

# *CalSavers Retirement Savings Board*

## **Update on State-run Retirement Programs**

**August 21, 2024**

# Industry Landscape Observations

- **Program Design:** *Auto-IRA Programs with an Employer Mandate dominate*
- **Performance:** *Industry reaches new highs on assets and accounts*
- **Activity:** *Implementation accelerates; partnerships pick up steam*
- **Program Specifics:** *Investments remain “simple”; hybrid fees are here to stay*

# Programs Across the National Landscape

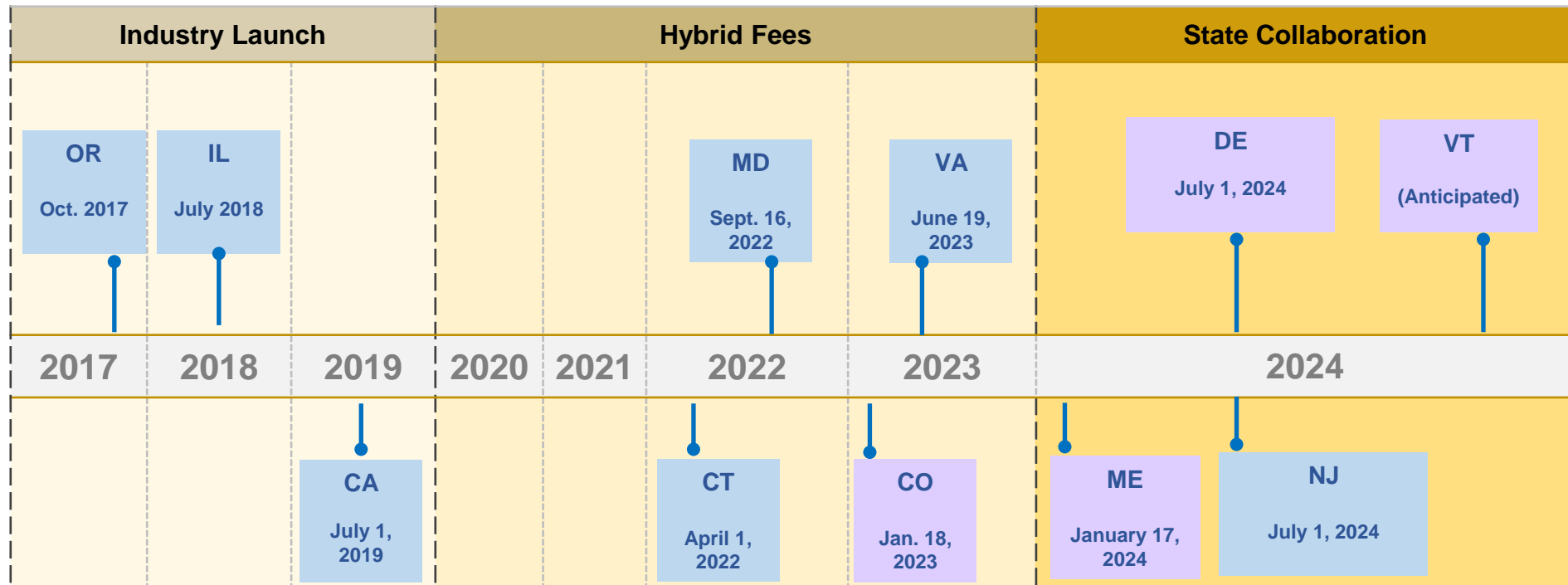
	Auto-IRA		Multiple Employer Plan (“MEP”)	Marketplace
	Employer Mandate	Voluntary for Employers		
Key Features	<p>Employers must participate or offer a qualified plan</p> <p>Roth IRAs as default</p> <p>No employer contributions</p> <p>Contributions set by IRA rules</p>	<p>Employer chooses to participate</p> <p>Same</p> <p>Same</p> <p>Same</p>	<p>Employer chooses to participate (can be non-related businesses)</p> <p>401(K)s</p> <p>Employer may fund</p> <p>Contributions set by qualified plan rules</p>	<p>Employers choose from available Plans</p> <p>IRAs and 401(K)s</p> <p>Employer may fund</p> <p>Contribution amounts vary</p>
Launched	<p>California</p> <p>Connecticut</p> <p>Colorado</p> <p>Delaware</p> <p>Illinois</p>	<p>Maine</p> <p>Maryland</p> <p>New Jersey</p> <p>Oregon</p> <p>Virginia</p>	<p>--</p> <p>Massachusetts</p>	<p>Washington</p>
Under Development	<p>Hawaii</p> <p>Minnesota</p> <p>Nevada</p> <p>New York City<sup>1</sup></p> <p>New York State</p>	<p>City of Seattle</p> <p>Rhode Island</p> <p>Vermont<sup>2</sup></p> <p>Washington</p>	<p>New Mexico</p> <p>Missouri</p>	<p>New Mexico</p>

