

# NEW LAW TO ALLOW child care workers and parents SAVE FOR RETIREMENT



*“This law will enable me to put a little away and it won’t break my back to do it. Before this law passed, I thought I would have to find a second job to provide for retirement.”*

— Tonia McMillian,  
family child care provider

After years of advocacy by child care workers, in 2016 Gov. Jerry Brown signed into law The Secure Choice Savings Program. While details of the program are still being developed, this new law will allow workers who currently lack access to retirement savings plans at work to take part in one.

Participants will have access to a voluntary, low-risk, low-cost, portable retirement savings plan that encourages participation through automatic enrollment. The plan provides the option to opt out and enables direct payroll contributions. Each employee’s contributions will be directed into an Individual Retirement Account (IRA) in his or her name.

## When will people be able to start signing up?

The Secure Choice Board began implementing the program on Jan. 1, 2017. Once the program is established—most likely in 2018—the board will oversee communication and enrollment of all eligible employers and employees following this schedule unless they deem it necessary to alter the schedule:



Within 12 months after the board opens enrollment, employees of employers with more than 100 eligible employees;



Within 24 months after the board opens enrollment, employees of employers with 51–99 eligible employees;



Within 36 months after the board opens enrollment, all other eligible employees, including those of employers with five or more eligible employees.

## **When will child care workers be eligible to participate in Secure Choice?**

Center-based workers can participate according to the schedule, depending on the size of the workforce. Family-based providers are proposed to be included, and the board will determine the best process by 2018 for enabling individuals to enroll.

## **How much will an employee be able to contribute to the Secure Choice Retirement Saving Program?**

If no action is taken by the employee or the board, 3 percent of the employee's annual salary or wages will be contributed to their account. The board is authorized to adjust the initial contribution rate, to no less than 2 percent and no more than 5 percent, and to subsequently implement 1 percent automatic increases up to 8 percent. The employee is always free to change or stop their contributions.

### **For More Information Contact:**

Norma Barragan, SEIU Local 521  
(323) 303-4760  
[norma.barragan@seiu521.org](mailto:norma.barragan@seiu521.org)



**Stay Tuned:**  
**We will keep you posted as more details are developed.**