

ENHANCING YOUR CLIENTS' LIVES WITH CalSavers

| PRESENTED BY:

LEONARD C. WRIGHT

CPA/PFS, CGMA, AIF®, CFP®,
ChFC®, CLU®

CalCPA and AICPA



| WITH SPECIAL GUEST:

JONATHAN HERRERA

**OUTREACH DIRECTOR
CalSavers RETIREMENT
SAVINGS BOARD**





JONATHAN HERRERA

OUTREACH DIRECTOR
CalSavers RETIREMENT
SAVINGS BOARD



CalSavers Director of Outreach and Education.

- **Jonathan has over 20 years of experience working in personal, small business, and government finance.**
 - **3 years at the State Treasurer's Office helping California's local agencies invest their idle funds in the Local Agency Investment Fund (LAIF)**
 - **13 years at Citibank where he assisted with the organization's business development and outreach strategies, and worked with a team of advisors to provide wealth management services and solutions for individuals, families, and small businesses.**
- **Jonathan has a BA in Government from California State University, Sacramento.**

Disclaimer



CalSavers appreciates the opportunity to present alongside other organizations driven to close the retirement savings access gap. However, CalSavers' participation is for educational purposes and does not indicate an endorsement of the analysis or recommendations presented by CalCPA or other presenters.



Why is CalSavers needed?



50%

Nearly **50%** of Californians are projected to retire into economic hardship -- at or below two times the federal poverty level.¹

7.5 million

7.5 million Californians lack a workplace retirement plan.²

15X

Workers are **15 times** more likely to save for retirement if they have access to a payroll deduction savings plan at work.³



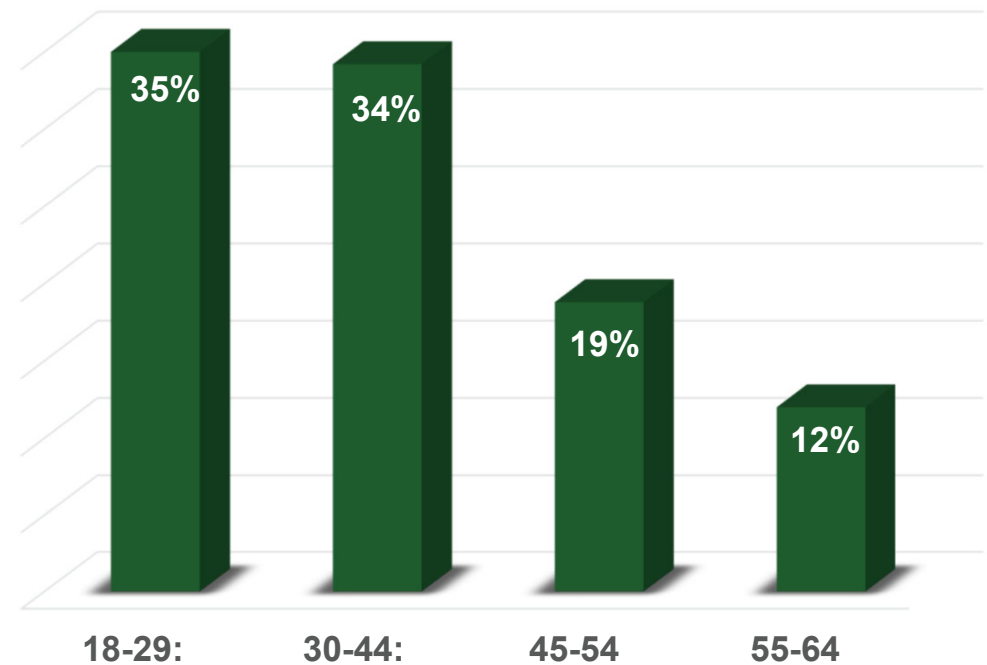
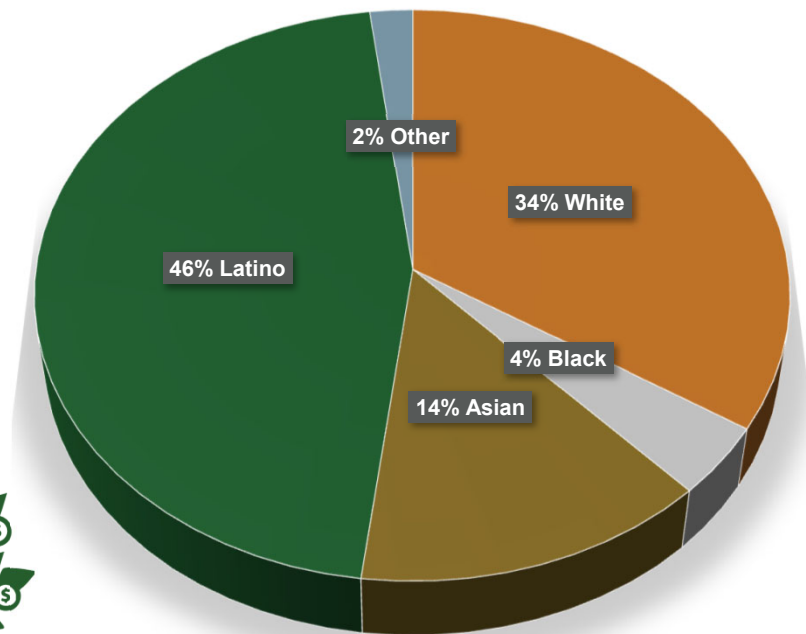
¹U.C. Berkeley Center for Labor Research and Education ; ²AARP Public Policy Institute; ³AARP Public Policy Institute



Profile of CA Access Gap

Median Income: \$25,000 - \$35,000

Small Business Employees: 2/3



Source: Market Analysis and Feasibility Study By Overture Financial LLC, March 17, 2016



Who is CalSavers for?



Employees



Employed in the state of California (CA W2)



18 or older



Social Security Number or an Individual Taxpayer Identification Number

Employers – California Retirement Mandate



Do not offer an employer-sponsored retirement plan



5+ California employees



at least one of whom is eligible (18 or older)

Fines for non-compliance:

- \$250/employee 90 days after 1st notice
- \$750/employee 180 days after 1st notice

CalSavers is not intended to replace or compete with employer-sponsored plans

Notes For CPAs Supporting Employers



1. Employer eligibility will be assessed annually based on the average number of employees reported during the previous calendar year.
 - Newly eligible employers will be assigned a deadline of December 31
 - Employers must have filed 4 quarters worth of wage reports with EDD for the previous calendar year to be eligible
2. If an employer sponsors a retirement plan, they are exempt from the mandate and cannot register
3. We are preclearing all employers who file a 5500, those employers do not need to register their exemption
4. Government, tribal, and religious organizations are exempt from the mandate



Employer required registration deadlines



Employers can register **AT ANY TIME** but need to register by their enrollment deadline if they do not offer an employer-sponsored retirement savings vehicle.



Employers with <5 employees

Employers with less than five employees are not subject to the mandate, may not participate in automatic enrollment of their employees, and are not required to register for CalSavers. Non-mandated employers may choose, but are not required, to facilitate payroll deductions for employees who opt-in on their own as individual participants and subsequently request that their employer facilitate deductions.



Employer Response Rate (as of 5/12/22)



	Registered ERs	Exempted ERs	Responded ERs	Total ERs	Response Rate
Wave 1	1,685	5,632	7,317	7,513	97.39%
Wave 2	3,642	5,514	9,156	10,225	89.55%
Wave 3	43,128	73,381	116,509	225,778	51.60%
Wave 2022	152	21	173	28,599	0.60%
Total	48,607	84,548	132,155	272,115	48.93%



Source: California Employment Development Department data extraction as of January 2020; CalSavers staff eliminated firms reporting qualified plans per the U.S. Department of Labor Employee Benefits Security Administration, Form 5500 database.

