

CalSavers Provides a Simple and Valuable Retirement Savings Option for Latinos in California

Starting in July 2019, California began offering an estimated 3.5 million Latino workers in California the opportunity to contribute to a retirement savings account and save for the future.¹

CalSavers is California's new retirement savings program for workers who do not currently have a way to save for retirement at work. The program provides all workers with an option to make saving for retirement easy through an Individual Retirement Account (IRA).

How CalSavers Works:

CalSavers makes it easy to prepare for retirement through automatic enrollment, a standard savings rate, and automatic increases. The settings can be adjusted to meet your needs as well.

1. Eligibility: If you meet the following criteria, you can be enrolled.

- You are employed in the state of California.
 - o Your employer has five or more employees and your employer doesn't offer a retirement plan at work.
 - o You are self-employed.
- You are 18 or older.
- You have a Social Security Number or an Individual Taxpayer Identification Number (ITIN).

2. Enrollment: There are two ways that workers can join the program: through an employer or on their own.

- If your employer has five or more employees and your employer doesn't offer a retirement plan:
 - o You will be automatically enrolled in the program.
 - o You can opt-in or opt-out at any time.
- On your own:
 - o You can enroll in the program individually beginning fall 2019.

3. Contributions: Once you are enrolled, if you do nothing, you will be enrolled with the standard savings and investment options after 30 days. You can also choose to customize your savings choices.

- The standard savings rate is 5% into a Roth IRA. But you can choose to save as little as 1%.
- Your savings rate will automatically increase each year by 1%, until your savings rate reaches 8%. You can choose to increase or decrease your savings.

4. Moving Your Money: Your money is always available when you need it.

- You can keep your account even if you change jobs.
- There is no requirement that you take out your money at a certain time.
- You can transfer your balance to a different IRA at any time.

Endnotes

- 1 AARP Public Policy Institute, David John and Gary Koenig, "Workplace Retirement Plans will Help Workers Build Economic Security," August 2015, Accessed on September 10, 2019, <https://www.aarp.org/content/dam/aarp/ppi/2015-07/AARP-California-state-fact-sheet.pdf>