
FEBRUARY 20, 2024

AGENDA ITEM 1
ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Meeting Minutes for the November 19, 2024, CalSavers Retirement Savings Board Meeting and Meeting Minutes for the January 23, 2025, CalSavers Retirement Savings Board Meeting

MEETING MINUTES FOR THE NOVEMBER 19, 2024, CALSAVERS RETIREMENT SAVINGS BOARD MEETING

Board members present:

Stephanie Tom for State Treasurer Fiona Ma
David Oppenheim for State Controller Malia Cohen
Michele Perrault for Director of Finance Joe Stephenshaw
Michelle Gastelum
Nam Le
David Low
William Sokol

Board Members Absent:

Heather Hooper
Stephen Prough

Staff present:

Angela Duvane
Sandy Guan
Carolina Hernandez
Eric Lei
Cici Lu
Ariel Pickett
Jacob Schafer
David Teykaerts
Connie Van Vorhis
Tristan Woolacott
Desmond Zheng

Others present:

Monica Jimenez, Counsel, State Treasurer's Office

Contractors present:

Troy Montigney, Ascensus College Savings Recordkeeping Services, LLC ("Ascensus")

Martha Nemecek, Ascensus
Paola Nealon, Meketa Investment Group (“Meketa”)
Sonya Park, State Street Global Advisors (“SSGA”)
Elise Thiemann, SSGA
Andrea Fierstein, AKF Consulting (“AKF”)

CalSavers Retirement Savings Board (“Board”) Chair Stephanie Tom called the meeting to order at 1:03 PM.

Agenda Item 1 – Approval of the Minutes of the August 21, 2024, Meeting of the CalSavers Retirement Savings Board (ACTION ITEM)

Public Comment

None

Board Action

Approval of the minutes of the August 21, 2024, Meeting of the CalSavers Retirement Savings Board.

MOTION: William Sokol

SECOND: Michele Perrault

AYES:

Michelle Gastelum, Nam Le, David Low, David Oppenheim, Michele Perrault, William Sokol, Stephanie Tom

NOES:

None

NOT PRESENT:

Heather Hooper
Stephen Prough

ABSTENTIONS:

None

ACTION:

Motion Passed

Agenda Item 2 – Executive Director’s Report (INFORMATION ITEM)

CalSavers Executive Director David Teykaerts presented the report. Mr. Teykaerts thanked Board Member Nam Le for his last-minute attendance in person to achieve quorum. Mr. Teykaerts noted the recent milestones reached by the CalSavers Retirement Savings Program (“Program”) including the number of funded Saver accounts, the increasing number of facilitating employers, and highlighted the change in messaging to employers to emphasize the

necessity of fully facilitating the program if ineligible for an exemption to be in full compliance with the mandate.

Board Member David Oppenheim inquired if the data was matching Program expectations. Mr. Teykaerts noted that with the ongoing enforcement efforts, newly eligible populations, and other Program firsts, the data was in many ways forming expectations rather than meeting or not meeting them.

Mr. Teykaerts discussed the Participation and Funding Report and noted a drop in the exemption rates due to the ongoing efforts to validate employer exemption statuses. Board Member Michele Perrault inquired about the employers that were being placed back into the enforcement process due to failing exemption verification. Mr. Teykaerts clarified that previously when an employer registered themselves as exempt, Program staff had taken this on good faith rather than continually verifying each year.

Mr. Teykaerts discussed the Employer Enforcement Activity Report. Mr. Teykaerts noted the necessity of enforcement, effectiveness over the quarter, and discussed the enforcement work conducted over the quarter.

Mr. Teykaerts discussed Federal level policy and legislation news and how Federal action would impact CalSavers. Board Member Bill Sokol inquired about the Saver's Match legislation. Mr. Teykaerts noted that as written, CalSavers accounts could not receive funds from the Saver's Match and discussed ongoing work to change that. Mr. Oppenheim inquired about specific language in the Saver's Match legislation defining low and middle income and asked if cost of living in different states was considered in the definitions. Mr. Teykaerts indicated that further research was needed to answer this and that staff would pursue this change.

Mr. Teykaerts discussed recent staffing changes. Mr. Teykaerts thanked Jonathan Herrera for his 7 years of service to the Program and congratulated him on his new position as the head of the Washington Saves State Facilitated Retirement Savings Program. Mr. Teykaerts discussed two testimonials, one from a saver and one from an employer facilitating the Program.