<sup>1</sup> New York City Auto-IRA is expected to merge with the New York State

<sup>2</sup> Vermont will launch as part of Colorado Partnership before end of 2024

# Evolution and Timeline of Launched Programs

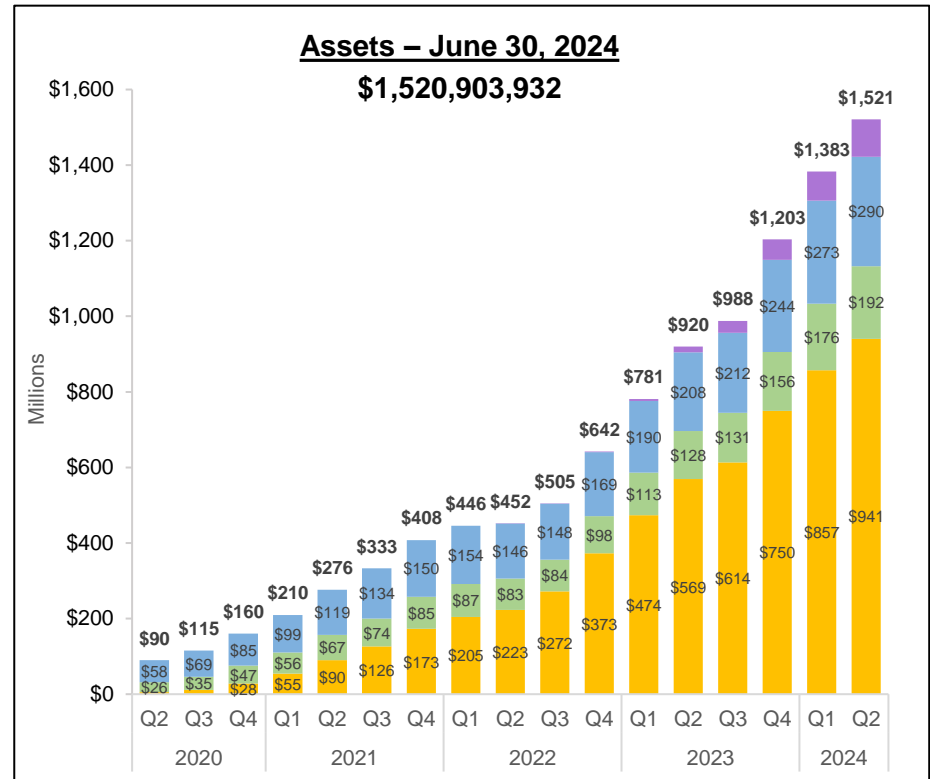
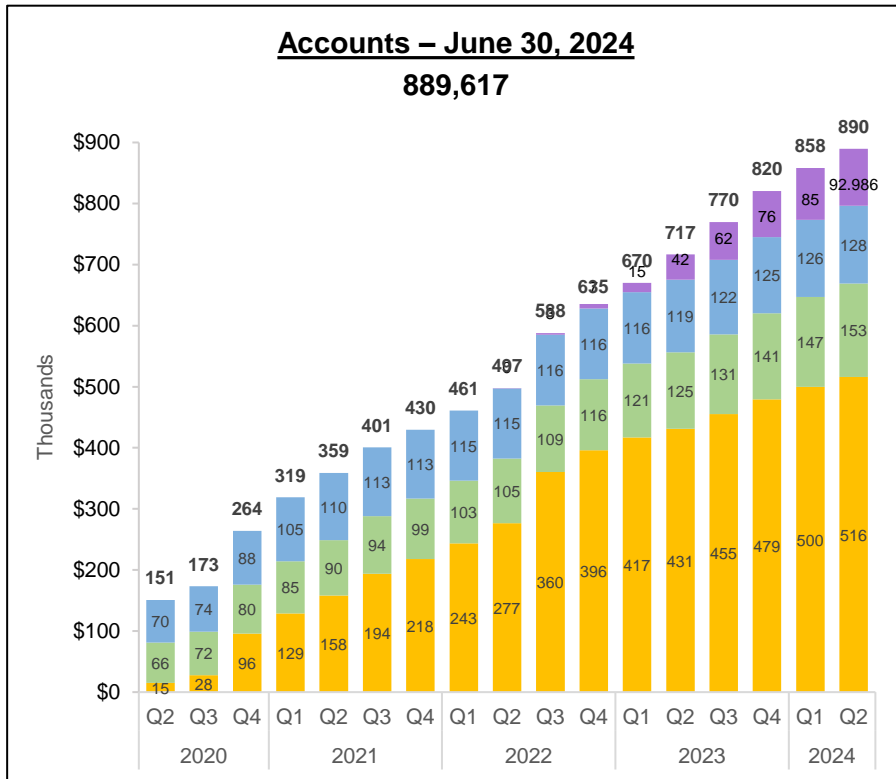
- Auto-IRA landscape has evolved over three distinct periods:



