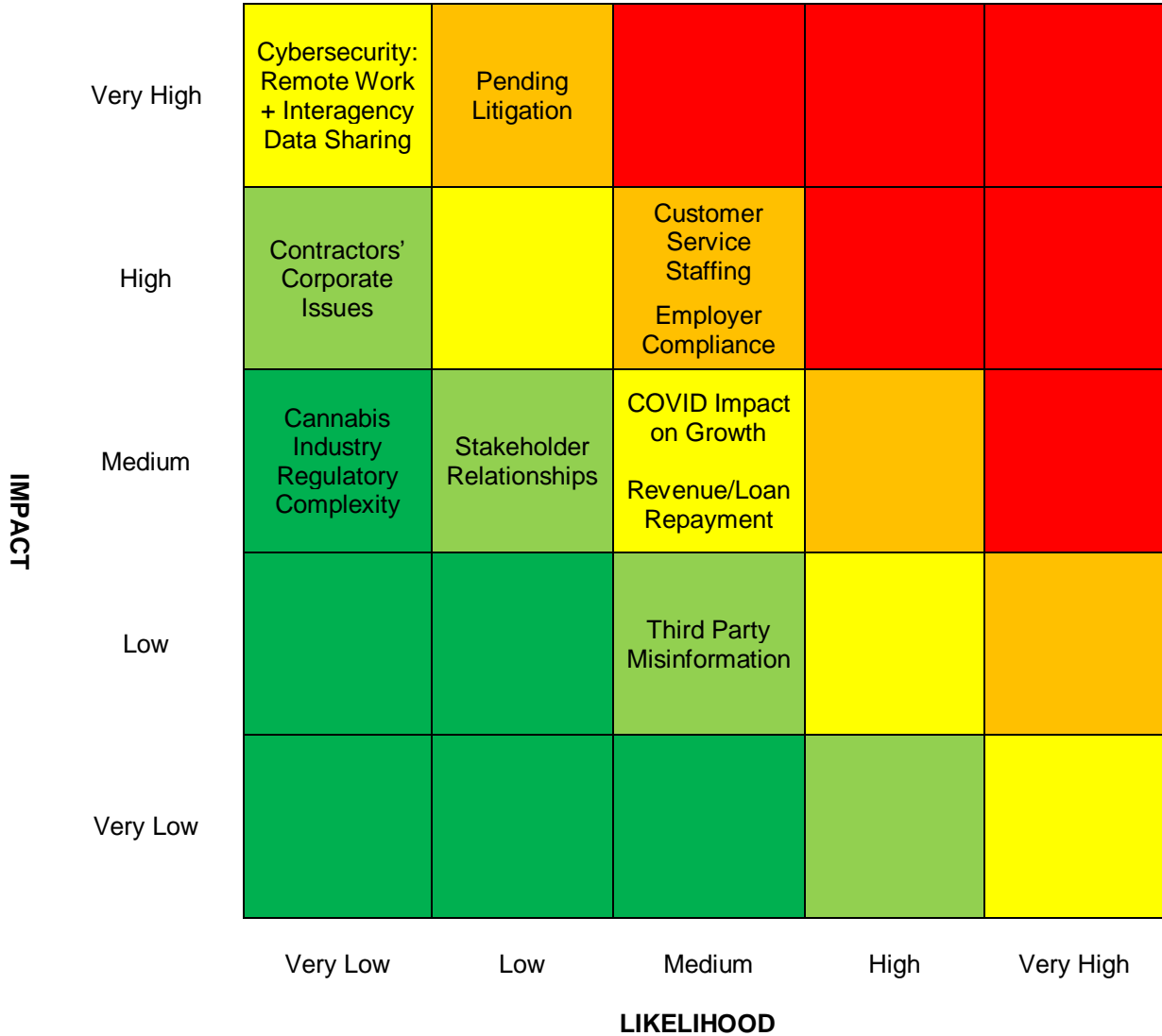


# CalSavers Retirement Savings Board

## Risk Monitoring Heat Map – Quarter 3 2021

(Unchanged from Quarter 2 2021)



### Risk Mitigation Strategies for Higher Risk Areas:

- Pending Litigation
- Customer Service Staffing
- Employer Compliance

# CalSavers Retirement Savings Board

## Categories of Ongoing Risk Monitoring

### Operational Risks

- Issues that could cause a delay in producing deliverables (e.g., platform, programming or documentation, among others) resulting in a delay in operational capabilities
- Program staffing, including professional resources dedicated to CalSavers
- Program participation (e.g., initial education and outreach less effective than desired to employers and employees and/or opt-out rate is higher than expected)
- Budget variances and potential for delay in repayment of General Fund loan
- No direct control over Program Administrator and Investment Manager but exposure to headline risks associated with each (e.g., privacy breaches)
- Customer service insufficiencies
- Business interruption
- Breach of contract provisions leading to possible default

### Reputational Risks

- Image and branding
- Stakeholder relationships
- External and third-party communications
- Marketing and educational materials
- Market downturn; anxious investment experience for savers

### Information Technology and Cybersecurity Risks

- Integrity of recordkeeping, customer service and custodial platforms
- Data privacy of eligible and participating employees
- Digital communications

### Legal, Regulatory and Compliance Risks

- Legal challenges to Program regarding status
- Lawsuits from participants and other interest groups
- New and modified regulations and statutory provisions (both federal and state)
- Non-compliance with statutes and regulations (both federal and state) by Program Administrator, Investment Manager, their subcontractors, or CalSavers' third-party outreach partners (part of headline and reputational risk also)

### Financial Risks

- Capital markets environment (e.g., risk of investment losses)
- Performance of investment managers
- Calculations of individual account values
- Accounting and audit issues

### Governance and Fiduciary Risks

- Board actions not compliant with governance and fiduciary standards
- Fraudulent activity by State/Board employees, the Program Administrator, the Investment Manager (including any of their subcontractors), or CalSavers' outreach partners
- Continual oversight of all aspects of Program operations