
FEBRUARY 13, 2024

AGENDA ITEM 1

ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Meeting Minutes for the November 13, 2023, CalSavers Retirement Savings Board Meeting

Board members present:

Stephanie Tom for State Treasurer Fiona Ma
David Oppenheim 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
Jonathan Herrera
Eric Lei
Ariel Pickett
Irma Ruiz
Jessica Stroing
David Teykaerts
Conner Van Vorhis

Others present:

Spencer Walker, General Counsel, State Treasurer's Office

Contractors present:

Troy Montigney, Ascensus College Savings Recordkeeping Services, LLC ("Ascensus")
Paola Nealon, Meketa Investment Group ("Meketa")

Sonya Park, State Street Global Advisors (“SSGA”)
Elise Thiemann, SSGA

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, 2023, Meeting of the CalSavers Retirement Savings Board (ACTION ITEM)

Public Comment

None

Board Action

Approval of the minutes of the May 22, 2023, Meeting of the CalSavers Retirement Savings Board.

MOTION: William Sokol

SECOND: Heather Hooper

AYES:

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

NOES:

None

NOT PRESENT:

Nam Le

ABSTENTIONS:

None

ACTION:

Motion Passed

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

CalSavers Executive Director David Teykaerts presented the report. Mr. Teykaerts discussed the Participation and Funding Report and highlighted the growth in the number of savers and assets under management. Mr. Teykaerts discussed the Enforcement Report and ongoing efforts to bring more employers into full compliance with the mandate by facilitating payroll deductions. Mr. Teykaerts noted the three steps through which staff attempt to accomplish this, being

marketing, enforcement notices, and penalty collections. Mr. Teykaerts stated that staff were currently amid the third step.

Mr. Teykaerts discussed strategic priorities. Mr. Teykaerts stated the goals of clarifying the penalty policy, mobilizing stakeholder partners, increasing the percentage of employers facilitating deductions, demonstrating industry leadership, reducing friction for employers, and continuously improving CalSavers internally to foster long term sustainability.

Public Comment

None

Agenda Item 3 – Update on Outreach, Education and Customer Service (INFORMATION ITEM)

This item was presented by Jonathan Herrera, Director of Strategic Engagement and Customer Experience from CalSavers. Mr. Herrera discussed ongoing educational efforts held virtually, aimed at both employers and savers. Mr. Herrera highlighted the goal of expanding the available on demand recorded educational content and increasing the number of languages they are available in. Mr. Hererra discussed ongoing stakeholder engagement efforts and stated goal of leveraging stakeholder communication networks. Mr. Herrera noted the continuing efforts of his team relating to customer support and stated that most inquiries were from employers rather than savers.

Mr. Herrera discussed the ongoing and future efforts in saver engagement. Mr. Herrera noted the types of educational materials and outreach strategies already in place and those planned. Mr. Herrera highlighted the importance of Spanish language stakeholders and noted momentum built in recent months within this group. Mr. Herrera stated the goals of incorporating behavioral economics principles into materials and increasing the financial literacy of savers to help them make more informed financial decisions.

Mr. Herrera discussed the engagement status of various types of stakeholder groups. Mr. Herrera noted that some groups were more willing to engage than others, but that the number of stakeholder groups was always growing. Mr. Herrera discussed the volume of customer service inquiries since a report on this was last presented to the Board. Mr. Herrera noted that when enforcement or enrollment deadlines approach, the number of customer service inquiries rises. Mr. Herrera stated the additional goal of increasing the amount of social media content highlighting employer and saver experience with the Program. Mr. Herrera discussed the targeted outreach efforts for remaining noncompliant employers.

Public Comment

None

Agenda Item 4 – Program Administrator’s Report (INFORMATION ITEM)

Ascensus representative Troy Montigney presented the item. Mr. Montigney discussed recent updates to the customer identity verification process and historic barriers for potential savers to be able to participate with the Program. Mr. Montigney noted the updates to alleviate address verification issues within this process and highlighted that information determining success in this process is provided by a potential saver's employer. Mr. Montigney noted increases in ID verification success rates due to the recent changes and partially attributed this to a shift from physical mailers to e-mail as a method of contact.

