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MAY 20, 2019

AGENDA ITEM 4  
INFORMATION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

*State-Run Retirement Program Landscape Overview*

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This item will be presented orally at the meeting.

***Attachment***

State-Run Retirement Program Landscape Overview Presentation

# **California Secure Choice Retirement Savings Investment Board**

## **State-Run Retirement Program Landscape**

**May 20, 2019**

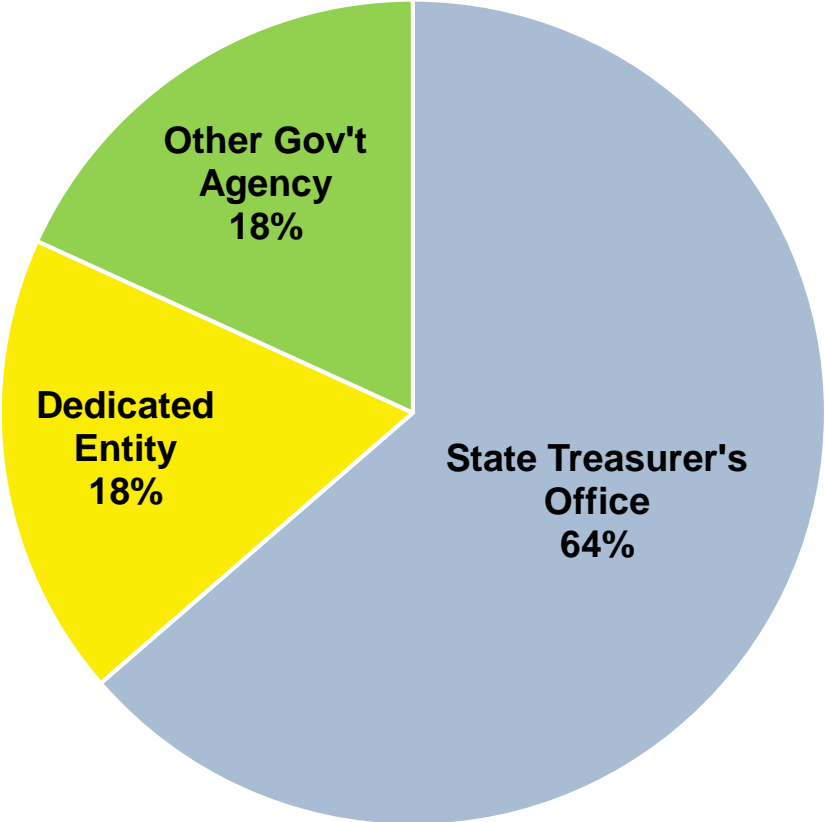
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# **Section I.**