Participation update

Data as of 05/12/2022



Savers

- Total Enrollments: 563,000+
 - Funded Accounts: 255,619
- Participation Rate: 68%
- Average contribution rate: 5.11%
- Average monthly contribution: \$165
- Median monthly contribution: \$130

Employers

- Registered: 48,607

Funding

- Total Assets: \$201.6 million
- Contributions last 30 days: \$19.2 million

Monthly Public Reports:

<https://www.treasurer.ca.gov/calsavers/reports.asp>





Employer features

CalSavers addresses three key hurdles reported by employers that do not offer a plan:

Easy to facilitate

**No fees for Employers
(and no match)**

Employers are not fiduciaries

Four Easy Steps



Register by state-required deadline



Submit and maintain employee roster



Set up account



Submit employee contributions each pay period



Saver features



Simple

Automatic payroll deduction IRA w/ simple options

Stick with the default settings or easily customize.

Portable/ Accessible

Saver keeps their account even if they change jobs. Roth default allows for tax & penalty free withdrawal of contributions.

Low Fee

Low cost for savers
Savers will pay a small fee to cover program administration costs.



Default Settings or Customize



Account type



Contribution rate



Investment options

Standard

Roth IRA




5% with automatic escalation of 1pt annually until 8%.

Target Retirement Date Fund (after 30 days in Money Market)

Customize

Recharacterize to a Traditional IRA






- Savers can contribute from 1%-100% of salary, subject to IRS limits.
- Savers can turn off/on auto-escalation feature.

-  Money Market Fund
-  Target Retirement Date Funds
-  Core Bond Fund
-  Global Equity Fund
-  Sustainable Balanced Fund (ESG)



Investment option details



Investment Options	Description	Total Annualized Asset-Based Fee	Investment Manager
 CalSavers Money Market Fund	Seeks to maximize current income, to the extent consistent with the preservation of capital and liquidity.	0.92%	STATE STREET GLOBAL ADVISORS
 CalSavers Target Retirement Fund (Age-based Funds for 2020, 2025, 2030, 2035, 2040, 2045, 2050, 2055, 2060 2065)	Investment Options that correspond with the year closest to when you will be the target retirement age, defined as age 65. This option seeks to provide for retirement outcomes based on quantitatively measured risk. The portfolios will be broadly diversified across global asset allocations becoming more conservative over time.	0.89%	STATE STREET GLOBAL ADVISORS
 CalSavers Core Bond Fund	The total return of an index composed of the total U.S. investment grade bond market.	0.83%	STATE STREET GLOBAL ADVISORS
 CalSavers Global Equity Funds	This Investment Option seeks to achieve its investment objective by investing substantially all of its investable assets in two SSGA FM-advised stock equity index funds.	0.84%	STATE STREET GLOBAL ADVISORS
 CalSavers Sustainable Balanced Fund (Environmental, Social, Governance)	Generate capital appreciation by investing in the equity securities of companies that demonstrate sustainable business practices and issuers of U.S. investment grade fixed income securities that satisfy certain environmental, social and governance (ESG) criteria.	0.95%	NEWTON Investment Management

Administrative fees: annual asset-based
 Accrue daily and are factored into each Investment Option's Unit Value
 Approximately \$0.83-\$0.95 for every \$100 in your account





How to get involved

How CPAs can help



1. Have conversations to inform clients and communities
2. Distribute Communications:
 - Social media
 - Newsletters
 - Email listserves
3. Host a webinar with us or invite us to a standing meetings or events
4. Grassroots: Connect us to other leaders, engage conversations

The screenshot shows the CalSavers Digital Toolkit webpage. At the top, it features the California State Treasurer's Office logo and the name of the State Treasurer, Fiona Ma, CPA. Navigation links include Home, Open Government, Careers, Contact, and Calendar. Below this, there are links for Home, CalSavers Home, CalSavers Website, CalSavers Contacts, and Board Members. The main content area displays the CalSavers logo and the text "Digital Toolkit". A paragraph explains that the toolkit is designed to help users share information about CalSavers through social media, newsletters, and other methods. It also mentions a multilingual outreach team and provides contact information for Jonathan Herrera. A section titled "1. Sample Web Content & Newsletters" lists links for General, Short, Standard, Short Spanish, Standard Spanish, and Employer content. A call to action states "More than 100 employees" and "Deadline Passed. Register Today." with a date of September 30.

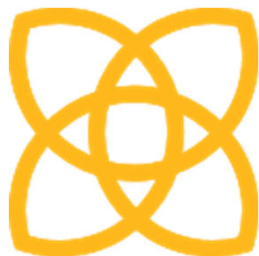
<https://www.treasurer.ca.gov/calsavers/toolkit.asp>



LEONARD C. WRIGHT

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**WEALTH MANAGEMENT
ADVISOR**



- **Created the Investment Subcommittee for CalCPA that protected CalCPA in 2008. The same was adopted for the Education Foundation.**
- **Past Chair CalCPA PFP Committee.**
- **Past President of OC/LB.**
- **Current Chair AICPA Member Retirement Plan Committee – Until 4/30/2022.**
- **AICPA PFP committee, Financial Literacy commission, PFS Credentialing Committee.**
- **7-year radio show promoting the CPA across America.**
- **Current columnist for Rethinking65. Part of my column is to promote the CPA to the financial**

**LEONARD C. WRIGHT**

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**BROOKE SALVINI**

CPA/PFS

**CHAIR PFP EXEC. COMMITTEE AICPA
PAST CHAIR CalCPA STATE PERSONAL FINANCIAL
PLANNING COMMITTEE**

- Roth IRA default investment due to most participants being low income.
- Automatic enrollment at 5%.
- **Automatic escalation capped at 10%.**
- **State vetted and offered annuity to protect participants.**
- Participants given a quarterly statement that shows if they are on track for retirement or on track for a shortfall.
- Opt out format to enhance the success of the program.
- Mandatory program for business owners.
- **Exclude business exemptions for plans that don't allow for participant contributions:**
 - **SEP Plans.**
 - **Profit sharing only plans.**

BACKGROUND & 401(k) INFLUENCE



ENHANCING
THE LIVES OF
YOUR CLIENTS'
EMPLOYEES WITH
THE STATE IRA
PROGRAM



HOW CalSavers CHANGES THE LIVES OF DIVERSE LOW-INCOME PARTICIPANTS IN YOUR COMMUNITY.



THE BIG PICTURE, PLANS ACROSS AMERICA – CENTER FOR RETIREMENT INITIATIVES.



EMBRACING CHANGE.

OUR PURPOSE



TO ADVISE DECISION MAKERS ON A BETTER FUTURE FOR THEMSELVES AND THEIR EMPLOYEES BY STRUCTURING THE COMPANY'S RETIREMENT PLAN AROUND THEIR CORPORATE CULTURE.

THE BEST SOLUTION
MAY BE:

CalSavers



POTENTIAL ELIMINATION OF INCOME TAXES
FOR THOSE AUTOMATICALLY ENROLL IN A ROTH, THERE ARE NO FEDERAL OR INCOME TAXES.



- NOT ELIGIBLE FOR MATCHING
- AT SUCH TIME THAT THE OWNER OF THE BUSINESS GROWS, THE OWNER MAY ADOPT A 401(k) PLAN AND OPT OUT.
- ROTH IRA CONTRIBUTIONS CANNOT BE ROLLED INTO A ROTH 401(k) UNDER CURRENT LAW.
- DEDUCTIBLE IRAs CAN BE ROLLED INTO THE EMPLOYER 401(k) PLAN.



