

## **1. PURPOSE AND DESCRIPTION OF SERVICES**

### **1.1. Scope Overview**

The CalSavers Retirement Savings Board (“Board”) is the administrator of California’s CalSavers Retirement Savings Program as defined in Government Code section 100000(b) (“CalSavers” or “Program”), and the State agency responsible for the effective and efficient administration of the CalSavers Retirement Savings Board (“Board”).

The intent of this RFP is to select a contractor (“consultant”) to provide Investment Consulting Services to the Board. A qualified consultant is needed to assist the Board with an annual review of the Program’s Investment Policy Statement, work collaboratively within and across the organizations and teams that are, or will become, service providers to and stakeholders in the CalSavers Program, and monitor the performance of the investment manager(s) and the investment options included in the Program.

While the selected consultant will be under the management purview of the Program’s Executive Director, the consultant will be expected to consult to the Board at the request of the Executive Director.

### **1.2. Background and Program Overview**

The CalSavers Retirement Savings Program is an automatic enrollment, voluntary program that enables employee participation through payroll contributions into a Roth IRA<sup>1</sup>. The Program is overseen by the nine member CalSavers Retirement Savings Board, chaired by the State Treasurer. More information about the Board may be found at [www.treasurer.ca.gov/calsavers](http://www.treasurer.ca.gov/calsavers).

The Program was created by Senate Bill (SB)1234, which was enacted in September 2016 and took effect January 1, 2017. As amended by SB 1126 in 2022, the Program requires that all private sector employers with one or more employees that do not offer a payroll deduction retirement savings vehicle provide their employees access to the Program. Under the State mandate, employers are exempt from the Employee Retirement Income Security Act, enabling their employees access to an automatic payroll deduction IRA with limited administrative duties, no financial cost, and no fiduciary responsibility on the part of the employer.

Employees benefit from the Program’s simple, portable, and automatic design. Contributions are made directly from the employee’s payroll into an IRA, with the option to change their contributions, or opt out, at any time. There are no account balance minimums. The default contribution rate is five percent and, unless participants choose otherwise, the rate is automatically escalated by one percentage point per year to up to eight percent. Unless participants elect otherwise, contributions

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<sup>1</sup> Customer support is available for individuals who choose to recharacterize to a Traditional IRA

are invested in the money market fund for the first 30 days and then swept into the age-appropriate target date fund after 30 days; all subsequent contributions are invested in the appropriate target date fund.

The CalSavers account follows employees wherever they go, through career and other life changes, allowing them to contribute to the same account through different participating employers or on their own if they so choose.

### **1.3. Scope of Work**

Reporting to the Board through the Executive Director, the Consultant shall perform the following scope of work:

- a. Under the direction of the Board or the Executive Director, analyze and evaluate asset allocation and investment structure options for the Trust based upon investment objectives established by the Board, expected use of the accounts and the role of risk reduction;
- b. Facilitate an annual review of the Board's investment policy statement, including investment beliefs;
- c. Consistent with the investment policy statement, advise the Board on and support the review of an ongoing risk management and oversight program;
- d. Participate in the development of the investment manager request for proposals, if needed, and assist the Board with evaluation of the proposals;
- e. Advise the Board or its on which data should be reported quarterly by the investment manager(s);
- f. Periodically compare Program fees to the fees of other state sponsored retirement plans.
- g. Conduct monthly investment performance monitoring and provide quarterly evaluations of the Trust that compare investment results to appropriate indices and Board policies, including compliance by the investment manager(s) to these policies, and provide evaluations to the Board or its designee within 10 business days of receiving the data from the investment manager(s);
- h. Provide or recommend investment-related educational sessions for Board members, as requested, no more than twice per year;
- i. Inform the Board in the event of significant changes in the investment climate or market conditions that could affect Trust investments;
- j. Provide general advice, counsel, and recommendations on a variety of investment-related matters regarding the Trust including investment personnel, investment strategy, investment option design or modifications, the overall qualitative position of investment manager(s), other state sponsored retirement program vendors, and issues and trends relevant to the state sponsored retirement industry;

- k. Collaborate and communicate with consultants, record keepers, investment managers and other parties retained by the Board, as needed;
- l. Attend all Board meetings unless notified otherwise by the Board. The investment consultant is expected to attend Board meetings in person at least quarterly during this engagement. Attendance may include presentations to the Board, as needed and pursuant to a request from the Executive Director;
- m. Be available to consult with Board members and the Executive Director from 8:00 a.m. to 5:00 p.m. Pacific Time, Monday through Friday; and
- n. Respond to the need for telephone consultation within a 24-hour period and be available for meetings with the Board with no greater than 10 days' notice.

The services shall be primarily performed at the offices of the Contractor and at the offices of appropriate affiliates, related entities, subsidiaries and subcontractors; however, the Contractor may be required to attend mandatory meetings in or near Sacramento, California.

Contractor is expected to comply with any and all applicable accessibility requirements set forth in the Americans with Disabilities Act, Section 508 of the Rehabilitation Act of 1973, as amended, California Government Code Section 1135 and any current and future implementing regulations, policies, procedures and standards promulgated thereunder, including, without limitation, the federal accessibility standards set forth in 36 C.F.R. Section 1194.1, all as may be amended from time to time.

Contractor is expected to ensure that the quality and availability of personnel assigned to perform services under the contract will be maintained over the term of the contract.

Replacements must have substantially the same or better qualifications and experience than the original personnel. Any change in assigned personnel must be made through an amendment to the agreement and approved by the Board and DGS.

The distribution of all materials produced by the Contractor is restricted to the Board. These materials become property of the Board, and the Board reserves exclusive rights to its further dissemination.

#### **1.4. Term of Agreement**

The term of the Agreement will be from January 10, 2024 (or upon approval by the Department of General Services ("DGS"), whichever is later) through June 30, 2026 with an option to extend one additional year. Agreement shall not become effective until approved by the DGS, no work shall begin until the effective date. The amount of this agreement will be \$300,000 for the first two years, and the total amount of the agreement shall be no more than \$450,000 over the entire contract term, including all optional extensions. The rates shall remain the same.