## **The Market Today**

# State-Run Retirement Program Administrative Placement



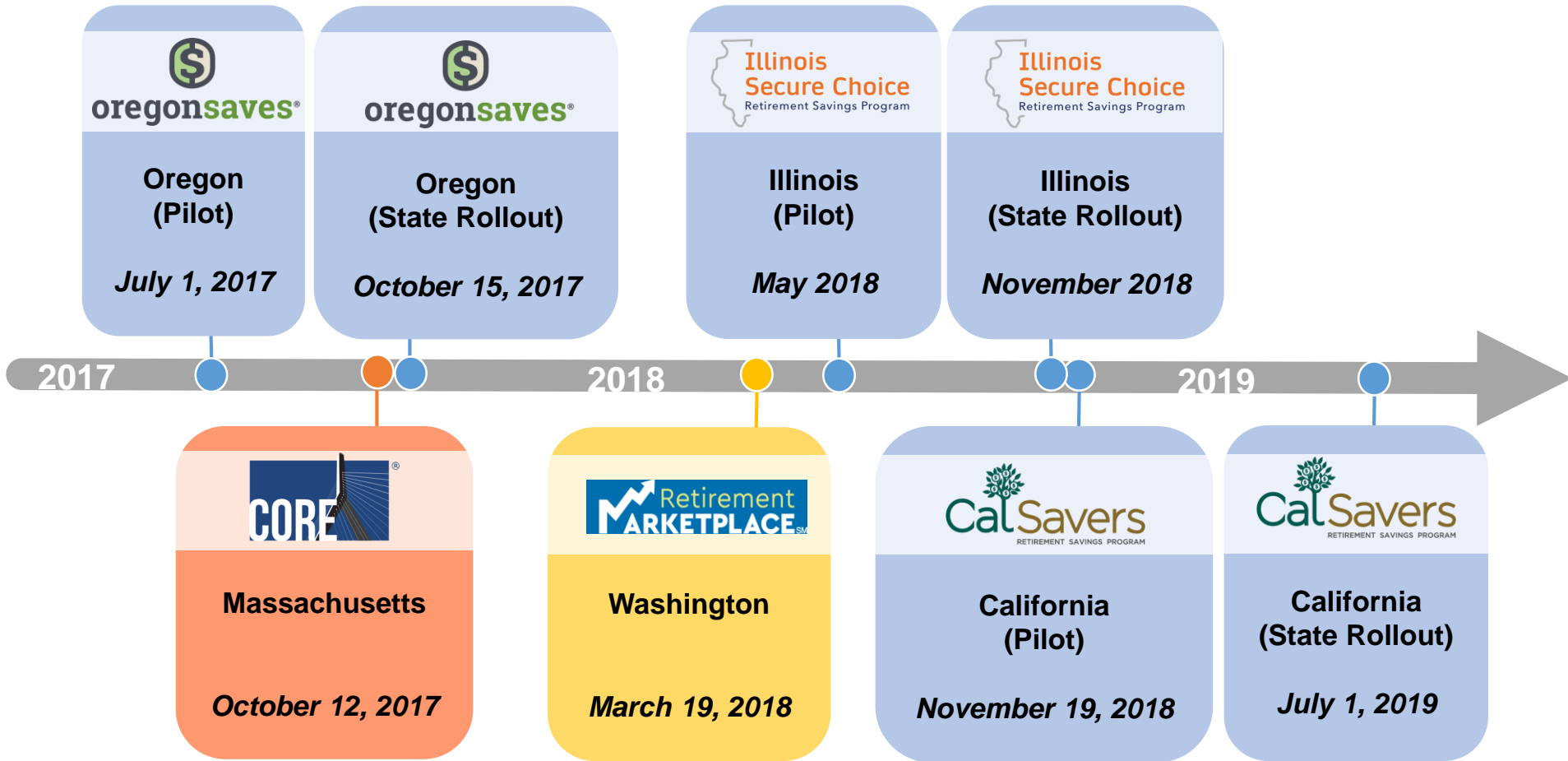
| Administrative Placement | States / City  |
|--------------------------|--|
| State Treasurer's Office | California<br>Illinois<br>Oregon<br>Massachusetts<br>Vermont<br>New York<br>New Jersey |
| Dedicated Entity         | Connecticut<br>Maryland  |
| Other Government Agency  | Washington<br>Seattle  |

Administrative Placement reflects information as of March 25, 2019. Includes one count for the dormant New Jersey Marketplace and the in-formation Auto-IRA Programs.