LOW-INCOME EMPLOYEES MAY BE ELIGIBLE FOR A TAX CREDIT.
THERE ARE 3 TAX CREDITS, 50%, 20% AND 10%

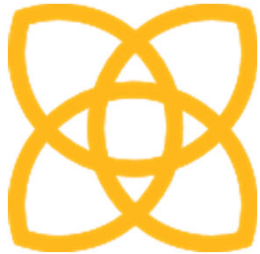


POTENTIAL TAX DEDUCTIONS
IF THE EMPLOYEE MAKES MORE THAN \$65,000/YEAR, THE EMPLOYEE SHOULD CONSIDER THE DEDUCTIBLE IRA CONTRIBUTION.



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- **The slides that follow are for educational purposes.**
- **Actual results will vary by individual.**
- **Capital markets assumptions will be different over time depending on a number of variables.**
- **It is recommended that each person seek guidance to model their particular facts and**

COVEY MATRIX

1

URGENT / IMPORTANT

Tax returns and payroll tax filings
Audit reports
Payroll Tax filings

2

NOT URGENT / IMPORTANT

Estate planning
Financial Planning
State IRA Program/Retirement Savings

3

URGENT / NOT IMPORTANT

Knock at the door.
Random phone calls
Take the trash out

4

NOT URGENT / NOT IMPORTANT

Video games
Personal Social Media
Sports betting

BEFORE

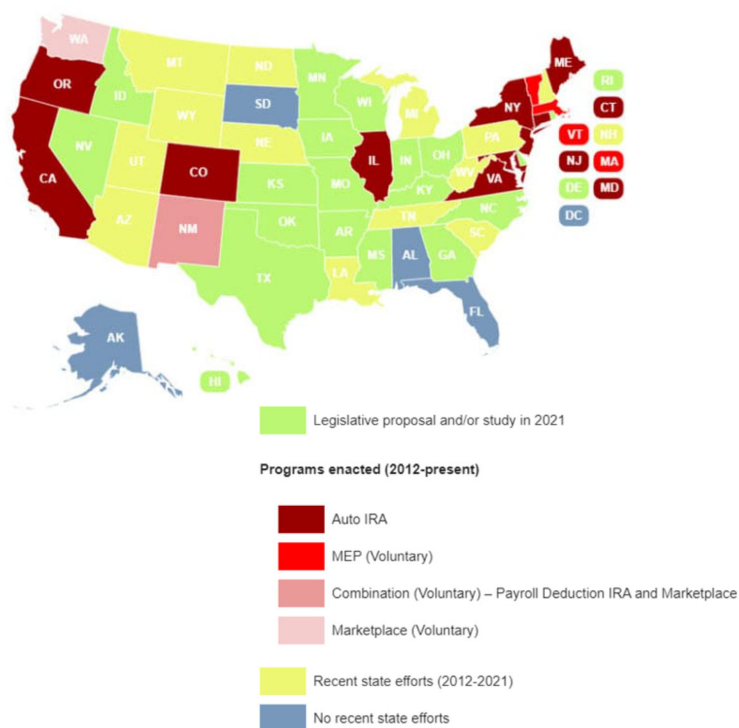


AFTER



STATE PROGRAMS ACROSS AMERICA

2021 State Legislative Map



KEYS ELEMENTS OF STATE IRA

- **REQUIRED IF EMPLOYER DOES NOT HAVE A PLAN, OR IF PLAN DOES NOT MEET LEGISLATIVE DEFINITION.**
- **AUTOMATIC ENROLLMENT AT 5%.**
- **COMPLIANCE COSTS BUILT IN OVER TIME. CALIFORNIA \$250 FIRST NOTICE AND \$500 SECOND NOTICE.**
- **ROTH IRA DEFAULT WITH AN IRA OPTION.**
 - PEOPLE WHO PAY NO TO LITTLE TAX GENERALLY SHOULD NOT BE TAKING A TAX DEDUCTION.
 - NO MANDATORY RMDs FOR ROTH IRAs.
 - ROTH IRAs ARE NOT ELIGIBLE FOR 401(k) ROLLOVER.
 - PORTABLE IRA ROLLOVER TO 401(k) IF PLAN PERMITS.

Note: Roth IRAs cannot be rolled into an employer plan under current law.



CalSavers
IMPACT
LOW INCOME
DIVERSE
COMMUNITIES

IMPACT TO
LOW-INCOME
MINORITY
COMMUNITIES
IS SIGNIFICANT.

LOW-INCOME RETIREMENT SAVINGS NEEDS. RETIREMENT SCENARIO COMPARISON.

NO STATE IRA VS. STATE IRA VS. Roth IRA

ASSUMPTIONS – AGE: 30




RETIREMENT – AGE 67

INCOME: \$45,000 EXPENSES: \$30,000

RECOMMENDED PATH – 5% SAVING
WITH 1% AUTO INCREASE UP TO 8%

PRE-RETIREMENT RATE OF RETURN – 8%

RETIREMENT RATE OF RETURN – 6.5%

Current Path	Recommended Path	Recommended Path
		
Need Covered 58%	94%	100%
Retirement Start _____	_____	_____
Sam 67 / Jan 2059	67 / Jan 2059	67 / Jan 2059
Income Need _____	_____	_____
In today's dollars \$36,000	\$36,000	\$36,000
Avg. Contribution _____	_____	_____
\$0/mo	\$172/mo	\$172/mo
Rate of Return _____	_____	_____
Pre-Ret. 0.00%	8.00%	8.00%
In Ret. 0.00%	6.50%	0.00%
Legacy ¹ \$NaN	\$0	\$1,231,301

Rates of return used to grow assets are hypothetical assumptions that you believe are reasonable for this plan and are not guarantees or projections. If your plan includes a probability analysis or an analysis of your current or target asset allocation, those analyses may use assumptions regarding rates of return that are different from those used to model growth of your assets. ¹ Legacy includes net death benefit proceeds.

RETIREMENT STRATEGY BREAKDOWN

AGE 30 WITHOUT

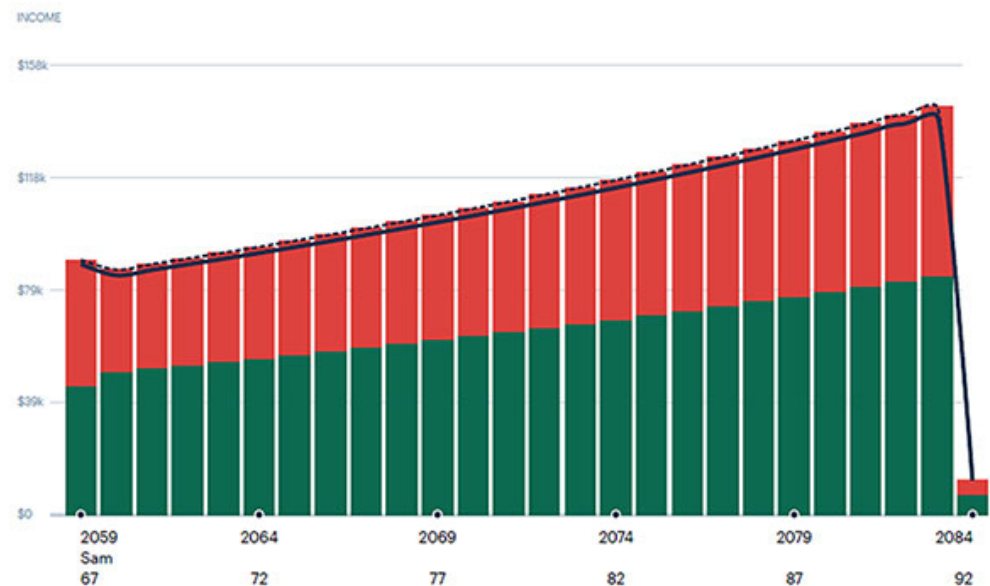


Retirement Strategy Breakdown

Current Path

- Income need
 - After-tax income need
 - Shortage
 - Retirement Withdrawals
 - Concentrated Assets¹
 - Non-Qualified
 - Qualified
 - Roth
 - HSA²
 - Life Insurance
 - Accumulated Value³
 - Death Benefit
 - Income Sources
 - Earned income
 - Other income
 - Annuity Income Plan⁴
 - Pension
 - Social Security
- 2059: Sam retires, age 67
 ● 2084: Sam passes, age 92

This chart shows how well your retirement resources and expected income streams may cover your after-tax income needs.