Note: Purple boxes indicate States that are part of a partnership

- State collaboration is gaining steam in 2024

# Growth of the Auto-IRA Industry



Average Quarterly Growth 2020 Q2 – 2024 Q2	Oregon	Illinois	California
Accounts	3.6 K	5.4 K	31.3 K
Assets	\$14.5 M	\$10.3 M	\$58.5 M

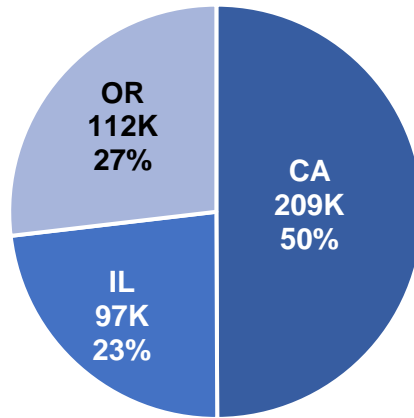
Source: Georgetown University Center for Retirement Initiatives (“Georgetown CRI”), data as of June 30, 2024, confirmed August 1, 2024 (data prior to July 1, 2020 not available)

Note: Purple represents Colorado, Connecticut and Maryland combined. Average Quarterly Growth for these Programs is not included due to short tenure. Maine and Virginia information currently unavailable

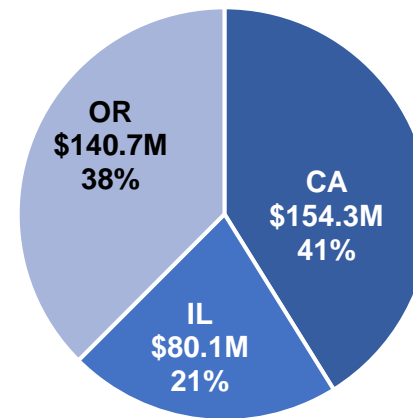
# Snapshot of Launched Auto-IRA Programs *(December 13, 2021)*

