
NOVEMBER 21, 2022

AGENDA ITEM 1
ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Meeting Minutes for the October 3, 2022, CalSavers Retirement Savings Board Meeting

Board members present:

State Treasurer Fiona Ma
David Oppenheim for State Controller Betty T. Yee
Gayle Miller for Director of Finance Joe Stephenshaw
Michelle Gastelum
Heather Hooper
Nam Le
David Low
Stephen Prough
William Sokol

Staff present:

Kathleen Selenski, Executive Director
Angela Duvane
Sandy Guan
Jonathan Herrera
Eric Lawyer
Eric Lei
Ariel Pickett
Jacob Schafer

Others present:

Theodore Ballmer, Counsel, State Treasurer's Office
Audrey Noda, State Treasurer's Office
Spencer Walker, General Counsel and Interim Chief Deputy Treasurer, State Treasurer's Office

Contractors present:

Andrea Feirstein, AKF Consulting Group ("AKF")

Mika Malone, Meketa Investment Group (“Meketa”)
 Troy Montigney, Ascensus College Savings Recordkeeping Services, LLC (“Ascensus”)
 Paola Nealon, Meketa

CalSavers Retirement Savings Board (“Board”) Chair Fiona Ma called the meeting to order at 11:02 AM.

Agenda Item 1 - Approval of the Minutes of the August 22, 2022, Meeting of the CalSavers Retirement Savings Board (ACTION ITEM)

Public Comment

None

Board Action

Approval of the minutes of the August 22, 2022, meeting of the CalSavers Retirement Savings Board.

MOTION:	William Sokol	SECOND:	Heather Hooper
AYES:	Michelle Gastelum, Heather Hooper, Nam Le, David Low, Fiona Ma, Gayle Miller, Stephen Prough, David Oppenheim, William Sokol		
NOES:	None		
NOT PRESENT	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 2 – Discussion of and Possible Direction and Authorization to Negotiate Modifications to Contract (CSCRSIB07-17A) with Program Administrator (Ascensus College Savings Recordkeeping Services, LLC) (ACTION ITEM)

Executive director Kathleen Selenski presented the item. Ms. Selenski noted the Board was considering authorizing her to negotiate modifications to contract CSCRSIB07-17A and any specific changes to the agreement would be considered at a future meeting.

Ms. Selenski discussed the existing contract, including the term of the agreement and the current fee structure, which is solely an asset-based fee without any flat dollar fee amount paid by participants. Ms. Selenski referred to section 9.1(c) of the current agreement, which allows the Board and Ascensus to consider fee changes annually. Ms. Selenski noted Ascensus initiated the conversation to consider a change to the fee structure and, therefore, an amendment to the contract.

Ms. Selenski discussed changing trends in the industry, noting the industry has shifted away from a sole asset-based fee structure toward what is referred to as a “hybrid” fee structure with both an asset-based fee and a flat dollar fee.

Ms. Selenski referred to Government Code Section 100002(e)(2), which requires the Board to seek to minimize participant fees. Ms. Selenski referred the Board to attachment 2B, which displayed hybrid fee structures in other state facilitated retirement savings program and the current fee structure with Ascensus, including the resulting fees for a range of hypothetical account balances. Ms. Selenski noted the current fee model is more favorable to savers with low account balances but becomes less favorable to savers compared to hybrid fee models as savers accrue more savings. Ms. Selenski showed the specific participant account balances after which hybrid fee models in other similar programs become more favorable for participating savings.

Ms. Selenski also discussed “break point schedules,” which are fee reduction schedules included in contracts whereby a recordkeeper agrees to reduce participant fees as the program reaches specific milestones, such as specific amounts of savings accrued by participants or a specified number of funded participant accounts.

Board member Heather Hooper mentioned her own experience in the retirement industry and noted the hybrid fee model has become the predominant fee model in the past ten years. Ms. Hooper noted how open architecture platforms like the platform used by Ascensus can make it more difficult for recordkeepers to earn revenue necessary to continue operations. Ms. Hooper noted a change to a hybrid fee model would make the program more consistent with the broader private market for retirement programs.

Board member Michelle Gastelum spoke in support of the negotiation and discussed the importance to obtain the best fee structure possible for participating savers. Board member Gayle Miller spoke in support of the negotiation and expressed confidence in executive director Selenski to negotiate the best deal for the state and the program participants.

MOTION:	Gayle Miller	SECOND:	Stephen Prough
AYES:	Michelle Gastelum, Heather Hooper, Nam Le, David Low, Fiona Ma, Gayle Miller, Stephen Prough, David Oppenheim, William Sokol		
NOES:	None		
NOT PRESENT	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Public Comment

None

Agenda Item 3 – Public Comment

None.

The Board adjourned at 11:24 AM.