1. Concentrated Assets may be real or personal property, including, for example, your residence, land holdings, art, collectibles, business interests, or intellectual property. The assumed current value and growth rates for concentrated assets are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections. 2. HSA liquidations, if applicable, are assumed to be for qualified medical expenses only; otherwise additional taxes and/or penalties may apply. 3. This page may include illustrated non-guaranteed elements (NGLs) from a life insurance policy. Please see the disclosure pages for important information about NGLs. Please see Potential Advantages and Disadvantages of Using a Life Insurance Policy's Cash Value during Life, found in the disclosure pages, for more important information. 4. If you have a variable income plan, the amounts represented may fluctuate.

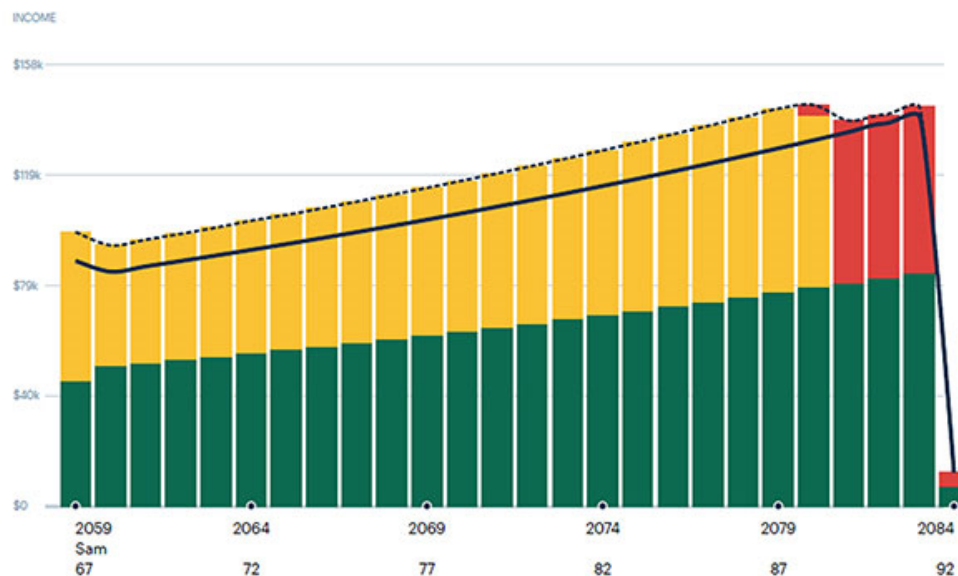
RETIREMENT STRATEGY BREAKDOWN

AGE 30 IRA WITH CalSavers

Retirement Strategy Breakdown

- Recommended Path**
- Income need
 - After-tax income need
 - Shortage
 - Retirement Withdrawals**
 - Concentrated Assets¹
 - Non-Qualified
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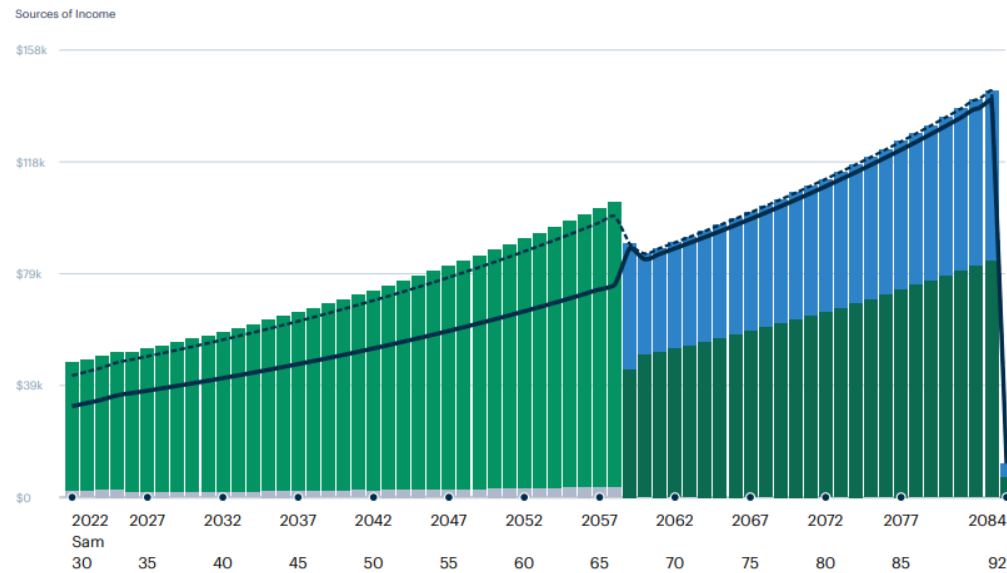
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RETIREMENT STRATEGY BREAKDOWN

AGE 30 ROTH IRA WITH



This projection shows how we expect your cash flow to cover your ongoing income needs through retirement, including the funded portions of your non-retirement goals.



This projection assumes spending related to any non-retirement savings goals is limited by the expected available funds. Potential shortages associated with the full achievement of those goals may exist in the accompanying analysis. 1. Concentrated Assets may be real or personal property, including, for example, your residence, land holdings, art, collectibles, business interests, or intellectual property. The assumed current value and growth rates for concentrated assets are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections. 2. HSA liquidations, if applicable, are assumed to be for qualified medical expenses only, otherwise additional taxes and/or penalties may apply. 3. This page may include illustrated non-guaranteed elements (NGEs) from a life insurance policy. Please see the disclosure pages for important information about NGEs. Please see Potential Advantages and Disadvantages of Using a Life Insurance Policy's Cash Value during Life, found in the disclosure pages, for more important information. 4. If you have a variable income plan, the amounts represented may fluctuate.

LOW-INCOME RETIREMENT SAVINGS NEEDS. RETIREMENT SCENARIO COMPARISON.

