
DECEMBER 13, 2021

AGENDA ITEM 9
INFORMATION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Update on the Landscape of State Retirement Programs

Attachment

- AKF Consulting Presentation

CalSavers Retirement Savings Board

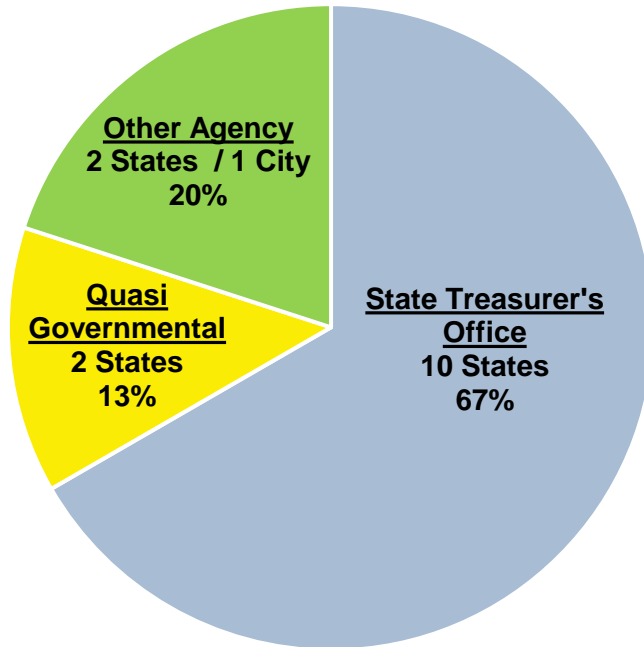
State-run Retirement Program Landscape

December 13, 2021

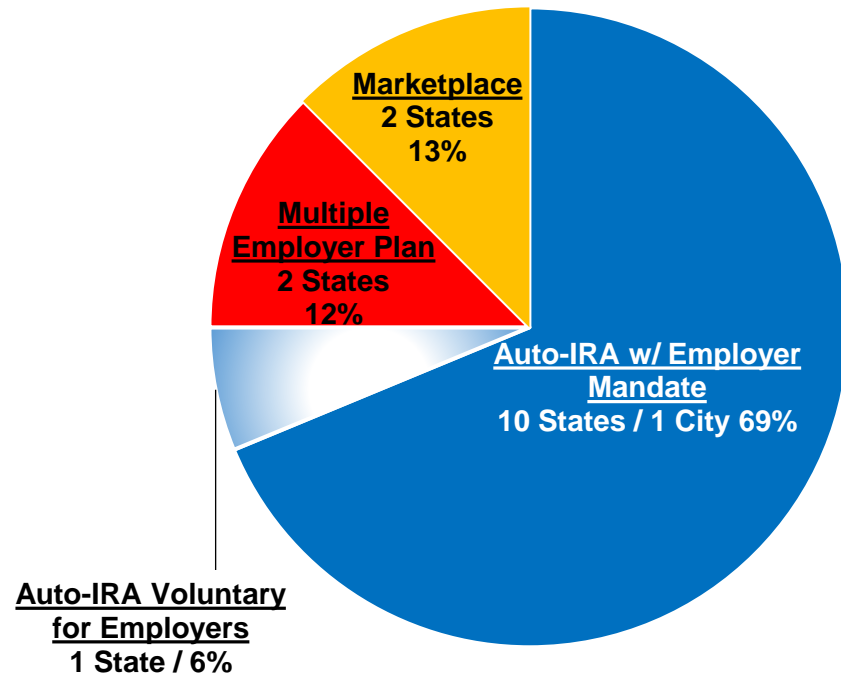
The Landscape Today

- Fourteen States and two Cities have authorized Programs
- The Auto-IRA Program model dominates the market

State Oversight



Program Models



Information as of November 11, 2021

State Treasurer's Offices include California, Colorado, Illinois, Maine, Massachusetts, New Jersey, New York State, New Mexico, Oregon and Vermont.

Other Agencies include Virginia, Washington State and Seattle.

Dedicated Entities include Connecticut and Maryland.

Oversight reflects 15 Programs, assuming the New York State Program includes New York City Program.

Program Models reflect 16 Programs, including Marketplace and Voluntary Auto-IRA authorized in New Mexico.

Program Models – National Landscape

	Auto-IRA		Multiple Employer Plan (“MEP”)	Marketplace
	Employer Mandate	Voluntary for Employers		
Participation	Employers must provide employee information Employees may opt-out	Employer chooses to participate Employees may opt-out	ERISA rules apply at the MEP Employees may opt-out	Employers choose from available Plans Employees may opt-out
Launched	California Connecticut ¹	Illinois Oregon	--	Massachusetts Washington
Under Development	<i>Colorado</i> <i>Maine</i> Maryland New Jersey	<i>New York City</i> ² <i>New York State</i> City of Seattle <i>Virginia</i>	<i>New Mexico</i> ³	Vermont <i>New Mexico</i> ³

¹ Connecticut Auto-IRA launched in “soft” pilot on November 1, 2021

² Expectation is that New York City Auto-IRA will merge with the New York State Program

