
JULY 27, 2020

AGENDA ITEM 2
INFORMATION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Executive Director's Report

Board Name

With the passage of Assembly Bill (AB) 102 on June 29, 2020, the Board's name is now the CalSavers Retirement Savings Board, bringing it into conformity with the Program name.

Update on COVID-19 Response

The pandemic continues to pose challenges for the workers CalSavers exists to serve, as well as for their employers. This summary updates the report provided to the Board on April 15, 2020.

Program Business Continuity

- Staff telework and internal operations
 - Largest impact on field and promotional work; effective shift
 - Return to office planning underway with State Treasurer's Office
 - State employee compensation reduction and furloughs
- Ascensus operations and customer service

Savers Impact

- Withdrawals increased earlier in pandemic, settled by May to below pre-pandemic level
- Money Market Fund Performance Net of Fees
 - State Street Global Advisors fee waiver commitment to avoid negative yield
 - Studying options in the context of continued low interest rates

Employers Impact

- Slow-down of new employer registrations due to deadline extension, pause on direct notifications and most advertising, and other business challenges

Review of Program Participation and Funding

The Summary of Program Participation and Funding for the quarter ending June 30, 2020 is included as Attachment 1. Highlights include:

- More than doubled the number of funded accounts during the second quarter, from 5,944 as of March 31 to 15,120 as of June 30. (Chart 2)
- Despite a slow-down in new employer registrations, nearly doubled the number of employers who started payroll deductions by directing more onboarding support to employers that had already been registered but had not yet started facilitating payroll deductions. (Chart 1)

- Savers contributed more than \$1.5 million per month by the end of the quarter, with the first employer deadline still three months away. (Snapshot)
- The rate of full withdrawals measured as a percent of all payroll contributing accounts declined from 9.6% as of March 31 to 7.2% as of June 30. (Chart 8)

Budget

As of May 31, 2020, the most recent available reporting, the program had spent \$1,232,321 in loan funding in fiscal year 2019-20 and a total of \$4.9 million since inception. A detailed budget summary is included as Attachment 2.

Contracts Executed Under Delegated Authority and Upcoming Contracts/Renewals

Translation Services

Staff released Request for Qualifications (RFQ) No. CSCRSIB06-19 for external translation services on March 6, 2020. These services were previously provided under a contract with STC Interpreting. After evaluating all proposals, staff selected Interpreters Unlimited to provide translation services to the CalSavers Program. The agreement with Interpreters Unlimited took effect on June 22, 2020 and the term is two years with an optional one-year extension, for a maximum value of \$150,000 if the extension is exercised. Payments will only be allowed for work performed. Under the prior contract, the Program spent a total of \$3,608.50 during the one year term.

Program Fund Audit

Staff expect to release RFP No.CRSB01-20 on July 24, 2020 to solicit bids for external auditing services of the Program Fund of the CalSavers Retirement Savings Trust, which includes the assets held by program participants. The resulting agreement with the selected contractor will be for audits of fiscal years 2019-20 and 2020-21, with an option for the Board to extend for one additional fiscal year report, for a maximum total contract value of \$225,000 if the option is exercised.

Investment Consultant Services

The current agreement with Meketa Investment Group, Inc., the current investment consultant, is set to expire on January 9, 2021. Staff is currently developing a Request for Proposals (RFP) to solicit bids to provide these services under a new agreement, with adjustments to account for current needs. The draft RFP is included as Attachment 3 and the tentative procurement schedule is shown below.

Date	Action
August 19, 2020	RFP Available to Prospective Bidders
August 26, 2020	Deadline for Written Question Submission
September 2, 2020	Answers to Written Questions Distributed
September 18, 2020, 4:00 P.M.	Deadline for Proposal Submission
September 21 - 25, 2020	Evaluation of Proposals
September 28 – October 2, 2020	Notice of Intent to Award
November 16, 2020	Contract Award

As in previous procurements for important board services, and consistent with the governance policy and the Bagley-Keene Open Meeting Act, two board members may volunteer to join the staff evaluation committee. Staff will recommend a firm to the Board for approval at the September Board meeting, currently scheduled for September 28.