NO STATE IRA VS. STATE IRA VS. STATE ROTH IRA

ASSUMPTIONS – AGE: 40




RETIREMENT – AGE 67

INCOME: \$45,000 EXPENSES: \$30,000

RECOMMENDED PATH – 5% SAVING
WITH 1% AUTO INCREASE UP TO 8%

PRE-RETIREMENT RATE OF RETURN – 8%

RETIREMENT RATE OF RETURN – 6.5%

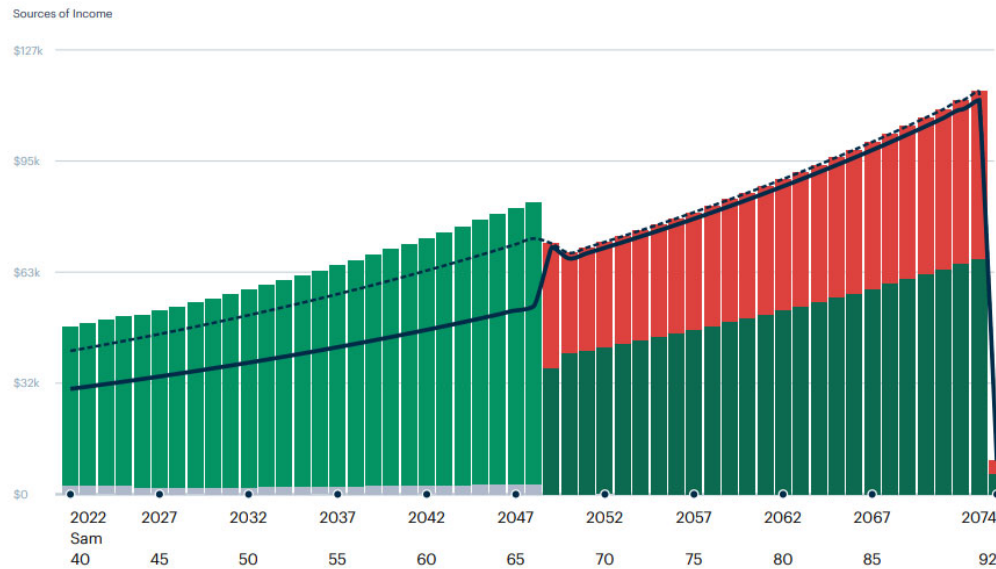
	Current Path	Recommended Path	Recommended Path
			
Need Covered	58%	94%	100%
Retirement Start			
Sam	67 / Jan 2049	70 / Jan 2052	70 / Jan 2052
Income Need			
In today's dollars	\$36,000	\$36,000	\$36,000
Avg. Contribution			
		\$172/mo	\$172/mo
Rate of Return			
Pre-Ret.	0.00%	8.00%	8.00%
In Ret.	0.00%	6.50%	0.00%
Legacy ¹	\$NaN	\$0	\$532,350

RETIREMENT STRATEGY BREAKDOWN

AGE 40 WITHOUT



This projection shows how we expect your cash flow to cover your ongoing income needs through retirement, including the funded portions of your non-retirement goals.



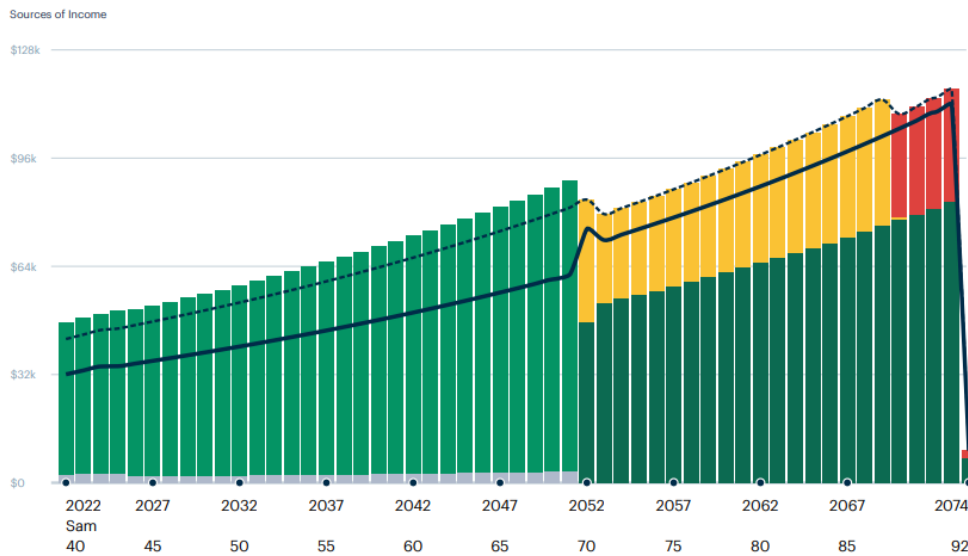
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RETIREMENT STRATEGY BREAKDOWN

AGE 40 IRA WITH



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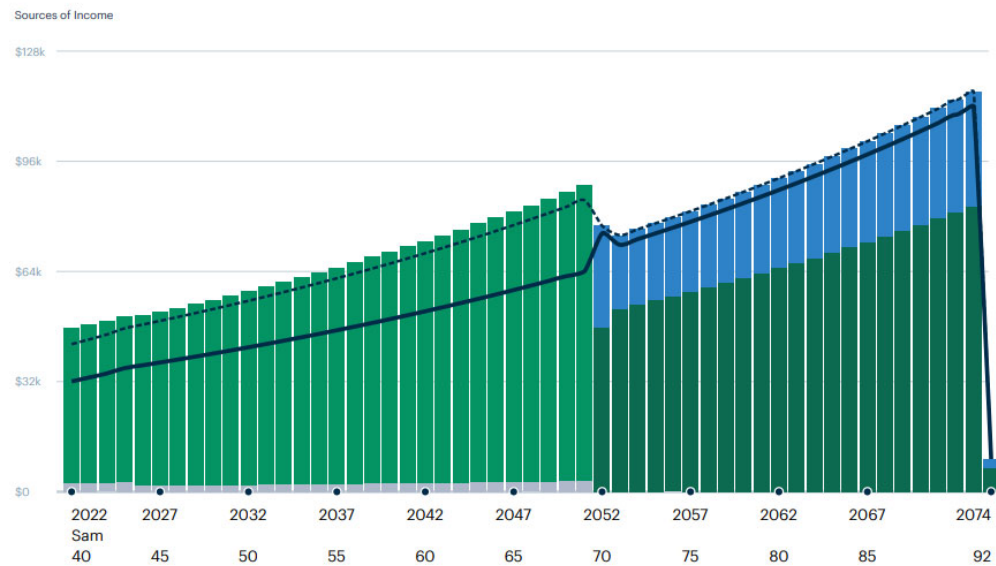
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RETIREMENT STRATEGY BREAKDOWN

AGE 40 Roth IRA WITH



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LOW-INCOME RETIREMENT SAVINGS NEEDS. RETIREMENT SCENARIO COMPARISON.