Public Comment

None

Agenda Item 3 – Program Administrator's Report (INFORMATION ITEM)

Ascensus representative Troy Montigney presented the item. Mr. Montigney discussed Ascensus's ongoing work to prepare for Wave 4. Mr. Montigney discussed ongoing Customer Identification process changes. Mr. Montigney discussed ongoing work to implement a payroll provider integration solution for Employers to replace the outgoing integration currently in place via QuickBooks. Mr. Sokol asked for clarification. Mr. Montigney elaborated on the varying solutions that had been in place, why a change was necessary, and how the industry tends to operate in relation to these types of optional solutions.

Mr. Sokol inquired about the fees employers may pay if they choose to utilize the payroll provider integration option. Mr. Montigney clarified how the fees would be assessed should an employer the Program. Mr. Oppenheim inquired if a contractor could unilaterally offer this

service without direct approval from the Board. Mr. Teykaerts indicated that as this was an optional service intended to come alongside the already functional and simple manual facilitation option, it was indeed viewed as permissible. Mr. Oppenheim inquired whether the Board needed to be the one to make that determination, which Mr. Sokol echoed.

Mr. Sokol inquired if Ascensus could pay the associated fees, or if this was covered in their contract. Mr. Montigney clarified the details of past efforts to offer similar services either through direct partnerships with payroll providers or through an API that payroll providers could opt to implement. Mr. Montigney stated that prior efforts had associated fees that the employers who chose to utilize these services paid to the payroll providers and noted that this was industry standard practice. Mr. Sokol requested further information be gathered about how such services are typically offered and operate. Mr. Teykaerts stated that Program staff would conduct further research and return to the Board.

State Treasurer's Office legal counsel Monica Jimenez discussed the research goals pertaining to the payroll provider integration questions Board members had raised. Board Chair Stephanie Tom noted that the Board would like to hear more at a later meeting, thanked counsel for the commitment to research, and asked that data be presented on costs for similar integrations present in other states at a future meeting. Mr. Montigney noted Ascensus investment in this project and stated that the costs associated have not been placed on savers with the Program.

Mr. Montigney discussed the Marketing Review and planned communications for the upcoming quarter. Mr. Montigney discussed the Client Services metrics and noted the differences between prior quarters and the most recent quarter. Mr. Oppenheim inquired about why the call abandon rate service level agreement metric (referred to as "SLA") was not met. Mr. Montigney noted that Ascensus could easily control the average speed to answer SLA but had no direct way of impacting whether a particular caller would abandon the call.

Mr. Oppenheim inquired whether not meeting this SLA was acceptable to the Board and Staff and if the SLA could be changed at the next contract negotiation. Mr. Teykaerts discussed efforts to anticipate and alleviate pressure at the call center during high call volume time periods. Ms. Perrault inquired about the call back feature. Mr. Montigney explained the implementation of the call back feature. Ms. Perrault agreed that measuring the abandon rate may not be necessary as it was not something that could be directly controlled for.

Mr. Montigney discussed the Outreach and Field Team activities during the quarter. Mr. Oppenheim thanked Mr. Montigney and Ascensus for their ongoing work on behalf of the State Controller's Office.

Public Comment

None

Agenda Item 4 – 3rd Quarter Investment Performance Report and Target Date Fund Comparison (INFORMATION ITEM)

Meketa Investment Group representative Paola Nealon presented the item along with State Street Global Advisors representative Elise Thiemann. Ms. Nealon noted that the third quarter growth, the consistency in unemployment, the continuing decline in inflation, and discussed the

performance of the markets. Ms. Malone discussed the performance of the Target Date Funds (referred to as “TDF”) currently on offer with the Program.

Mr. Sokol inquired about how the returns were presented on different pages. Ms. Nealon responded and stated that the language on each of the pages in question could be updated to provide more clarity for members of the public reading the report. Mr. Sokol noted that a slide could be included in the presentation that breaks down how the fees affect returns, and what fees are deducted for each of the funds and Program as a whole. Ms. Nealon committed to making the report clearer.

Ms. Thiemann discussed how SSGA constructed the TDF’s offered through the Program, and how they compared to other TDFs throughout the industry. Ms. Thiemann noted an industry shift to passively managed funds with low fees and discussed SSGA’s approach to asset allocation and their glidepath. Board Member Michelle Gastelum inquired about the asset allocation of younger savers and asked if a different level of market exposure could be more profitable to younger savers. Ms. Thiemann noted that with younger savers low account balances, the possible difference in returns was deemed not worth the risk until later in the glidepath.