Legislation and Policy Update

State Legislation

Assembly Bill (AB) 102 was signed into law by Governor Newsom June 29, 2020. The legislation makes a variety of changes to statute related to CalSavers, including:

- Transitioning authority to enforce employer compliance from the Employment Development Department (EDD) to the Franchise Tax Board (FTB);
- Changing the name of the Board and trust to conform with the program name;
- Authorizing cannabis regulation agencies to share licensee data with the Board;
- Allowing the Board the option to implement the “open enrollment” or re-solicitation feature, rather than have it be a mandatory feature; and
- A variety of amendments to update obsolete language and improve clarity.

The Board approved all but one of these statutory changes at the November 19, 2019 Board meeting. At the April 15, 2020 meeting, the Board adopted a resolution endorsing the transition of duties to enforce employer compliance from the Employment Development Department (EDD) to the Franchise Tax Board (FTB).

Additional detail on the transition of employer enforcement duties will be provided later in the agenda.

Federal Policy

DOL on the Inclusion of Private Equity Strategies in DC Plans: Through an information letter issued June 3, 2020, the U.S. Department of Labor (DOL) concluded that private equity strategies can be included in defined contribution plan investments covered under the Employee Retirement Income Security Act (ERISA). The letter stipulates fiduciaries would need to consider how including such a strategy would impact diversification of risks.

DOL on the Inclusion of ESG in ERISA Plans: DOL issued a proposed rulemaking June 23, 2020 that clarifies plan fiduciaries covered under ERISA may only make investment decisions based on economic factors. The regulation specifically refers to ESG investment options and would require plan fiduciaries to document whenever it deems an alternative investment option like an ESG fund to be economically indistinguishable from an investment fund that does not consider ESG principles. The rule would prohibit ESG investments to be set as the default investment in an ERISA plan.

External Presentations

A summary of external presentations provided since the last Board meeting and upcoming external presentations is included below.

	Date	Organization	Event	Location	Audience
1.	4/17/20	CalSavers	Employer Educational Webinar	Webinar	Employers
2.	4/21/20	CalSavers	Employer Educational Webinar	Webinar	Employers