NO STATE IRA VS. STATE IRA VS. STATE ROTH IRA

ASSUMPTIONS – AGE: 50




RETIREMENT AGE: 70 PART TIME WORK TO AGE 75 AT 50% OF INCOME

INCOME: \$45,000 EXPENSES: \$30,000

RECOMMENDED PATH – 5% SAVING WITH 1% AUTO INCREASE UP TO 8%

PRE-RETIREMENT RATE OF RETURN – 4.54%

RETIREMENT RATE OF RETURN – 4.54%

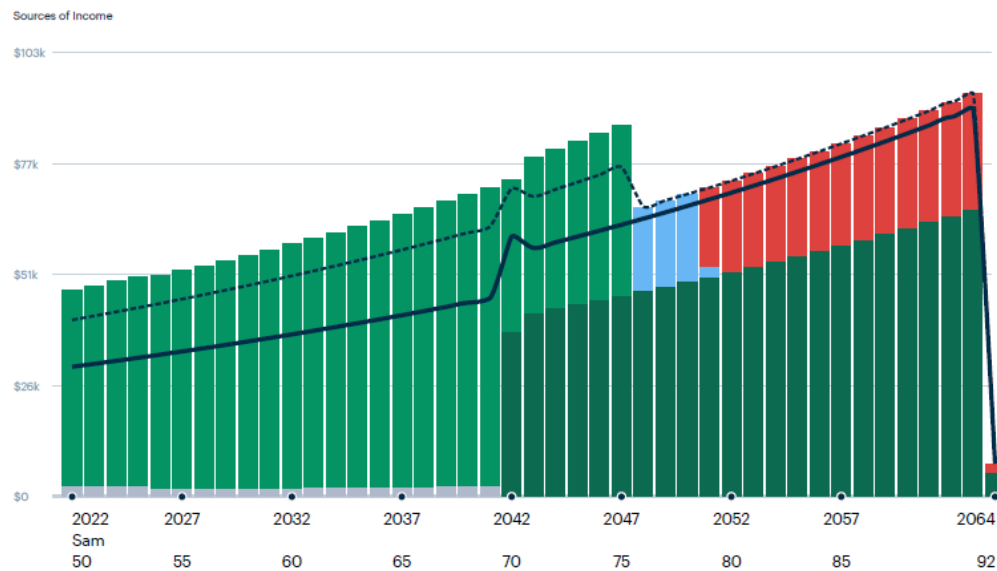
Current Path	Recommended Path	Recommended Path
		
Need Covered 82%	94%	92%
Retirement Start Sam 70 / Jan 2042	70 / Jan 2042	70 / Jan 2042
Income Need In today's dollars \$36,000	\$38,872	\$38,872
Avg. Contribution \$0/mo	\$172/mo	\$172/mo
Rate of Return Pre-Ret. 0.00%	4.54%	4.54%
In Ret. 0.00%	4.54%	4.54%
Legacy ¹ \$0	\$0	\$0

RETIREMENT STRATEGY BREAKDOWN

AGE 50 WITHOUT



This projection shows how we expect your cash flow to cover your ongoing income needs through retirement, including the funded portions of your non-retirement goals.



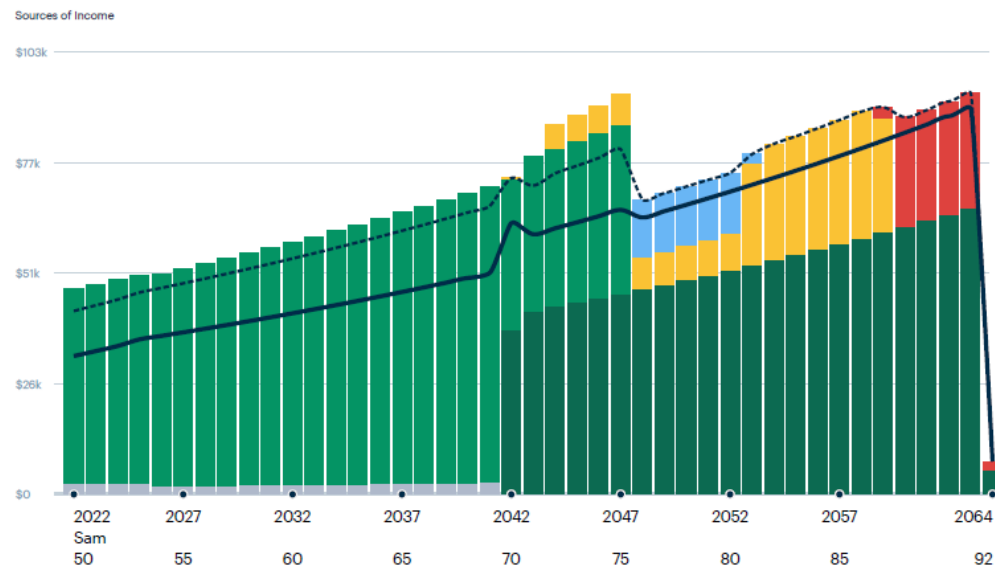
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RETIREMENT STRATEGY BREAKDOWN

AGE 50 IRA WITH



This projection shows how we expect your cash flow to cover your ongoing income needs through retirement, including the funded portions of your non-retirement goals.



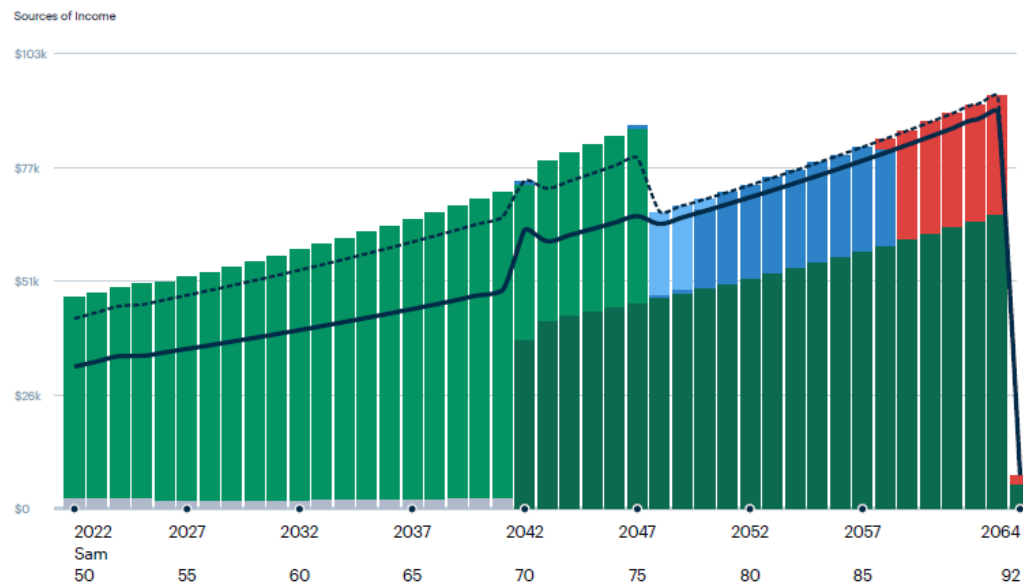
This projection assumes spending related to any non-retirement savings goals is limited by the expected available funds. Potential shortages associated with the full achievement of those goals may exist in the accompanying analysis. 1. Concentrated Assets may be real or personal property, including, for example, your residence, land holdings, art, collectibles, business interests, or intellectual property. The assumed current value and growth rates for concentrated assets are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections. 2. HSA liquidations, if applicable, are assumed to be for qualified medical expenses only, otherwise additional taxes and/or penalties may apply. 3. This page may include illustrated non-guaranteed elements (NGEs) from a life insurance policy. Please see the disclosure pages for important information about NGEs. Please see Potential Advantages and Disadvantages of Using a Life Insurance Policy's Cash Value during Life, found in the disclosure pages, for more important information. 4. If you have a variable income plan, the amounts represented may fluctuate.

RETIREMENT STRATEGY BREAKDOWN

AGE 50 Roth IRA WITH



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CalSavers
HIGH INCOME
EXAMPLE

IMPACT TO
HIGH-INCOME
MINORITY
COMMUNITIES
FALLS SHORT.

NO SAVINGS | CalSavers IRA SAVINGS | CalSavers Roth IRA SAVINGS



HIGH-INCOME RETIREMENT SAVINGS NEEDS. RETIREMENT SCENARIO COMPARISON.