Public Comment

None

Agenda Item 5 – Resolution 2024-03, Approval of Regulations Amendments to Sections 10000-10006, 10008 & 10010 of Chapter 15 of Title 10 of the California Code of Regulations and Authority to Conduct Rulemaking to Implement Programmatic Requirements (ACTION ITEM)

Mr. Teykaerts presented the item alongside CalSavers Director of Policy and Legislation Tristan Woolacott. Mr. Woolacott discussed the purpose of the regulatory changes and some examples of the substantive changes. Mr. Oppenheim inquired about language used in the regulations amendments. Mr. Woolacott clarified that the language in question was defined earlier in the regulations. Mr. Oppenheim and Ms. Perrault commended Mr. Woolacott and other Program staff for the efforts made to clean up and clarify the Program’s regulations.

Public Comment

None

Board Action

Approval of Resolution 2024-03: Approval of Regulations Amendments to Sections 10000-10006, 10008 & 10010 of Chapter 15 of Title 10 of the California Code of Regulations and Authority to Conduct Rulemaking to Implement Programmatic Requirements.

MOTION: William Sokol

SECOND: Nam Le

AYES:

Michelle Gastelum, Nam Le, David Low, David Oppenheim, Michele Perrault, William Sokol, Stephanie Tom

NOES:

None

NOT PRESENT:

Heather Hooper

Stephen Prough

ABSTENTIONS:

None

ACTION:

Motion Passed

Agenda Item 6 – Resolution 2024-04, Extension of Agreement No. CSCRSIB07-17A with Ascensus College Recordkeeping Services, LLC for Program Administrative Services (ACTION ITEM)

Ms. Tom noted that with prior discussions and lingering questions as discussed during Item 3, the Board may be inclined to consider postponing a discussion on potentially extending the contract in place with Program Administrator Ascensus. Mr. Teykaerts recommended deferring this discussion to a later meeting, to be held off schedule in December. Ms. Gastelum inquired when changes to the contract were last made, which Mr. Teykaerts confirmed occurred in late 2022. Meeting Chair Ms. Tom deferred the item to be heard at a future meeting.

Public Comment

None

Agenda Item 7 – Resolution 2024-05, Approval to Increase the Maximum Dollar Amount Authorized for the Executive Director and Board Chair to Enter into Interagency Agreements and External Contracts (ACTION ITEM)

Mr. Teykaerts presented the item. Mr. Teykaerts noted that this change was proposed in effort to standardize the dollar amount authorized for all Boards, Commissions, and Authorities overseen by the State Treasurer's Office to expedite the contracting and procurement process.

Public Comment

None

Board Action

Approval of Resolution 2024-05: Approval to Increase the Maximum Dollar Amount Authorized for the Executive Director and Board Chair to Enter into Interagency Agreements and External Contracts

MOTION: William Sokol

SECOND: Nam Le

AYES:

Michelle Gastelum, Nam Le, David Low, David Oppenheim, Michele Perrault, William Sokol, Stephanie Tom

NOES:

None

NOT PRESENT:

Heather Hooper

Stephen Prough

ABSTENTIONS:

None

ACTION:

Motion Passed

Agenda Item 8 – Fiduciary Responsibility Training (INFORMATION ITEM)

Proposed Agenda Item 8 was not heard during this meeting and was instead postponed until the following meeting. Ms. Perrault requested that this item be heard at the beginning of the next meeting, to ensure it does not get postponed a third time.

Public Comment

None

Agenda Item 9 – Public Comment

None.

The Board adjourned at 3:47 P.M.

MEETING MINUTES FOR THE JANUARY 23, 2024, CALSAVERS RETIREMENT
SAVINGS BOARD MEETING

Board members present:

Stephanie Tom for State Treasurer Fiona Ma
State Controller Malia Cohen
Deborah Gallegos for State Controller Malia Cohen
Michele Perrault for Director of Finance Joe Stephenshaw
Michelle Gastelum
Heather Hooper
David Low
Stephen Prough
William Sokol

Board Members Absent:

Nam Le

Staff present:

Angela Duvane
Sandy Guan
Carolina Hernandez
Patrick Johnson
Cici Lu
Edward Park
Ariel Pickett
Irma Ruiz
Jacob Schafer
David Teykaerts
Connie Van Vorhis
Tristan Woolacott
Desmond Zheng

Others present:

Monica Jimenez, Counsel, State Treasurer's Office

Contractors present:

