
SEPTEMBER 24, 2018

AGENDA ITEM 2
INFORMATION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

Executive Director's Report

Budget

The July budget report is not available at this time due to delay in year-end data reporting from the implementation of FISCAL. The July and August reports will be presented at the October board meeting. As reported last month, the Program had spent \$1,700,276 in loan funding in the 2017-18 fiscal year and a total of \$2,019,057 since inception.

Gilbert Associates, Inc., the independent auditors, are currently reviewing the 2017-18 fiscal year budget and expenditures.

State Administrative Fee

Staff are currently analyzing options for the state administrative fee and will present recommendations to the Board at the October meeting.

Staffing

Recruitment is underway for a Director of Outreach, Marketing, and Communications (SSM II) and a Manager of Outreach and Marketing (SSM I).

Contracts Executed Under Delegated Authority

None to report at this time.

Legislation and Policy Update

On August 31, 2018 President Trump signed an executive order on retirement. The order directs the Secretaries of Labor and the Treasury to examine policies that would expand access to multiple employer plans. The executive order also directs both Secretaries to review actions that could simplify plan disclosures required under the Employee Retirement Income Security Act and the Internal Revenue Code. Finally, the executive order directs the Secretary of the Treasury to examine the life expectancy and distribution period tables used to determine minimum distributions from retirement plans required under federal law.

Due Diligence Visits

Executive Director Katie Selenski and Deputy Executive Director Brian Gould visited the headquarter offices of program administrator Ascensus and investment manager State Street Global Advisors in mid-September.

Website Review

Pending interest from the Board, in the coming two weeks staff will offer opportunities for Board Members to review the new website content developed by Ascensus and provide comments prior to the anticipated go-live date in the third week of October.

Logo Revision

Ascensus identified that the Program's current logo may not fully comply with accessibility standards required by the Americans with Disabilities Act (ADA) due to insufficient color contrast and the size of certain fonts. Ascensus developed a slightly modified version of the logo to ensure compliance with the ADA standards and retain the essential characteristics of the current logo. The revised logo will be presented during item three of this agenda.

ESG Investment Option

As discussed during the August Board meeting, the Program did not receive any competitively priced bids for an environmental, social, governance (ESG) focused investment option as part of the procurement process for investment manager services. The evaluation committee recommended that the Board pursue an ESG option in near the future as part of a stand-alone, well-defined search.

Earlier in September, program administrator Ascensus advised, and program and investment consultants concurred, that if the Board seeks to add an ESG option within the next year, it should do so prior to full statewide launch in July 2019. Finalizing the investment line-up prior to full launch will help the Program avoid the need to relay a complex set of required participant communications after enrollment. Staff recommend that the Board commence a new search this fall in order to have an ESG offering in place by spring. Staff and consultants believe that conducting a narrow search for a well-defined stand-alone ESG option will be more successful than when it was part of a very large procurement that included the administrative services. In addition, the contract term for this ESG option could be just two to three years, allowing the Board to get an option into the investment menu at launch and then rebid the option when both the Program and the ESG field have evolved.

If the Board agrees with this general approach, staff and consultants will bring an agenda item to the Board on refining the scope of ESG values in October in preparation for recommencing the search in November.

On September 19, 2018 State Controller Betty T. Yee sent a letter to the Chair urging the Board to recommence its search for an ESG investment option for CalSavers.

2019 Meeting Schedule

The calendar of 2019 Board meetings is shown below. Consistent with past practice, Board meetings are scheduled on the fourth Monday of each month, except for conflicts with holidays, starting at 1pm.

January 28, 2019
February 25, 2019
March 25, 2019

April 22, 2019
May 20, 2019
June 24, 2019
July 22, 2019
August 2
6, 2019
September 23, 2019
October 28, 2019
November 18, 2019
December 16, 2019

Media Mentions

- 1. CalSavers Moving Toward Implementation (ASPPA Net | August 16, 2018)**
<http://www.asppa-net.org/News/Article/ArticleID/10206>
- 2. CalSavers Board Selects Ascensus to Administer New Retirement Program New Program to Serve 7.5 million California Employees Who Lack a Workplace Retirement Plan (BenefitsLink | August 16, 2018)**
https://benefitslink.com/cgi-bin/pr/index.cgi?rm=press_release&id=52185
- 3. Calif. Taps State Street Global Advisors as Savings Plan Manager (Bloomberg BNA | August 16, 2018)**
<https://www.bna.com/calif-names-manager-n73014481793/>
- 4. CalSavers plan picks Ascensus for administration, SSGA for management (Pensions&Investments | August 16, 2018)**
<http://www.pionline.com/article/20180816/ONLINE/180819922/calsavers-plan-picks-ascensus-for-administration-ssga-for-management>
- 5. California's New Retirement Plan Selects State Street to Manage Its Investments (Institutional Investor | August 17, 2018)**
<https://www.institutionalinvestor.com/article/b19k9zr76vqpdC/California-s-New-Retirement-Plan-Selects-State-Street-to-Manage-Its-Investments>
- 6. 3 Challenges for Getting ESG Funds Into Retirement Plans (Morningstar | August 30, 2018)**
<https://www.morningstar.com/articles/881202/3-challenges-for-getting-esg-funds-into-retirement.html>

7. Preferred recordkeeper to state IRA plans says enrollment in Oregon better than expected

<https://www.benefitspro.com/2018/09/19/preferred-recordkeeper-to-state-ira-plans-says-enr/>

External Presentations since the Last Board Meeting

External events at which CalSavers staff or board members presented since the last Board meeting:

1. August 29, 2018: Fresno Leadership Group (Fresno Region Outreach Workgroup Hosted by Dora Westerlund); Fresno Area Hispanic Foundation; Fresno, CA
2. September 5, 2018: California Stewardship Network Webinar
3. September 21, 2018: California Partnership for the San Joaquin Valley Quarterly Board Meeting; Fresno, CA

Upcoming External Presentations

External events at which CalSavers staff or board members are presenting in the upcoming months:

1. October 4, 2018: Small Business Association Partners Meeting; Grass Valley, CA
2. October 10, 2018: National Association of Women Business Owners Santa Barbara Chapter CalSavers Workshop; Santa Barbara, CA
3. October 11, 2018: California Capital Financial Development Corporation CalSavers Event; Sacramento, CA
4. October 12, 2018: California Association for Micro Enterprise Opportunity (CAMEO) Regional Meeting; Redding, CA
5. October 18, 2018: Inland Valleys Regional CalSavers Workgroup Meeting (hosted by United Way of the Inland Valley); Riverside, CA
6. October 18, 2018: CalNonprofits Policy Convention; Los Angeles, CA
7. October 23, 2018: CAMEO/Small Business Development Center CalSavers Webinar; Sacramento, CA
8. October 24, 2018: California Asset Building Coalition Financial Resources Event; Sonoma, CA