NO STATE IRA VS. STATE IRA VS. STATE ROTH IRA

ASSUMPTIONS – AGE: 30

INCOME: \$145,000

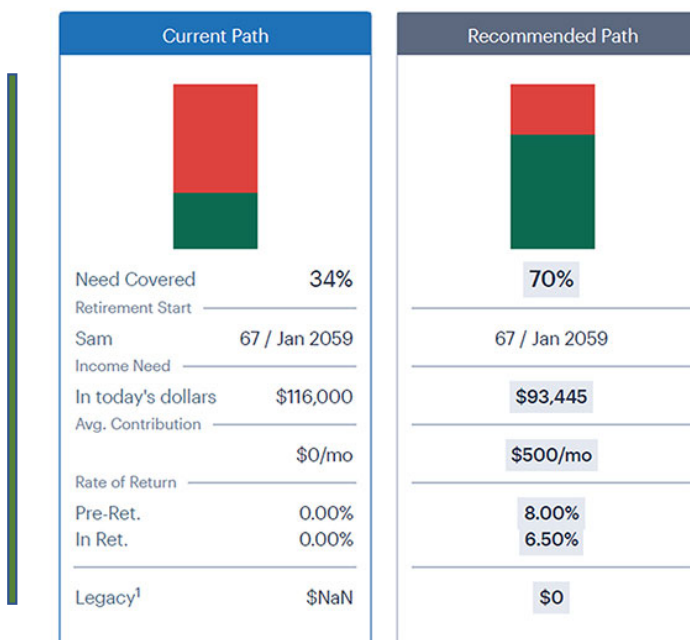
EXPENSES: \$101,500

RECOMMENDED PATH – MAXING OUT IRA

WITH 1% AUTO INCREASE UP TO 8%

PRE-RETIREMENT RATE OF RETURN – 8%

RETIREMENT ROR – 6.5%



ABOVE
INCOME
LIMIT TO
CONTRIBUTE
TO ROTH IRA

Rates of return used to grow assets are hypothetical assumptions that you believe are reasonable for this plan and are not guarantees or projections. If your plan includes a probability analysis or an analysis of your current or target asset allocation, those analyses may use assumptions regarding rates of return that are different from those used to model growth of your assets. ¹ Legacy includes net death benefit proceeds.

RETIREMENT STRATEGY BREAKDOWN

HIGH INCOME WITHOUT

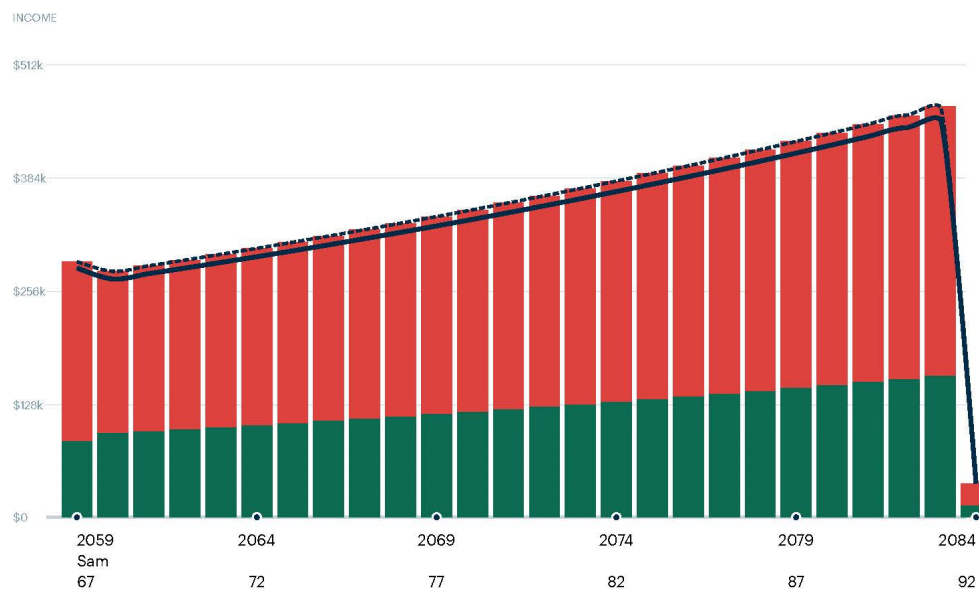
Retirement Strategy Breakdown

Current Path

- Income need
- After-tax income need
- Shortage
- Retirement Withdrawals
 - Concentrated Assets¹
 - Non-Qualified
 - Qualified
 - Roth
 - HSA²
- Life Insurance
 - Accumulated Value³
 - Death Benefit
- Income Sources
 - Earned income
 - Other income
 - Annuity Income Plan⁴
 - Pension
 - Social Security

- 2059: Sam retires, age 67
- 2084: Sam passes, age 92

This chart shows how well your retirement resources and expected income streams may cover your after-tax income needs.



1. Concentrated Assets may be real or personal property, including, for example, your residence, land holdings, art, collectibles, business interests, or intellectual property. The assumed current value and growth rates for concentrated assets are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections. 2. HSA liquidations, if applicable, are assumed to be for qualified medical expenses only, otherwise additional taxes and/or penalties may apply. 3. This page may include illustrated non-guaranteed elements (NGEs) from a life insurance policy. Please see the disclosure pages for important information about NGEs. Please see Potential Advantages and Disadvantages of Using a Life Insurance Policy's Cash Value during Life, found in the disclosure pages, for more important information. 4. If you have a variable income plan, the amounts represented may fluctuate.

RETIREMENT STRATEGY BREAKDOWN

HIGH INCOME WITH IRA

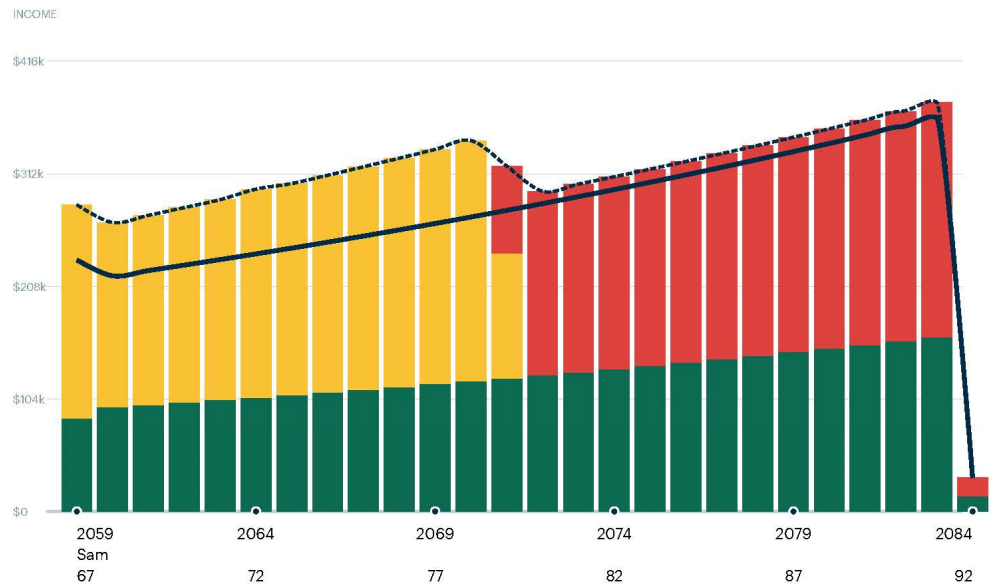


Retirement Strategy Breakdown

Recommended Path

- Income need
- After-tax income need
- Shortage
- Retirement Withdrawals**
 - Concentrated Assets¹
 - Non-Qualified
 - Qualified
 - Roth
 - HSA²
- Life Insurance**
 - Accumulated Value³
 - Death Benefit
- Income Sources**
 - Earned income
 - Other income
 - Annuity Income Plan⁴
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THE SUCCESS OF CALIFORNIA



