
SEPTEMBER 25, 2017

AGENDA ITEM 4
ACTION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

Proposal to Plan for a Pilot Launch in Q3 2018

Background

As staff work to develop program design options and recommendations for the California Secure Choice Retirement Savings Investment Board (“Board”), the possibility of operating a “soft launch” or “pilot program” has been raised on several occasions. A pilot program is a way to test a new program or initiative by offering it to a select group and soliciting feedback from that group to refine the program or initiative prior to a full scale launch to the public.

Analysis

Operating a pilot program for the California Secure Choice Retirement Savings Program (“Secure Choice” or “the Program”) would allow staff and the Board to test the program in more controlled environment prior to full scale launch. Employers that are interested in a cooperative arrangement to help the program succeed would volunteer to begin participation early; their employees would have the ability to opt-out of the program at any time. Program staff and the third-party administrator would engage with the employers and potentially participating employees to obtain feedback about the experience. The feedback would allow staff and the Board to refine the program design and functionality to allow for smoother administration when the program is released in full.

In order to operate a pilot, staff would need to determine the scope and phasing of the pilot; develop a method and criteria for selecting employers; recruit the employers; prepare the necessary communication channels to receive feedback; and establish appropriate infrastructure to ensure that the pilot participants, both employers and employees, receive the high level of service that is planned for the full launch of the program.

At the August Board meeting, the Executive Director of OregonSaves, Lisa Massena, reported on the status of their pilot program, which began on July 1, 2017. The Oregon pilot includes two phases, the first with eleven selected employers each of which received individualized direct support to register and commence participation, and the second with an additional 30 employers that will receive less direct support from the OregonSaves staff. This second phase pilot program will allow OregonSaves to test with a wider range of employers in terms of size and payroll operation, as well as ensure that both employers and employees are able to operate within the program independently. Ms. Massena spoke of the invaluable feedback already received from the participating employers and employees, and the pilot’s effectiveness in streamlining their program as they move towards a full scale launch.

Conversely, operating a pilot program could pose challenges. First, for practical purposes, preparing for a pilot launch requires nearly all of the same infrastructure planning as that required of a full launch, so by targeting an early pilot (in quarter three 2018, for example), the program would in essence be setting a more aggressive timeline. Second, if there are too many employers who wish to participate in the pilot, selection could become a sensitive matter. Effective communication and management can mitigate these potential challenges.

Staff Recommendation

Secure Choice staff recommends the Board authorize staff to plan to launch a pilot program, targeting a third quarter 2018 pilot start. Staff would identify the scope of the pilot program, including identifying a method to select participating employers that represent a varied sample with regard to size, industry, and region.

Attachments

- Pilot Launch Plan



California Secure Choice Retirement Savings Investment Board

Agenda Item 4: Plan for a Pilot Launch

September 25, 2017

Requirements for Plan Launch

- **Selection of Key Partners:**
 - **Program Consultant**
 - **Investment Consultant**
 - **Program Administrator**
 - **Investment Manager**
 - **Marketing Firm**
 - **Legal Advisor**
- **Completion of Key Tasks:**
 - **Program design**
 - **Administrative platform including recordkeeping, customer service and banking**
 - **Administrative benchmarks**
 - **Permanent State regulations**
 - **Marketing and communications plan**
 - **Disclosure and marketing materials**

Option 1: Phased Launch

- Plan launch begins with a Pilot phase, followed by full implementation of the Program

Benefits	Challenges
Ability to direct resources to specific employers	Difficult to communicate specific dates to specific employer groups
Learn from and adjust implementation procedures	Delays full implementation across the State
Stress test the platform	Sufficiency of time between phases to fine-tune the Plan

Option 2: Single Launch

- Plan launch occurs on a single date for all employers across the State

Benefits	Challenges
Uniform start date across the State	Initial strain on resources
Single date to communicate and promote	No ability to stress-test the platform