# Emerging Management Models

| Model          |                | Mandatory Auto-IRA   | Voluntary Auto-IRA   | Multiple Employer Plan (“MEP”)                            | Marketplace  |
|----------------|----------------|--|--|---|--|
| Characteristic |                | Employers must provide employee information<br><br>Employees may opt-out | Employer participation is voluntary<br><br>Employees may opt-out | ERISA rules apply at the MEP<br><br>Employees may opt-out | Employers can choose from any Plans available<br><br>Employees may opt-out |
| States or City | Launched       | California<br>Illinois<br>Oregon   | --   | Massachusetts   | Washington   |
|                | In Development | City of Seattle<br>Connecticut<br>Maryland<br>New Jersey                 | New York   | Vermont   | New Jersey   |

# Snapshot of Programs Launched



# Details on Live Programs

| State         | Administrator          | Investment Manager(s)       | Implementation Phase  |
|---------------|------------------------|-----------------------------|---|
| California    | Ascensus               | SSGA<br>Newton <sup>1</sup> | Pilot launch – November 2018<br>Statewide launch – July 2019  |
| Illinois      |                        | BlackRock<br>Schwab<br>SSGA | Pilot launch – May 2018<br>Statewide launch – November 2018<br>Final wave deadline – November 2019  |
| Oregon        |                        | SSGA                        | Pilot launch – July 2017<br>Statewide launch – October 2017<br>Final wave deadline – March 15, 2020 |
| Massachusetts | Empower                | Goldman Sachs<br>SSGA       | Launch – October 2017   |
| Washington    | Department of Commerce | Vanguard<br>Saturna         | Launch – March 2018   |

Mandatory Auto-IRA
  Voluntary Auto-IRA
  MEP
  Marketplace

<sup>1</sup> Newton Investment Management has been selected to manage California's ESG option. Expected availability in Q2 2019