	Date	Organization	Event	Location	Audience
3.	4/22/20	CalSavers	Employer Educational Webinar	Webinar	Employers
4.	4/24/20	CalSavers	Employer Educational Webinar	Webinar	Employers
5.	4/27/20	CalSavers	Employer Educational Webinar	Webinar	Employers
6.	4/30/20	CalSavers	Employer Educational Webinar	Webinar	Employers
7.	5/01/20	CalSavers	Employer Educational Webinar	Webinar	Employers
8.	5/04/20	UCLA Luskin School of Public Affairs	Guest lecture for Sen. Kevin de Leon's public policy course	Online	Policy/Industry
9.	5/04/20	Treasurer Ma w/ Santa Cruz Regional Chamber of Comm.	Santa Cruz Regional Small Business Webinar	Webinar	Business Assoc.
10.	5/05/20	CalSavers	Employer Educational Webinar	Webinar	Employers
11.	5/06/20	CalSavers	Employer Educational Webinar	Webinar	Employers
12.	5/08/20	CalSavers	Employer Educational Webinar	Webinar	Employers
13.	5/11/20	CalSavers	Employer Educational Webinar	Webinar	Employers
14.	5/13/20	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
15.	5/14/20	Treasurer Ma w/ Cupertino & Saratoga Chambers of Comm.	Small Business Town Hall with Treasurer Fiona Ma	Webinar	Business Assoc.
16.	5/14/20	CalSavers	Employer Educational Webinar	Webinar	Employers
17.	5/15/20	CalSavers	Employer Educational Webinar	Webinar	Employers
18.	5/19/20	CalSavers	Employer Educational Webinar	Webinar	Employers
19.	5/20/20	National Institute on Retirement Security	State Sponsored Retirement Savings Programs	Webinar	Policy/Industry
20.	5/20/20	CalSavers	Employer Educational Webinar	Webinar	Employers
21.	5/22/20	CalSavers	Employer Educational Webinar	Webinar	Employers
22.	5/22/20	United Ways of California	CalSavers Regional Workgroup Convening	Online	Community
23.	5/27/20	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
24.	5/28/20	CalSavers	Employer Educational Webinar	Webinar	Employers
25.	5/29/20	CalSavers	Employer Educational Webinar	Webinar	Employers
26.	6/02/20	CalSavers	Employer Educational Webinar	Webinar	Employers
27.	6/03/20	Treasurer Ma w/ Econ Alliance of Northern Santa Barbara County	California State Treasurer's Office and EconAlliance of Northern Santa Barbara County	Webinar	Business Assoc.
28.	6/03/20	CalSavers	Employer Educational Webinar	Webinar	Employers
29.	6/04/20	Treasurer Ma w/ East Bay Leadership Council	East Bay Regional Small Business Webinar	Webinar	Business Assoc.
30.	6/05/20	CalSavers	Employer Educational Webinar	Webinar	Employers
31.	6/08/20	CalSavers	Employer Educational Webinar	Webinar	Employers
32.	6/10/20	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
33.	6/11/20	CalSavers	Employer Educational Webinar	Webinar	Employers
34.	6/12/20	CalSavers	Employer Educational Webinar	Webinar	Employers
35.	6/16/20	CalSavers	Employer Educational Webinar	Webinar	Employers
36.	6/16/20	Sacramento Employer Advisory Council	Introduction to CalSavers	Webinar	Business Assoc.
37.	6/17/20	CalSavers	Employer Educational Webinar	Webinar	Employers
38.	6/18/20	Pan American Insurance	CalSavers Train-the-Trainer	Webinar	Policy/Industry
39.	6/19/20	CalSavers	Employer Educational Webinar	Webinar	Employers
40.	6/24/20	Treasurer Ma w/ Sonoma County EDC	North Bay COVID-19 Relief for Small Business	Webinar	Business Assoc.
41.	6/24/20	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers

	Date	Organization	Event	Location	Audience
42.	6/26/20	Alma Consulting Services	Las Bases de un Futuro Financiero Estable	Webinar	Community
43.	6/26/20	CalSavers	Employer Educational Webinar	Webinar	Employers
44.	6/30/20	CalSavers	Employer Educational Webinar	Webinar	Employers
45.	7/01/20	National Association of State Treasurers (NAST)	Market Makers: Are State Mandates Driving Innovation in the Private Retirement Industry?	Webinar	Policy/Industry
46.	7/03/20	CalSavers	Employer Educational Webinar	Webinar	Employers
47.	7/06/20	CalSavers	Employer Educational Webinar	Webinar	Employers
48.	7/08/20	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
49.	7/09/20	CalSavers	Employer Educational Webinar	Webinar	Employers
50.	7/10/20	CalSavers	Employer Educational Webinar	Webinar	Employers
51.	7/14/20	CalSavers	Employer Educational Webinar	Webinar	Employers
52.	7/15/20	CalSavers	Employer Educational Webinar	Webinar	Employers
53.	7/17/20	CalSavers	Employer Educational Webinar	Webinar	Employers
54.	7/20/20	CalSavers	Employer Educational Webinar	Webinar	Employers
55.	7/21/20	City of Los Angeles with United Way Greater LA	Youth Source Center Training	Webinar	Community
56.	7/22/20	Defined Contribution Institutional Investment Association + SPARK Inst.	Universal Workplace Savings Plans	Webinar	Policy/Industry
57.	7/22/20	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
58.	7/23/20	CalSavers	Employer Educational Webinar	Webinar	Employers
59.	7/24/20	CalSavers	Employer Educational Webinar	Webinar	Employers

