
MAY 29, 2024

AGENDA ITEM 1

ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Meeting Minutes for the February 13, 2024, CalSavers Retirement Savings Board Meeting

Board members present:

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

Board Members Absent:

None

Staff present:

Angela Duvane
Sandy Guan
Carolina Hernandez
Jonathan Herrera
Eric Lei
Ariel Pickett
Irma Ruiz
Jessica Stroing
David Teykaerts
Connie Van Vorhis

Others present:

Monica Jimenez, Counsel, State Treasurer's Office

Contractors present:

Troy Montigney, Ascensus College Savings Recordkeeping Services, LLC (“Ascensus”)
Martha Nemecek, Ascensus
Mika Malone, Meketa Investment Group (“Meketa”)
Paola Nealon, 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 November 13, 2023, Meeting of the CalSavers Retirement Savings Board.

MOTION: William Sokol

SECOND: Michele Perrault

AYES:

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

NOES:

None

NOT PRESENT:

None

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 that the penalty notices currently being sent by the Franchise Tax Board (“FTB”) on behalf of the Board were proving effective at driving employer action toward compliance.

Mr. Teykaerts discussed the implementation of regulations the Board approved to clarify the requirements for penalty payment refunds. Mr. Teykaerts noted the steps that both Program Staff and Program Administrator Ascensus (“Ascensus”) Staff were taking to aid Employers with coming into compliance. Mr. Teykaerts discussed his recent attendance at the various retirement industry events where he represented the Program.

Mr. Teykaerts discussed the Saver’s Match, a federal matching contribution as outlined in the Secure 2.0 legislation that would potentially affect the Program, and highlighted several ways that the Board and Ascensus could work to take advantage of this for savers benefit. Mr. Teykaerts noted several pieces of federal legislation that may affect the Program and retirement industry.

Mr. Teykaerts discussed the CalSavers Year in Review and thanked Program staff for the expeditious creation of the report. Mr. Teykaerts noted the need to begin reviewing the Board’s Strategic Plan for upcoming years and suggested a meeting be planned outside the regular schedule for the Board to discuss. Mr. Teykaerts recognized the recent promotions of staff members Sandy Guan and Connie Van Vorhis, and welcomed the new CalSavers Manager of Data, Policy, and Communications, Tristan Woolacott.

Board Member David Oppenheim congratulated staff on their recent creation of regulations pertaining to the penalty payment process and inquired about the relevant notices sent to employers. Mr. Teykaerts provided further information. Board Member Stephen Prough inquired about opt out rates. Mr. Teykaerts clarified that the rates slowly rising may have multiple causes and explained that both CalSavers and other similar programs were working on solutions. Board Member William Sokol inquired about how the Program could reach potential savers that are choosing to opt out from the beginning. Mr. Teykaerts highlighted ongoing efforts in financial education for savers as a potential solution.

Public Comment

None

State Treasurer Fiona Ma entered the room and replaced Deputy Treasurer Stephanie Tom as the chair of the meeting.

Agenda Item 3 – Bagley Keene Update (INFORMATION ITEM)

This item was presented by Mr. Teykaerts. Mr. Teykaerts discussed the recent changes to the Bagley Keene Open Meeting Act and how they applied to the Board in 2024. Mr. Teykaerts noted the transition from remote focused meetings to primarily in person meetings and stated that the new requirements dictated a quorum of Board members be present in person. Mr. Teykaerts suggested having more than the required quorum present for future Board meetings to account for any unforeseen circumstances and requested that Board members from outside the Sacramento region plan on attending at least two meetings in person per year.

Public Comment

None

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

Ascensus representative Troy Montigney presented the item. Mr. Montigney discussed Ascensus’s work relating to payroll provider integration and work with payroll aggregators. Mr. Montigney discussed the ongoing work relating to Secure 2.0. Mr. Montigney highlighted the changes that allowed rollover from 529 accounts to CalSavers accounts, the logistical work to allow for greater catch-up contributions once the IRS approves such, and the preparations made in anticipation of the Saver’s Match.