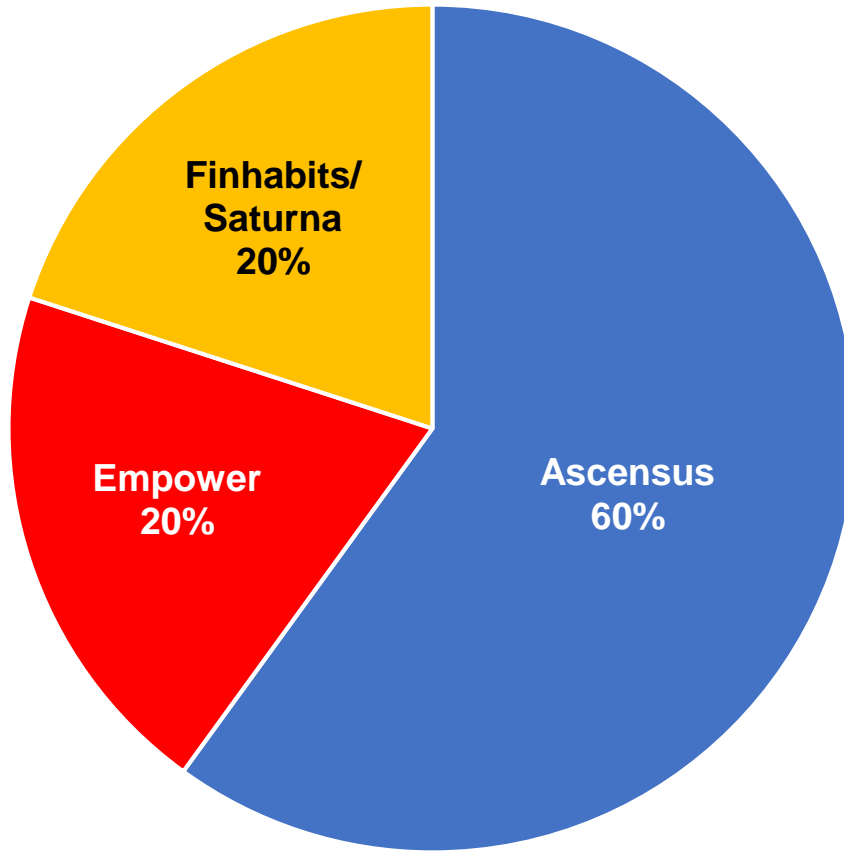


# Programs in Development

| State-City      | Administrator                  | Investment Manager | Implementation Phase | Current Status                     |
|-----------------|--------------------------------|--------------------|----------------------|------------------------------------|
| Vermont         | TAG Resources                  | Not available      |                      | TPA Selected                       |
| Connecticut     | RFP Released April 26, 2019    |                    |                      | Board Deliberations Underway       |
| Maryland        | RFP Anticipated Q2 – Q3 2019   |                    |                      |                                    |
| New York        | Additional Legislation Pending |                    |                      | Board Formation Pending            |