Troy Montigney, Ascensus College Savings Recordkeeping Services, LLC ("Ascensus")
Shayne Layton, Ascensus
Doug Sabella, Payroll Integrations
Andrea Fierstein, AKF Consulting ("AKF")

**Agenda Item 1 – Resolution 2025-01, Discussion and Opportunity to Approve Payroll
Integration Option (ACTION ITEM)**

Mr. Teykaerts presented the item alongside CalSavers Manager of Outreach and Client Services Carolina Hernandez, Ascensus representatives Troy Montigney and Shayne Layton, and Payroll Integrations CEO Doug Sabella. Mr. Teykaerts noted that this meeting was convened off schedule to allow for discussion and potential action to approve employer access to an optional, third-party payroll aggregator and integration service after the Board raised questions during the November 19, 2024, Board meeting.

Mr. Teykaerts and Mr. Montigney discussed prior integrations offered and payroll providers. Board Member David Low inquired about cost to employers, and asked for clarification on how this would compare to the administrative burden of manual facilitation. Mr. Teykaerts noted the administrative cost to manually facilitate for an average employer was approximately \$250 annually.

Mr. Teykaerts discussed the rationale behind potentially offering access to a payroll aggregator. Ms. Hernandez discussed the feedback received by the Outreach team from employers that attended CalSavers webinars and noted that after nearly every webinar at least one employer inquired about payroll integration. Ms. Hernandez discussed the dedicated communication efforts conducted for employers whose current integration with QuickBooks was due to be discontinued by QuickBooks.

Ted Toppin provided public comment on behalf of “Californians For Retirement Security” in support of the adoption of this payroll integration option. Mr. Toppin stated that this type of solution would greatly benefit savers retirement security and bring overall benefit to both employers and savers.

Mr. Low and State Controller Malia Cohen inquired about the statistics presented, which Ms. Hernandez and Mr. Layton clarified. Mr. Teykaerts noted that the statistics presented were only representative of a small section of the employers formerly using the QuickBooks payroll integration. Board Chair Stephanie Tom inquired how many employers were currently using the QuickBooks payroll integration. Mr. Teykaerts noted that almost 4,000 employers had at one point utilized the QuickBooks integration, but many had issues with the implementation.

Board Member Michele Perrault inquired about the current payroll provider landscape. Mr. Teykaerts highlighted that only a few payroll providers were currently integrated, but that without a payroll aggregator, any payroll integration would be an entirely custom created solution.

Board Member Heather Hooper inquired about the contribution success rate of employers currently utilizing the QuickBooks payroll integration and if the integration through Payroll Integrations would be fully 360 degrees integrated. Payroll Integrations CEO Doug Sabella clarified that the implementation through Payroll Integrations would be 360 degrees integrated and would involve communication both directions between the payroll provider and CalSavers system.

Ms. Tom inquired what communications between QuickBooks and Ascensus included, and inquired if employers would need to change payroll providers if the new Payroll Integrations option was approved. Mr. Teykaerts answered that employers already using QuickBooks would not need to switch payroll providers and described some of the communications.

Mr. Montigney discussed the current integrations, case for a utilizing a payroll aggregator and Payroll Integrations specifically, and the overall fee structures for integrations across the State Facilitated Retirement Program landscape as well as CalSavers specifically. Ms. Hooper inquired who at Ascensus was overseeing this project, which Mr. Montigney confirmed would be the same team of people at Ascensus that the Board regularly gets reports from. Ms. Perrault inquired if the employers currently integrated through TJH Payroll or Paychex would have any new fees. Mr. Montigney stated that they would not have any new fees if Payroll Integrations was approved to begin offering payroll aggregation services.

Mr. Sabella discussed Payroll Integrations approach as a payroll aggregator, the case for a payroll integration services, and the information security practices in place at Payroll Integrations.

Deputy Controller Deborah Gallegos represented State Controller Malia Cohen for the remainder of the Board meeting due to the Controller's departure.

Public Comment

Ted Toppin from Californians For Retirement Security provided public comment.

Board Action

Approval of Resolution 2025-01: Approval for Employer Payroll Aggregator Option

MOTION: Michele Perrault

SECOND: Deborah Gallegos

AYES:

Deborah Gallegos, Michelle Gastelum, Heather Hooper, David Low, Michele Perrault, Stephen Prough, William Sokol, Stephanie Tom

NOES:

None

NOT PRESENT:

Nam Le

ABSTENTIONS:

None

ACTION:

Motion Passed

Agenda Item 2 – Public Comment

None.

The Board adjourned at 2:22 P.M.