Upcoming External Presentations

	Date	Organization	Event	Location	Audience
1.	7/28/20	Treasurer Ma w/ Humboldt Co. Economic Development	Humboldt County COVID-19 Relief for Small Business	Webinar	Employers
2.	7/28/20	CalSavers	Employer Educational Webinar	Webinar	Employers
3.	7/29/20	Treasurer Ma w/ CA Black Chamber of Commerce	CA Black Chamber Small Business Webinar	Webinar	Business Assoc.
4.	7/29/20	CalSavers	Employer Educational Webinar	Webinar	Employers
5.	7/30/20	San Diego Chamber of Comm. & United Way of San Diego	San Diego Chamber of Commerce Small Business Roundtable	Webinar	Business Assoc.
6.	7/31/20	Treasurer Ma w/ Assemblymember Chu	Small Business Town Hall with Assemblymember Chu	Webinar	Employers
7.	7/31/20	CalSavers	Employer Educational Webinar	Webinar	Employers
8.	8/03/20	CalSavers	Employer Educational Webinar	Webinar	Employers
9.	8/04/20	California Farm Labor Contractor Association	Employer Educational Webinar	Webinar	Business Assoc.
10.	8/04/20	California Farm Labor Contractor Association	Employer Educational Webinar (Spanish)	Webinar	Business Assoc.
11.	8/05/20	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
12.	8/06/20	CalSavers	Employer Educational Webinar	Webinar	Employers
13.	8/07/20	CalSavers	Employer Educational Webinar	Webinar	Employers
14.	8/11/20	CalSavers	Employer Educational Webinar	Webinar	Employers
15.	8/12/20	CalSavers	Employer Educational Webinar	Webinar	Employers
16.	8/14/20	CalSavers	Employer Educational Webinar	Webinar	Employers

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17.	8/17/20	CalSavers	Employer Educational Webinar	Webinar	Employers
18.	8/19/20	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
19.	8/20/20	CalSavers	Employer Educational Webinar	Webinar	Employers
20.	8/21/20	CalSavers	Employer Educational Webinar	Webinar	Employers
21.	8/25/20	CalSavers	Employer Educational Webinar	Webinar	Employers
22.	8/26/20	CalSavers	Employer Educational Webinar	Webinar	Employers
23.	8/28/20	CalSavers	Employer Educational Webinar	Webinar	Employers
24.	8/31/20	CalSavers	Employer Educational Webinar	Webinar	Employers
25.	9/02/20	CalSavers	Employer Educational Webinar (Spanish)	Webinar	Employers
26.	9/03/20	CalSavers	Employer Educational Webinar	Webinar	Employers
27.	9/04/20	CalSavers	Employer Educational Webinar	Webinar	Employers
28.	9/08/20	CalSavers	Employer Educational Webinar	Webinar	Employers
29.	9/09/20	CalSavers	Employer Educational Webinar	Webinar	Employers
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31.	9/14/20	CalSavers	Employer Educational Webinar	Webinar	Employers
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35.	9/22/20	CalSavers	Employer Educational Webinar	Webinar	Employers
36.	9/23/20	CalSavers	Employer Educational Webinar	Webinar	Employers
37.	9/25/20	CalSavers	Employer Educational Webinar	Webinar	Employers

Earned Media

Media coverage, including articles, television and radio segments, and podcasts published since the previous Board meeting, is summarized below.

	Date	Publication	Headline/Link
1	4/13/20	McClure Wealth Management	CalSavers Retirement Program
2	4/15/20	AgAlert	Nationwide News: Nationwide helps farmers grow retirement plans
3	4/15/20	BenefitsPro	COVID-19 forces CalSavers to delay employer registration deadline
4	4/15/20	Wall Street Journal	California's State Retirement Plan Delays Deadline
5	4/16/20	American Society of Pension Professionals & Actuaries	CalSavers Extends Registration Deadline for Large Employers
6	4/16/20	WealthManagement.com	CalSavers Officially Moves Back 2020 Deadline
7	4/17/20	Pensions & Investments	Coronavirus prompts CalSavers to extend registration deadline
8	4/17/20	National Association of Plan Advisors	Coronavirus-Related Deadline Extensions in New Jersey, California
9	4/20/20	401k Specialist	Trump Versus Biden on 401k's Future: Retireholi(k)s
10	4/24/20	Korea Times	Corona19 Incidents and Insurance
11	5/1/20	Dowling Aaron	Friday Flurry: Updates on news from this week
12	5/3/20	The Bakersfield Californian	CALSavers is coming: What you should know about California's mandated retirement plan
13	5/5/20	Deal Moon	Retirement - CalSavers
14	5/6/20	HR Watchdog by CalChamber	CalSavers Large Employer Registration Deadline Extended
15	5/12/20	Oceanside Chamber of Commerce	CalSavers Deadline Extension