| New Jersey      | Not yet applicable             |                    |                      | Board Formation and Design Pending |
| City of Seattle | Not yet applicable             |                    |                      | Design Pending                     |
| New Jersey      | Dormant                        |                    |                      |                                    |

Mandatory Auto-IRA
  Voluntary Auto-IRA
  MEP
  Marketplace

# Presence of Service Providers



| Service Provider  | States                           |
|-------------------|----------------------------------|
| Ascensus          | California<br>Illinois<br>Oregon |
| Empower           | Massachusetts                    |
| Finhabits/Saturna | Washington                       |

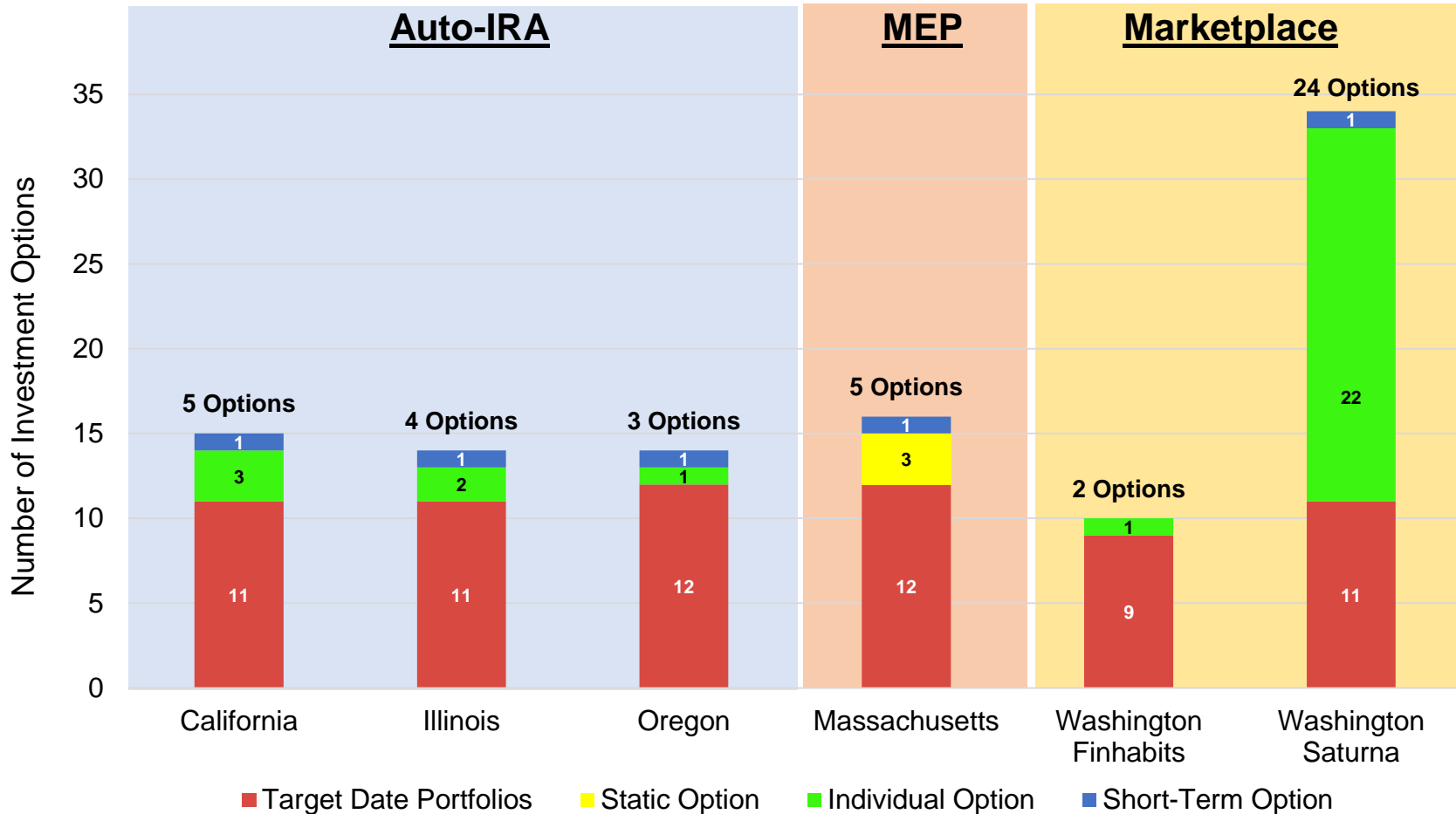
Source: Program Disclosure Statements as of May 7, 2019