Mr. Montigney discussed the ongoing efforts to collect further saver demographic information. Mr. Montigney noted the recent improvements to automated employer compliance communications and enhancements to the Customer ID process to allow for greater access for potential savers to the Program. Mr. Montigney discussed the ongoing enforcement and penalty processes and the response rate for employers in the 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 there were unusually high call volumes due to the enforcement notices sent out during the quarter.

Ascensus representative Martha Nemecek provided an update on outreach. Ms. Nemecek highlighted the success of the various digital outreach efforts and activities of the field team. Ms. Nemecek noted the opportunities to engage the saver and employee populations via in person presentations.

Mr. Montigney discussed upcoming milestones and goals for 2024. Mr. Montigney highlighted the likelihood of reaching half a million funded accounts soon as well as the reaching one billion dollars in assets under management. Mr. Montigney noted the upcoming deadline for employers with one or more employees whose deadline is December 31, 2025, which would greatly expand the Program by opening it to California’s smallest employers.

Public Comment

None

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

Meketa Investment Group representatives Paola Nealon and Mika Malone presented the item. Ms. Nealon noted that the fourth quarter showed inflation dropping, and most markets performing overall positively for the quarter, though not all.

Ms. Malone discussed the Q4 performance of funds the Program offered. Ms. Malone noted that all the Target Date Funds (referred to as “TDF”) and non-TDF funds performed exceptionally well for the quarter and that all funds tracked relatively closely with their benchmarks. Ms. Malone noted that the ESG Fund performed especially well for the quarter and Mr. Oppenheim thanked Ms. Malone for highlighting it.

Public Comment

None

Agenda Item 6 – Presentation on Program’s Funds (ACTION ITEM)

SSGA Representatives Elise Thiemann and Sonya Park presented the item. Ms. Thiemann discussed the methodology of the different funds’ construction and how their glidepaths varied. Ms. Thiemann noted that as a saver approaches their target retirement date, the assets in their associated fund generally transition from higher risk assets to lower risk assets to ensure a more stable growth rate as a saver approaches retirement age.

Ms. Thiemann noted that all funds are assessed annually and are not actively managed. Ms. Thiemann stated that a saver’s account moves through the glidepath slowly, changing a small amount each quarter to transition automatically as a saver ages, from more growth-based assets to lower risk assets. Ms. Thiemann discussed how the various stages in the glidepaths are structured and what types of assets are present at said stages. Ms. Thiemann noted how the SSGA glidepath compares to those offered by other investment managers and demonstrated the benefits of SSGA’s approach. Ms. Thiemann discussed the changes made after an annual review in 2022 and noted that no changes made in 2023.

Public Comment

None

Agenda Item 7 – Resolution 2024-01, Approval of Amendment for Enforcement Services, Franchise Tax Board (ACTION ITEM)

Executive Director David Teykaerts presented the item. Mr. Teykaerts discussed the proposed contract amendment, and noted what FTB does specifically does for the Program. Mr. Teykaerts noted the increase in total potential cost of the contract, should the amendment be approved and

stated that actual cost may differ depending on the eventual cost of services rendered. Board Member Michele Perrault thanked Mr. Teykaerts for his clarity around the increased costs and requested that staff continue to assess if costs are appropriate.

Public Comment

None

Board Action

Approval of Resolution 2024-01, Approval of Amendment for Enforcement Services, Franchise Tax Board

MOTION:

William Sokol

SECOND:

Heather Hooper

AYES:

Michelle Gastelum, Heather Hooper, David Low, Fiona Ma, Michele Perrault, Stephen Prough, William Sokol

NOES:

None

NOT PRESENT:

None

ABSTENTIONS:

David Oppenheim

ACTION:

Motion Passed

Agenda Item 8 – Public Comment

None.

The Board adjourned at 2:55 P.M.