Mr. Montigney discussed the ongoing marketing efforts. Mr. Montigney stated that recent focus in marketing has been to newly eligible employers with five or more employees whose deadline to register is December 31, 2023 (referred to as "Wave 2023"). Mr. Montigney stated that the marketing efforts pertaining to employers with between one and five employees whose deadline to register is December 31, 2025 (referred to as "Wave 4") was still under development.

Mr. Montigney discussed the ongoing enforcement and penalty processes. Mr. Montigney stated where each of the different Waves of employers were in this process and discussed the response rate for employers in these different Waves.

Mr. Montigney discussed the call center performance under the new service level agreements (referred to as "SLA") during the quarter and noted that the average speed to answer was met. Mr. Montigney stated that due to high call volumes resulting from enforcement notices, the call abandonment rate was not consistently met. Mr. Montigney highlighted the higher than typical call volume. Mr. Montigney stated that more staff being onboarded to alleviate pressure on the call center in anticipation of even greater call volumes resulting from upcoming deadlines.

Mr. Montigney discussed the call volumes and trends. Mr. Montigney highlighted that 85% of multilingual calls were serviced in house at the call center and stated that this figure represented only Spanish language calls. Mr. Montigney noted the positive impact of multilingual call volumes on call center hiring practices. Mr. Montigney noted the continuing participant satisfaction scores.

Mr. Montigney discussed the updates from the Field Team and noted the recent successes in assisting employers to completely comply with the mandate. Mr. Montigney highlighted the Field Team's goals for the coming quarter of continuing enforcement related outreach and building a growing list of employers that can champion the Program and share testimonials.

Public Comment

None

Agenda Item 5 – Third Quarter Investment Performance Report (INFORMATION ITEM)

Meketa Investment Group representative Paola Nealon presented the item. Ms. Nealon noted that the third quarter showed most major asset classes down, despite better performance earlier in the

year. Ms. Nealon stated that despite this quarter’s performance, most asset classes were still positive when considered year to date. Ms. Nealon highlighted that growth-oriented assets have performed the best thus far in the year and discussed the performance of various asset classes. Ms. Nealon discussed year to date performance of the market, noted double digit returns and a year over year drop in inflation.

Ms. Nealon discussed the Q3 performance of funds the Program offered. Ms. Nealon noted that both the Target Date Funds (referred to as “TDF”) and non-TDF funds tracked closely with the overall state of the market.

Public Comment

None

Agenda Item 6 – Resolution 2023-08, Readoption of Emergency Regulations Amendments to Section 10002 of Chapter 15 of Title 10 of the California Code of Regulations and Authority to Conduct Rulemaking (ACTION ITEM)

Mr. Teykaerts presented the item. Mr. Teykaerts discussed the readoption of the emergency regulations amendments as originally adopted at the May 22, 2023, Board meeting. Mr. Teykaerts stated the benefits of readopting the regulations and recommended the Board readopt the emergency regulations amendments.

Public Comment

None

Board Action

Approval of Resolution 2023-08, Readoption of Emergency Regulations Amendments to Section 10002 of Chapter 15 of Title 10 of the California Code of Regulations and Authority to Conduct Rulemaking

MOTION: William Sokol

SECOND: David Oppenheim

AYES:

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

NOES:

None

NOT PRESENT:

Nam Le

ABSTENTIONS:

None

ACTION:

Motion Passed

Agenda Item 7 – Resolution 2023-08, Approval of Emergency Regulations Amendments to Sections 10000 and 10008 of Chapter 15 of Title 10 of the California Code of Regulations and Authority to Conduct Rulemaking (ACTION ITEM)