Represents the five Programs launched as of March 25, 2019

## **Section II.**

# **Overview of Investments and Fees**

# Overview of Available Investment Options



Source: Program Disclosure Statements as of May 7, 2019

Notes:

- (i) Target Date investment options include one count for each underlying Target Date Fund Portfolio within the overall single Option
- (ii) Individual Options in California include the Newton-managed ESG Option. Expected availability in Q2 2019
- (iii) Massachusetts excludes the Empower Retirement Advisory Services, which includes a customized and online advisory service

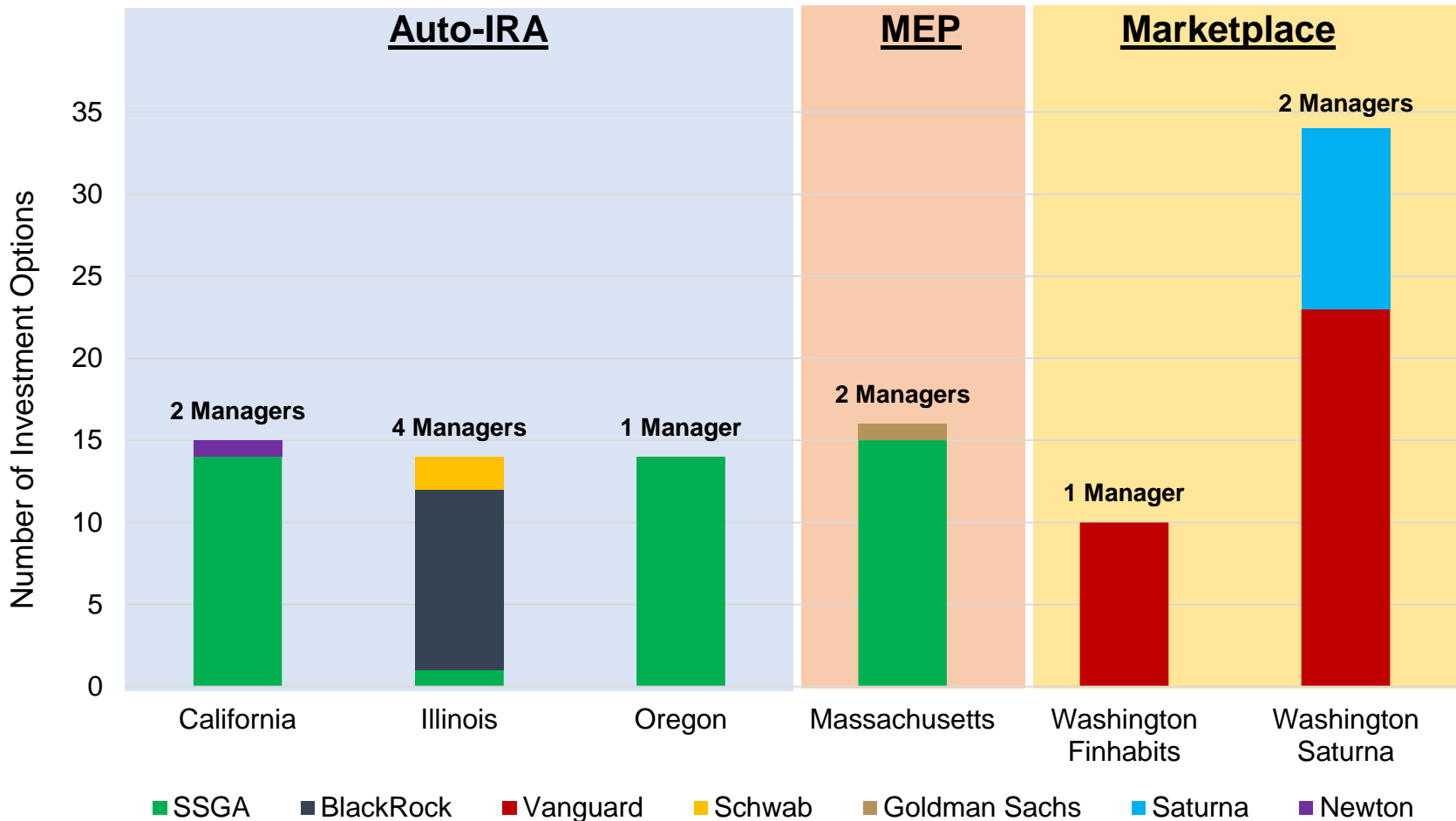
# Investment Manager Engagement

| Investment Manager   | States  |
|----------------------|---|
| <b>SSGA</b>          | California<br>Illinois<br>Massachusetts<br>Oregon |
| <b>BlackRock</b>     | Illinois  |
| <b>Goldman Sachs</b> | Massachusetts                                     |
| <b>Newton</b>        | California  |
| <b>Saturna</b>       | Washington  |
| <b>Schwab</b>        | Illinois  |
| <b>Vanguard</b>      | Washington  |

Source: Program Disclosure Statements as of May 7, 2019

Newton Investment Management will manage California's ESG Option. Expected availability in Q2 2019

# Presence of Investment Managers



Source: Program Disclosure Statements as of May 7, 2019

Notes:

- (i) Target Date investment options include one count for each underlying Target Date Fund Portfolio within the overall single Option
- (ii) California Managers include Newton Investment Management, which will manage the ESG Individual Option shown on page 11. Expected availability in Q2 2019

# Overview of Available Program Fees

|                      |                  | Total Asset-Based Fee             | Account Maintenance Fee   |
|----------------------|------------------|-----------------------------------|---|
| <b>Oregon</b>        |                  | <b>0.92% - 1.03%<sup>1</sup></b>  | <b>None</b>   |
| <b>California</b>    |                  | <b>0.825% - 0.95%<sup>2</sup></b> | <b>None</b>   |
| <b>Illinois</b>      |                  | <b>0.75%</b>                      | <b>None</b>   |
| <b>Washington</b>    | <b>Finhabits</b> | <b>0.13% - 0.95%</b>              | <b>\$12/year for accounts with balances between \$1,500 and \$2,500</b><br><b>0.50%/year for accounts above \$2,500</b> |
|                      | <b>Saturna</b>   | <b>0.44% - 0.87%</b>              | <b>None</b>   |
| <b>Massachusetts</b> |                  | <b>0.142% - 0.49%</b>             | <b>\$65/year</b>  |

Source: Program Disclosure Statements as of May 7, 2019

<sup>1</sup> Oregon fees are subject to confirmation by the State

<sup>2</sup> Includes the to-be-launched Newton-managed ESG Option (0.95%); current fee range is 0.825% - 0.92%