

## Advocacy Corner – Neena Moorjani

### Introducing Secure Choice

There is a new retirement plan in place for small business owners in California. Secure Choice, signed into law by Governor Brown a year ago, mandates that employers with more than five employees have to offer a retirement plan or facilitate their employees' enrollment into the new government managed retirement program.

This new government program, called Secure Choice, is a voluntary program – employees can opt not to participate – and contributions are made via the payroll mechanism. The payroll contribution begins at 3% of salary and there is an option to change contributions at any time with an escalation of contribution rates up to 8% of salary. Employees will have the ability to stop or change the rate at any time.

Up to the first three years of the program, the contributions will be invested in U.S. Treasuries, or similarly low-risk investments. Participant fees would be low and their account would be portable. Mandated employers would be exempt from ERISA.

The board governing this Secure Choice program, and its relevant contractors, will have a fiduciary duty to the participants of the program.

2019 is likely to be the earliest launch date with a three-year phase in period for companies according to size:

- employers with more than 100 employees will need to offer a retirement plan within 12 months after the program is open for enrollment
- employers with more than 50 employees will get up to 24 months to enter the program
- finally, employers with more than five employees will need to offer a retirement plan within 36 months of the beginning of the Secure Choice program

Seven other states offer similar programs - Oregon began a pilot program this past July, Washington is scheduled to begin its program in late 2017 and the remaining - Connecticut, Illinois, Maryland, Massachusetts, and New Jersey – will follow in due course.

You can get a first hand update on its current status from Secure Choice's Deputy Director who will be our October meeting speaker. In the meantime, more information can be found at:

<http://www.treasurer.ca.gov/scib/>