savings Incentive Match Plan for Employees (SIMPLE) plan,
26 or to offer an automatic enrollment payroll deduction IRA, instead
27 of having a payroll deposit retirement savings arrangement to allow
28 employee participation in the California Secure Choice Retirement
29 Savings Program.

30 (h) An eligible employee may also terminate his or her
31 participation in the program at any time in a manner prescribed
32 by the board and thereafter by making a notation on the opt-out
33 form.

34 (i) Unless otherwise specified by the employee, a participating
35 employee shall contribute 3 percent of the employee's annual
36 salary or wages to the program.

37 (j) By regulation, the board may adjust the contribution amount
38 set in subdivision (i) to no less than 2 percent and no more than 5
39 percent and may vary that amount within that 2 percent to 5 percent

1 range for participating employees according to the length of time
2 the employee has contributed to the program.

3 (k) The board may implement annual automatic escalation of
4 employee contributions.

5 (1) Employee contributions subject to automatic escalation shall
6 not exceed 8 percent of salary.

7 (2) Automatic escalation shall result in no more than a ~~1-percent~~
8 *1-percent-of-salary* increase in employee contributions per calendar
9 year.

10 (3) A participating employee may elect to opt out of automatic
11 escalation and may set his or her contribution percentage rate at a
12 level determined by the participating employee.

13 SEC. 9. Section 100036 of the Government Code is amended
14 to read:

15 100036. The state shall not have any liability for the payment
16 of the retirement savings benefit earned by program participants
17 pursuant to this title. The state, and any of the funds of the state,
18 shall have no obligation for payment of the benefits arising from
19 this title.

20 SEC. 10. Section 100040 of the Government Code is repealed.

21 SEC. 11. Section 100042 of the Government Code is repealed.

22 SEC. 12. Section 100043.5 of the Government Code is
23 repealed.

24 SEC. 13. Section 100046 is added to the Government Code,
25 to read:

26 100046. (a) Based upon findings and recommendations of the
27 board pursuant to Section 100040, the California Secure Choice
28 Retirement Savings Program is approved by the Legislature and
29 implemented as of January 1, 2017. The board, subject to its
30 authority and fiduciary duty, shall design and implement the
31 California Secure Choice Retirement Savings Program. The board
32 shall consider and utilize the following parameters in designing
33 the program:

34 (1) For up to three years, the board may establish managed
35 accounts invested in United States Treasuries or similarly safe
36 investments. During this time, the board may develop investment
37 options that address risk-sharing and smoothing of market losses
38 and gains. Options may include, but are not limited to, custom
39 pooled, professionally managed funds that minimize costs and

1 fees, the creation of a reserve fund, or the establishment of
2 investment products.

3 (2) The board shall seek to minimize participant fees.

4 (3) The board shall strive to implement program features that
5 provide maximum possible income replacement balanced with
6 appropriate risk in an IRA-based environment.

7 (4) The board shall determine the default payout method for
8 retirees.

9 (5) The board shall include quasi-public and quasi-private
10 employees in the program if the board determines the inclusion to
11 be legally permissible under federal and state laws and regulations.

12 (6) The board shall structure the program so as to ensure the
13 state is prohibited from incurring liabilities associated with
14 administering the program and that the state has no liability for
15 the program or its investments.

16 (7) The board shall determine necessary costs associated with
17 outreach, customer service, enforcement, staffing and consultant
18 costs, and all other costs necessary to administer the program.

19 (8) The board shall partner with employer representatives to
20 create an administrative structure that ensures employee
21 participation while addressing employer needs, including, but not
22 limited to, clearly defining employers' duties and liability
23 exemption pursuant to Section 100034.

24 (9) *The board shall include comprehensive worker education*
25 *and outreach, and the board may collaborate with state and local*
26 *government agencies, community-based and nonprofit*
27 *organizations, foundations, vendors, and other entities deemed*
28 *appropriate to develop and secure ongoing resources for education*
29 *and outreach that reflect the cultures and languages of the state's*
30 *diverse workforce population.*

31 (b) In order to ensure timely implementation of the California
32 Secure Choice Retirement Savings Program, the board shall have
33 flexibility in designing and implementing the California Secure
34 Choice Retirement Savings Program. The program parameters set
35 forth in this section shall not be conclusive. The board shall have
36 the authority to augment these requirements as necessary to fully
37 implement the program and comply with the board's fiduciary
38 duties.

39 SEC. 14. Section 100048 is added to the Government Code,
40 to read:

1 100048. The board may adopt regulations to implement this
2 title. The adoption, amendment, repeal, or readoption of a
3 regulation authorized by this section is deemed to address an
4 emergency, for purposes of Sections 11346.1 and 11349.6, and
5 the board is hereby exempted for this purpose from the
6 requirements of subdivision (b) of Section 11346.1.

7 *SEC. 15. Section 100049 is added to the Government Code, to*
8 *read:*

9 *100049. A payroll deposit IRA arrangement offered pursuant*
10 *to the California Secure Choice Retirement Savings Program shall*
11 *have the same status as, and be treated consistently with, any other*
12 *IRA qualified under Section 408(a) or 408(b) of the United States*
13 *Code for the purpose of determining eligibility or benefit level for*
14 *a program that uses a means test.*

15 ~~SEC. 15.~~

16 *SEC. 16. Section ~~10050~~ 100050 is added to the Government*
17 *Code, to read:*

18 ~~10050.~~

19 *100050. Funding for startup and first-year administrative costs*
20 *may be appropriated from the General Fund in the annual Budget*
21 *Act. The board shall repay the amount appropriated, plus interest*
22 *calculated at the rate earned by the Pooled Money Investment*
23 *Account. Necessary administrative costs in future years shall be*
24 *paid out of the administrative fund.*