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

**Funded Accounts – 418,620**



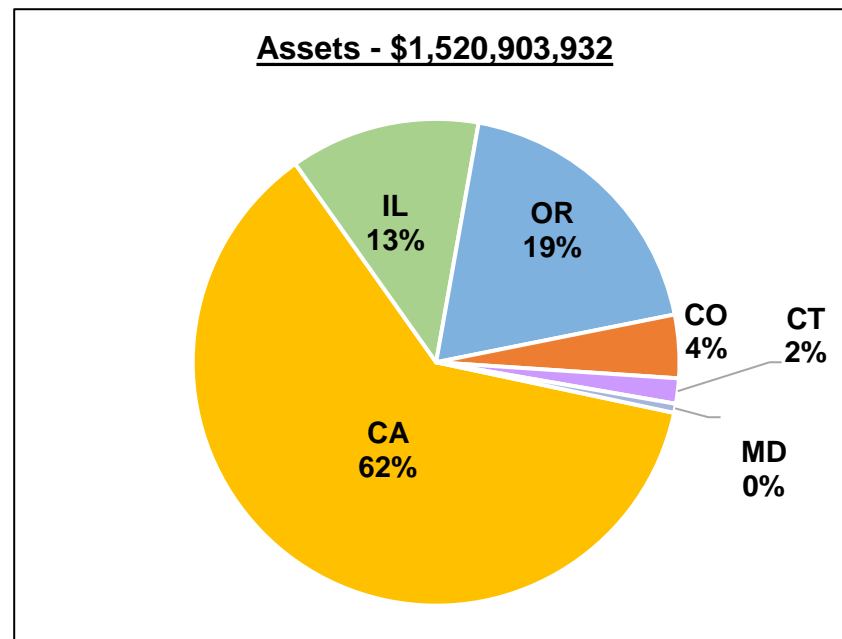
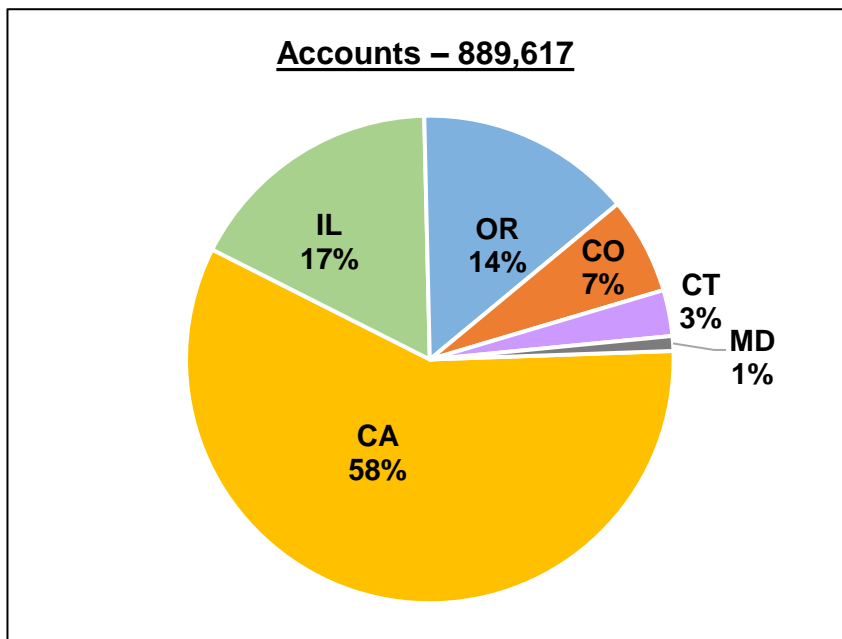
**Assets - \$375,095,369**



	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

# Industry Snapshot as of June 30, 2024



	Oregon	Illinois	California	Connecticut	Maryland	Colorado
Q2 2024 Accounts	128 K	153 K	516 K	27 K	9 K	57 K
Q2 2024 Assets	\$290 M	\$192 M	\$941 M	\$25 M	\$9 M	\$64 M
Avg Contribution Rate	6.80%	6.07%	5.20%	3.36%	5.35%	5.22%
Avg Account Balance	\$2,269	\$1,255	\$1,823	\$938	\$1,050	\$1,119