	Date	Publication	Headline/Link
16	5/14/20	Korea Times	Are you looking for an IRA that offers tax benefits?
17	5/19/20	401k Specialist	State-Run Retirement Plans in a Post-SECURE Act World
18	5/21/20	PLANSPONSOR	State-Run Retirement Plans Seeing Some Effects From Pandemic
19	5/27/20	Paychex	Considerations for California Employers While Preparing to Bring Employees Back to Work
20	5/28/20	ASPPA Net	RFP Issued for Program Consulting Services for CalSavers
21	5/28/20	NAPA Net	RFP Issued for Program Consulting Services for CalSavers
22	5/29/20	Law.com	Restart Retirement Option for Connecticut's Small Business Employees
23	6/12/20	Paychex	Due to COVID-19, CalSavers State-Sponsored Retirement Program Extends First Deadline for Implementation
24	6/15/20	InvestmentNews	Auto-IRA bill awaits governor's signature in Colorado
25	6/15/20	Pensions & Investments	Secure choice plans chugging along despite pandemic
26	6/16/20	401k Specialist	Vetting VP Contender Kamala Harris' Views on Retirement
27	6/22/20	Bloomberg Law	Feds Call on 9th Cir. to Strike California Retirement Program
28	6/22/20	Law360	DOL Tells 9th Circ. CalSavers Steps On ERISA's Toes
29	6/25/20	PLANSPONSOR	DOL Tells Court CalSavers Program Is Pre-empted by ERISA
30	6/25/20	PLANADVISE	DOL Files Brief in Case Over ERISA Preemption of CalSavers
31	6/26/20	InvestmentNews	DOL sides with plaintiffs in CalSavers lawsuit
32	6/26/20	Pensions & Investments	Labor Department seeks to revive CalSavers challenge
33	6/29/20	NAPA Net	DOL 'Friends' CalSavers Challenge
34	6/29/20	NTSA Net	DOL 'Friends' CalSavers Challenge
35	6/29/20	ASPPA Net	DOL 'Friends' CalSavers Challenge
36	6/30/20	JD Supra	California Employers Face Minimum Wage Increases This July 1
37	7/1/20	Law Professor Blog Network	Zelinsky on Narrowing ERISA Preemption
38	7/2/20	Pasadena Now	Pasadena Congresswoman Encouraging Locals to Save Money
39	7/2/20	Responsible Investor	How easy will it be for UK savers to "Make My Money Matter"?
40	7/7/20	The Wall Street Journal	States Take Aim at People With No Retirement Plan
41	7/12/20	Business Insider	11 states helping people save for retirement when their employers don't
42	7/12/20	Pulse	11 states helping people save for retirement when their employers don't
43	7/12/20	Fresh News Now	11 states helping people save for retirement when their employers don't
44	7/16/20	National Law Review	Important CalSavers Registration Deadlines for California Employers
45	7/16/20	Labor Employment Law Blog	Important CalSavers Registration Deadlines for California Employers
46	7/17/20	Irrational Retirement Blog	Tax incentives for retirement saving don't work (what does?)
47	7/17/20	Yahoo! Finance	Why the 'statewide IRA' could be a way to lessen the racial retirement gap

Attachments

- Attachment 1: Summary of Program Participation and Funding for the Quarter Ending June 30, 2020
- Attachment 2: Summary of Monthly Budget Report (through May 31, 2020)
- Attachment 3: Draft RFP for Investment Consulting Services