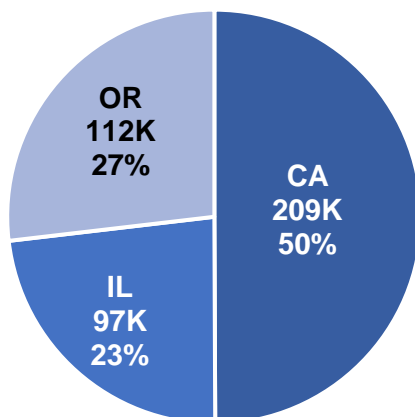
³ New Mexico Work and Save Program will include both Voluntary Auto-IRA and Marketplace

Programs in **blue** represent changes since the May 20, 2019 landscape presentation

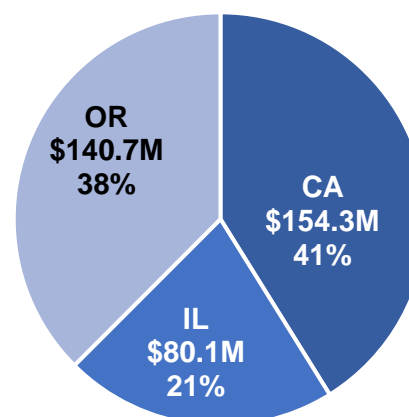
Snapshot of Launched Auto-IRA Programs

- California accounts dominate the market
- Average account balances will lag while waves roll out

Funded Accounts – 418,620



Assets - \$375,095,369



	California	Illinois	Oregon
Average Funded Account Balance	\$738	\$824	\$1,251
Average Monthly Contribution	\$147	\$117	\$131
Average Deferral Rate	5.02%	5.05%	5.50%

Source: Georgetown Center for Retirement Initiatives for Oregon data as of October 31, 2021; CalSavers and Illinois Program websites data as of November 30, 2021

Spotlight on Launched Auto-IRA Programs, cont'd

State	Service Provider	Recent Activity / Developments
Connecticut	<p><i>PA: BNY</i></p> <p>IM: Lockwood (customized with Fidelity, Schwab and Vanguard Funds)</p>	<ul style="list-style-type: none"> • Soft Pilot Launch as of November 1, 2021
Illinois	<p>PA: Ascensus</p> <p>IM: BlackRock, Schwab, SSGA</p>	<ul style="list-style-type: none"> • Working toward Waves 4 and 5 resulting from change in employer threshold (from 25 employees to 5)
Oregon	<p><i>PA: BNY</i></p> <p>IM: SSGA</p>	<ul style="list-style-type: none"> • Conversion to BNY November 8, 2021 • Hybrid Fee structure implemented • Capital Preservation default changed to a 90-day holding account

Evolution of Auto-IRA Fees

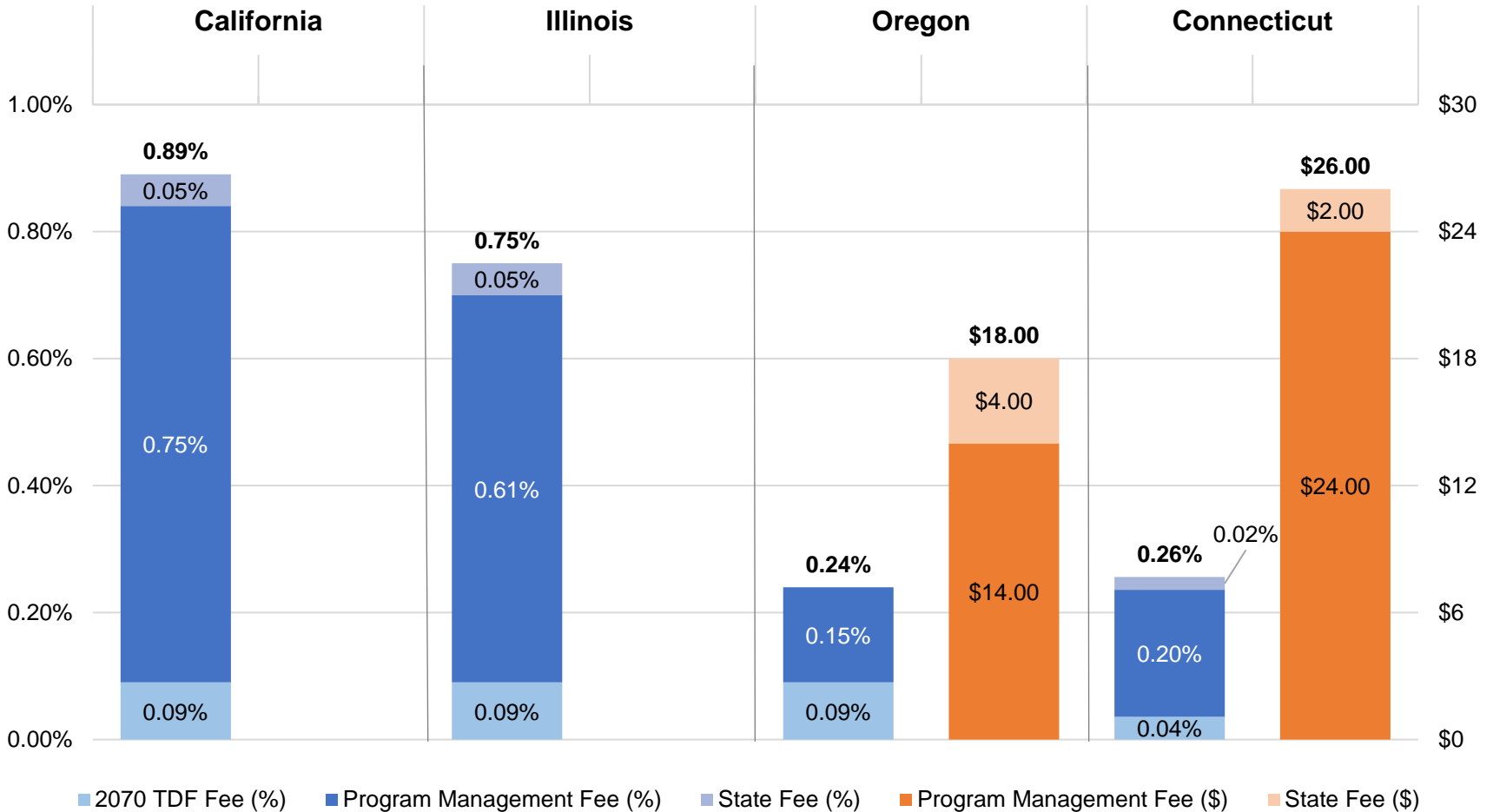
		California	Illinois	Oregon		Connecticut
				Initial	Current	
Underlying Fund Expenses		0.025% - 0.15%	0.02% - 0.15%	0.02% - 0.12%	0.02% - 0.12% ²	0.03165% - 0.10%
Program Manager	Asset-based	0.75%	0.55% - 0.68%	0.75%	0.15%	0.20%
	Dollar-based	-	-	-	\$14	\$24
State	Asset-based	0.05%	0.05%	0.15%	-	0.02%
	Dollar-based	-	-	-	\$4	\$2
Total	Asset-based	0.825% - 0.95%	0.75% ¹	0.92% - 1.02%	0.17% - 0.27%	0.25165% - 0.32%
	Dollar-based	-	-	-	\$18	\$26