Source: Georgetown CRI data as of June 30, 2024, confirmed August 1, 2024

# Investment Option Overview

	OR	IL	CA	CT	MD	CO, ME, DE	VA	NJ
# of Options	3	4	5	8	4	4	5	8
Default	30 Days	90 Days	30 Days	60 Days	\$1,000	30 Days	30 Days	30 Days
Short Term	Capital Preservation (SSGA)	Money Market (SSGA)	Money Market (SSGA)	Cash Preservation (Vanguard)	Emergency Savings Fund (Lincoln Life Insurance)	Capital Preservation (SSGA)	Capital Preservation (BlackRock)	Money Market (Vanguard)
TDF	SSGA	BlackRock	SSGA	Customized <sup>1</sup>	BlackRock	SSGA	BlackRock	Vanguard
Mostly Equity	S&P 500 Index (SSGA)	Growth (Schwab)	Global Equity (SSGA) ESG (Calvert)	Growth <sup>1</sup> Moderate Growth <sup>1</sup>	Global Growth Stock (T. Rowe)	Int'l Equity (BlackRock)	US Stock Index (iShares) Int'l Stock Index (iShares)	US Small Cap Value (Wasatch) US Small Cap (Fidelity) US Mid Cap (Fidelity) US Large Cap (Fidelity) Global (Fidelity)
Balanced	-	-	-	Conservative Growth <sup>1</sup> Balanced <sup>1</sup>	-	-	--	--
Mostly Fixed Income	-	Conservative (Schwab)	Core Bond (SSGA)	Income <sup>1</sup> Income + Growth <sup>1</sup>	Bond Index (SSGA)	Bond Index (SSGA)	Bond Index (iShares)	Core Bond (Baird)

Source: Program Disclosure Statements and public meetings/documents as of July 26, 2024

Note: Programs listed in order of launch date BUT FOR Maine and Delaware

<sup>1</sup> Every option in Connecticut is "customized" including allocation to Fidelity, Schwab and Vanguard mutual funds



# Hybrid Fee Structure Prevails

		OR	IL <sup>1</sup>	CA	CT	MD	CO ME / DE	VA	NJ
		<i>Vestwell</i>	<i>Ascensus</i>	<i>Ascensus</i>	<i>Vestwell</i>	<i>Vestwell</i>	<i>Vestwell</i>	<i>Vestwell</i>	<i>Vestwell</i>
Asset-Based Fee	Underlying Funds	0.02% - 0.12%	0.02% - 0.15%	0.025% - 0.19%	0.032% - 0.10%	0.025% - 0.69%	0.025% - 0.12%	0.02% - 0.12%	0.015% - 1.07%
	State	0.25%	0.05%	0.05%	0.02%	–	0.05%	0.05%	--
	Program Administrator	0.15%	0.25%	0.25%	0.20%	0.18%	0.15%	0.15%	0.75% <sup>2</sup>
	Total	0.42% - 0.52%	0.32% - 0.45%	0.325% - 0.49%	0.25% - 0.32%	0.205% - 0.87%	0.225% - 0.32%	0.22% - 0.32%	0.765% - 1.82%
Dollar-Based Fee	State	\$2	–	–	\$2	\$6	\$4 (DE, ME)	\$3	--
	Program Administrator	\$14	\$16	\$18	\$24	\$24	\$22	\$24	--
	Total	\$16	\$16	\$18	\$26	\$30	\$22 (CO) \$26 (DE, ME)	\$27	--