Executive Director David Teykaerts presented the item. Mr. Teykaerts discussed the proposed regulatory amendments pertaining to enforcement and certain operational practices related to the penalty collection process. Mr. Teykaerts stated that the amendments clarify that employers are deemed compliant when they complete the required action described in their penalty notice and that payments collected from a compliant employer are considered erroneous. The amendments would further clarify that a noncompliant employer, who fails to achieve compliance after the initial \$250 penalty is assessed, will be fined \$500 per eligible employee for each subsequent calendar year in which the employer is noncompliant and noncompliance does not need to be consecutive to assess the penalty of \$500. Any calendar year in which an employer is found to be noncompliant after the initial penalty of \$250 will result in a penalty of \$500 per eligible employee.

Mr. Teykaerts discussed the amendments further and clarified that they define noncompliance as the failure of an eligible employer to allow an eligible employee to save with the program. Mr. Oppenheim expressed gratitude for the efforts to clarify and codify the penalty process. Ms. Gastelum inquired whether penalties assessed against continually noncompliant employers would be waived for all years of noncompliance if they comply before a penalty is collected. Mr. Teykaerts stated that the amendments as proposed are meant to address the immediate situation but could be further amended in the future to address this type of issue. Ms. Gastelum asked the Board to consider implementing a nominal administrative fee for such employers.

Board Member William Sokol inquired about the definition of noncompliance. Mr. Teykaerts confirmed the definition of noncompliance. Mr. Sokol requested that Mr. Teykaerts seek to further clarify that the definition in the amendments completely fulfills the needs of the Program. Mr. Sokol inquired about finding a way to not penalize the smallest employers unless necessary. Mr. Teykaerts clarified that the goal of the proposed regulations was to codify a balanced approach and allow for employers to avoid paying penalties if they did in fact comply with the mandate before a penalty was received.

Board Member David Low inquired about the potential for future regulatory action and if the currently proposed regulations would inhibit future regulatory options. Mr. Teykaerts affirmed that the current goal in passing the regulations as written is to address the current situation, and

expressed reluctance to codify some sort of reduced action or penalty for a future situation as this could incentivize inaction from employers. Mr. Low encouraged Staff to consider a maximum time period for an employer to be able to get their penalties waived. Board Member Heather Hooper expressed agreement with other board members comments and encouraged great care be taken.

Mr. Oppenheim expressed support for moving forward with the regulations as written as it simply codifies and clarifies existing policies that the original statute intended. Mr. Sokol stated that he would make a motion to approve with the understanding that potential future revisions may take place based off Board comments and concerns.

Public Comment

None

Board Action

Approval of Resolution 2023-08, Approval of Emergency Regulations Amendments to Sections 10000 and 10008 of Chapter 15 of Title 10 of the California Code of Regulations and Authority to Conduct Rulemaking

MOTION:

William Sokol

SECOND:

David Oppenheim

AYES:

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

NOES:

None

NOT PRESENT:

Nam Le

ABSTENTIONS:

None

ACTION:

Motion Passed

Agenda Item 8 – Resolution 2023-07, Approval of Contract for Investment Consulting Services (ACTION ITEM)

Mr. Teykaerts presented the item. Mr. Teykaerts stated that the scoring committee for Proposals consisted of both Board members and senior Program Staff. Mr. Teykaerts noted that the incumbent's proposal scored the highest and recommended that they be awarded the contract. Mr. Sokol inquired if there were any substantive changes from the prior contract with Meketa and if the contract had been reviewed and approved by legal counsel. Mr. Teykaerts confirmed the contract to be substantively the same and that the contract had been reviewed and approved by legal counsel.

Public Comment

None

Board Action

Approval of Resolution 2023-07, Approval of Contract for Investment Consulting Services

MOTION:

William Sokol

SECOND:

Heather Hooper

AYES:

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

NOES:

None

NOT PRESENT:

Nam Le

ABSTENTIONS:

None

ACTION:

Motion Passed

Agenda Item 9 – Public Comment

None.

The Board adjourned at 3:09 P.M.