TOTAL FUNDED
ACCOUNTS

255,000



PARTICIPATION
RATE

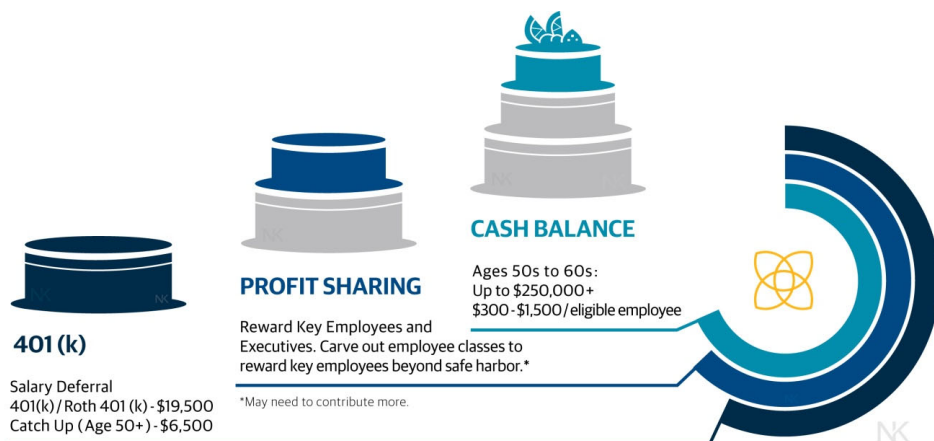
68%



AVERAGE
DEFERRAL RATE

5.11%

A STATE IRA BEST FIT.



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**BUILD A BETTER FUTURE,
ONE LAYER AT A TIME.**

WHEN THE LAYERS OF THE RETIREMENT
PLAN CAKE ARE TOO COMPLEX, THE
STATE
IRA MAY BE THE BEST FIT. AS BUSINESS
GROWS AND BECOMES MORE
PROFITABLE,
THE LAYERS OF THE RETIREMENT PLAN
CAKE MAY BE THE BEST FIT.

Through **4** Simplified Processes,



We are here to help you get there.

WHO MIGHT BENEFIT FROM A STATE IRA PROGRAM?

- CLIENTS WHO YOU ARE CONCERNED THEY CANNOT FULFILL THESE BOXES.
- STAFF THAT MAY BE OVERWHELMED.
- SMALL BUSINESSES THAT ARE STRUGGLING TO EMPLOY STAFF.
- COMPANIES THAT ARE NOT PROFITABLE.

RECORDKEEPING

- Account representative location
- Account representative to client ratio
- Background
- Conversion management team
- Conversion process
- Investment transfers
- Other benefit processing
- Participant address changes
- Payroll and census transmittal
- Plan deposit submissions
- Processing loans, distributions
- Quality assurance standards
- Quality standards
- Recordkeeping system
- Reporting timeliness and accuracy
- System enhancements
- Terminations and distributions
- Tracking beneficiary designations
- Type of investment accounting

COST

- Asset charges
- Base administration fees
- Contract termination fees
- Conversion fees
- Education/Enrollment materials
- Education/Enrollment meetings
- Employer Stock
- Fund change (addition/deletion)
- Investment mgmt fees
- Market Value Adjustment
- Miscellaneous fees (loans, hardships)
- Per participant fees
- Plan amendment fees
- Plan document fees
- Pricing guarantees
- Self Directed Brokerage
- Testing (compliance) fees
- Transaction fees
- Trustee fees

TECHNOLOGY SERVICES

- Annual investment in technology
- Automated Voice Response System
- Individual investment advice
- Internet-based tools and materials
- Online plan management reports
- Opt out of Voice Response System
- Plan participant website
- Plan sponsor website
- Toll-free customer service assistance
- Fee leveling capabilities
- Account aggregation tools
- Retirement income projections
- Financial wellness reporting
- Mobile app functionality

COMPLIANCE

- 5500 completion
- Coverage testing
- Form 5500
- Late deposit monitoring
- Minimum distributions
- Number of compliance specialists
- Number of ERISA attorneys on staff
- Plan amendments
- Plan document capabilities
- SAS 70 package
- SPD drafting and distribution
- Special discrimination testing
- Standard discrimination testing
- Summary Annual Report

INVESTMENT MANAGEMENT

- Investment selection flexibility
- Access to open architecture
- Add, delete and freeze funds
- Asset allocation funds
- Asset class and investment style
- Automatic rebalance
- Custom asset allocation accounts
- Fund expenses
- Fund requirements/limitations
- Index funds
- Guaranteed and stable value styles
- Retirement income options process
- Decumulation tools
- Money Manager flexibility
- Number of funds offered
- Portfolio adjustment
- ScorecardSM rankings
- Type of contract

COMMUNICATION

- Communication materials
- Customized materials
- Employee Statements
- Enrollment kits style/delivery
- Enrollment process
- Enrollment meetings
- Fund changes
- Investment transfers
- Local enrollers
- National enrollers
- Ongoing assistance
- Online investment advice tools
- Onsite meetings
- Plan participant website
- Print campaigns / materials
- Prospectus delivery
- Self Directed Brokerage option
- Spanish services / materials

CASE STUDY 1: PRINTING COMPANY

FACTS:

CLIENT HAS ABOUT \$10,000 TO SAVE FOR RETIREMENT.

5

5 EMPLOYEES AT \$40,000 PER YEAR. SIMPLE IS \$6,000 PER YEAR IN MATCHING.

TAX

401(k) COSTS WITH THE TAX CREDITS STILL IS A NON-STARTER UNLESS \$8,000 IS CONTRIBUTED IN THE FORM OF A MATCH.

401(k)

LACK OF SOPHISTICATION IN THE BACK OFFICE TO MAINTAIN A 401(k) PLAN.


CalSavers

IS THE BEST OPTION.

CASE STUDY 2: BAKERY

FACTS:

**15 EMPLOYEES
TOTAL PAYROLL
\$600,000.**

**OWNER IS
OVERWHELMED
& DOES THE
PAYROLL & BOOKS
& WORKS IN
THE BUSINESS.
NO ONE ELSE
TO FILL IN.**

\$

**PROFITS AT
\$35,000
PER YEAR.**

**OWNER WANTS
TO SAVE
\$15,000
PER YEAR.**

IRA

**SIMPLE IRA
IS \$18,000
MATCH.**

401(k)

**401(k) PLAN
IS \$24,000
MATCH.**



CalSavers

**IS THE BEST
OPTION.**

**STATE IRA SOLUTIONS MAY BE IN THE
BEST INTEREST OF THE CLIENT**

WHEN:

1

**THERE IS
A LOW
PROFIT
MARGIN.**

2

**THE COMPANY
LACKS
SOPHISTICATED
STAFF TO
HANDLE THE
INTRICACIES OF
THE ERISA PLAN.**

3

**THERE IS A
DESIRE TO
HELP
EMPLOYEES
SAVE FOR
RETIREMENT.
70% SUCCESS
RATE FOR THE
STATE IRA. 25%
FOR ERISA
PLANS.**





AS YOUR COMPANY GROWS OTHER PROGRAMS THAT MAY BE IN YOUR CLIENT'S BEST INTEREST INTEGRATE WITH CalSavers INTO YOUR CLIENT'S COMPANY RETIREMENT PLAN.

- **401(k)**
- **403(b)**
- **ROTH 401(k)/403(b)**
- **PROFIT SHARING**
- **CASH BALANCE**
- **DEFINED BENEFIT**
- **SUPPLEMENTAL EMPLOYEE**
- **RETIREMENT PLAN (SERP)**
- **KEY PERSON**
- **DISABILITY**
- **LIFE**

THANK YOU FOR
SHAPING THE FUTURE