Source: Program Disclosure Statements as of November 29, 2021; all fees are annual

¹ Fees capped by statute

² Subject to confirmation by the State

Evolution of Auto-IRA Fees – Another View



Source: Program Disclosure Statements as of November 29, 2021; all fees are annua

Chart based on fee information shown on prior page

Note: TDF Fees for California, Illinois and Oregon are 0.09% across all Portfolios (e.g., 2030, 2035, etc.). Connecticut TDF Fees vary by Portfolio year and, on average, are 0.03%

Fee Structure Impact by Account Size

- Asset-based fees lead to higher costs as account balances increase
- Dollar-based fees have an outsized relative effect on smaller accounts
- Using Oregon’s Program Manager and State Fees, there is a material difference on the participant:

	Asset-based Fees Only		Hybrid Fees	
Account Size	\$1,000	\$10,000	\$1,000	\$10,000
Asset-based Fee	0.90%	0.90%	0.15%	0.15%
Cost to Participant	\$9.00	\$90.00	\$1.50	\$15.00
Dollar-based Fee	--	--	\$18.00	\$18.00
Relative Cost to Participant	0.90%	0.90%	1.95%	0.33%
Dollar Cost to Participant	\$9.00	\$90.00	\$19.50	\$33.00

Note: all fees shown are annual

2022 Pipeline Programs

	Current Status
Vermont	<ul style="list-style-type: none"> • Will include a cross section of employers across Vermont • Soft Launch targeted for First Quarter 2022
Maryland	<ul style="list-style-type: none"> • Program Management engagement with BNY announced on November 22, 2021 • Pilot launch targeted for Second Quarter 2022
New Jersey	<ul style="list-style-type: none"> • Governor signed FY 2022 Budget on June 29, 2021 • Includes \$500,000 appropriation • Targeted Program launch for March 2022 is unlikely – Board appointments pending
Colorado	<ul style="list-style-type: none"> • Program has signed a Memorandum of Cooperation with New Mexico • RFP planning continues • Goal is Fourth Quarter 2022 Pilot launch

2023-2024 Pipeline Programs

	Current Status
Maine	<ul style="list-style-type: none"> • Treasurer is working on timeline through Third Quarter 2021 • Phased launch expected 2023-2024
New Mexico	<ul style="list-style-type: none"> • Board approved Memorandum of Cooperation with Colorado on November 4, 2021
New York City	<ul style="list-style-type: none"> • Program is expected to merge with New York State Auto-IRA
New York State	<ul style="list-style-type: none"> • Governor signed amending legislation into law on October 21, 2021 • Board appointments pending
City of Seattle	<ul style="list-style-type: none"> • No updates
Virginia	<ul style="list-style-type: none"> • Program Advisory Committee recommended design elements to VA 529 Board as of December 9, 2021 • Launch targeted for July 1, 2023

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