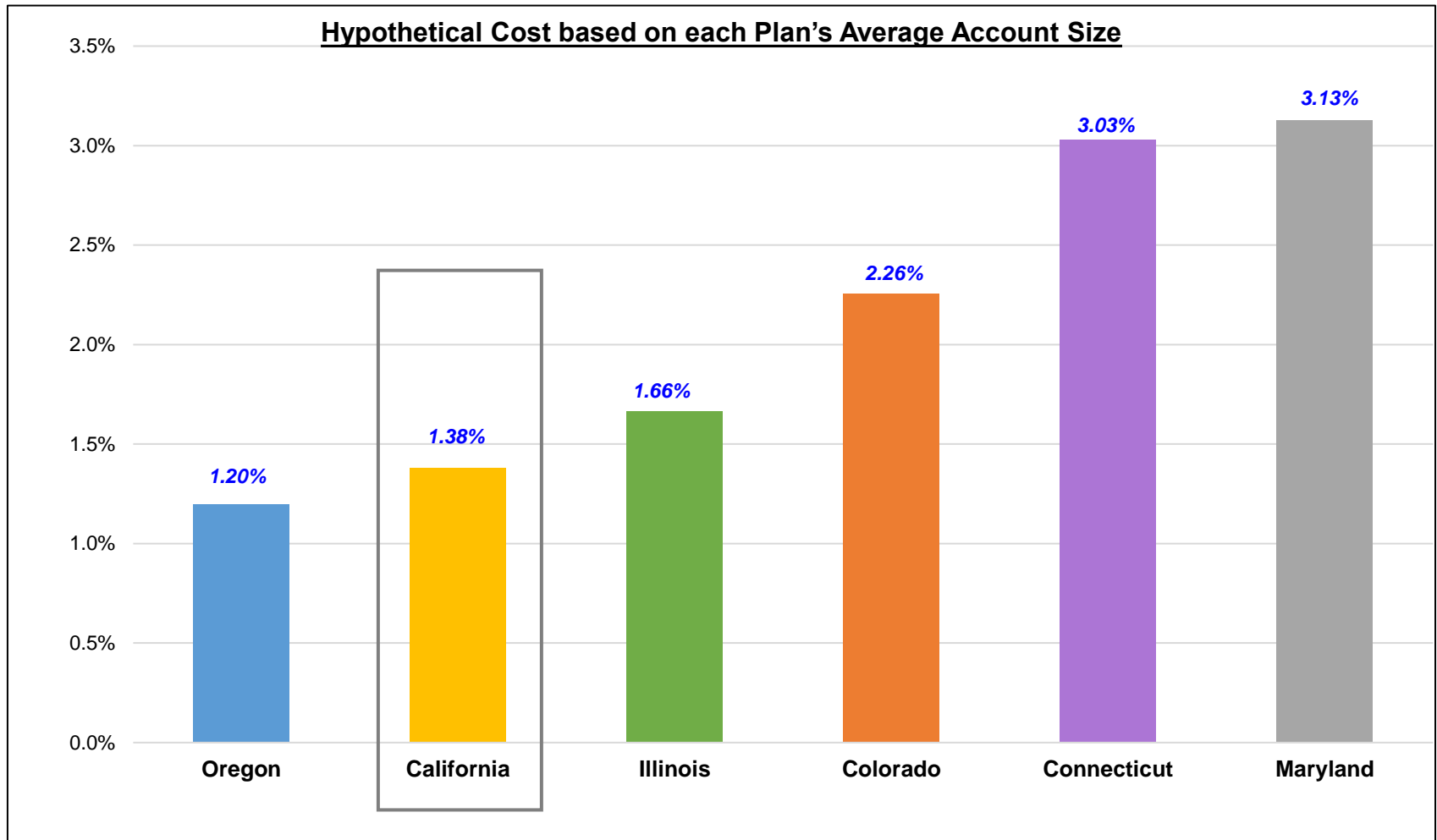
Source: Program Disclosure Statements and public meetings/documents as of July 26, 2024

Note: Programs listed in order of launch date BUT FOR Maine and Delaware.

<sup>1</sup> Hybrid fee structure effective as of January 1, 2024

<sup>2</sup> Program Disclosure Statement provides one Administration Fee, without distinguishing between State and Program Administrator

# Cost to the Participant: *Actual Account Balances*



Source: Program Disclosure Statements and public meetings/documents as of July 26, 2024

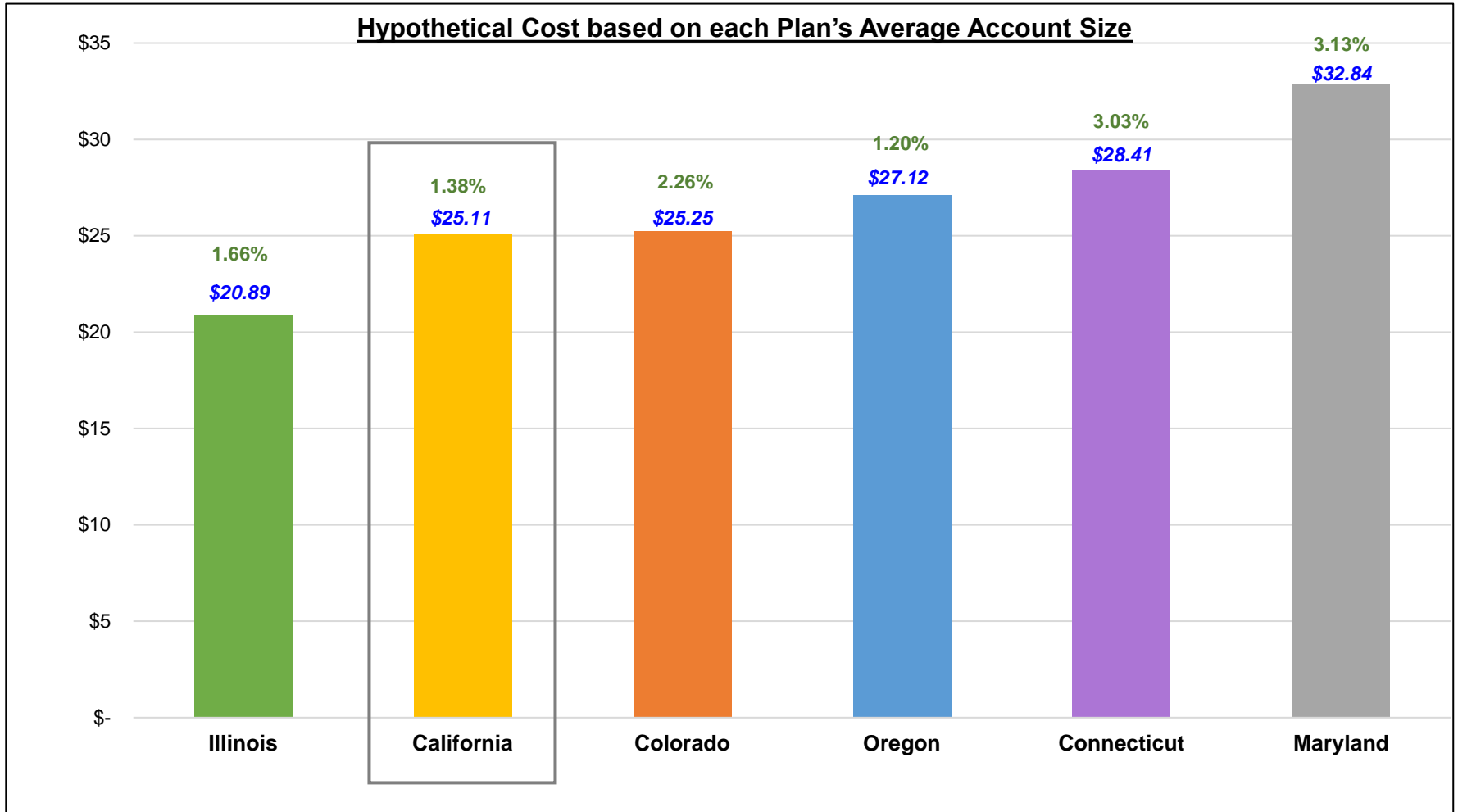
Notes: Chart based on fee information shown on slide 9 and uses the fund expense for the 2055 TDF portfolio

# Worth Watching

- **Program Performance:**
  - **Impact of new participants on performance indicators**
  - **Actions resulting from enforcement efforts**
- **New and Potential Program Activity:**
  - **Next steps for Auto-IRAs in Minnesota, Nevada, Rhode Island and Washington**
  - **Process moving forward for MEP in Missouri**
  - **Proposed legislation in Massachusetts, Michigan and Pennsylvania**
- **Potential Industry Initiatives:**
  - **Pursuing Saver's Match under Secure 2.0**
  - **Exploration of changes related to "know-your-customer"**
  - **Determining a governance structure for State Programs**

# Appendix

# Cost to the Participant: *Actual Account Balances*



Source: Program Disclosure Statements and public meetings/documents as of July 26, 2024

Notes: Chart based on fee information shown on slide 10 and uses the fund expense for the 2055 TDF portfolio

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