
Oregon Retirement Savings Board
MINUTES
March 15, 2016

Board members present:

Cory Streisinger, Acting Chair
Kara Backus
Senator Lee Beyer
Kevin Jensen
Representative Tobias Read
Juanita Santana

Board members absent:

Chair, Treasurer Ted Wheeler

Oregon State Treasury staff present:

Lisa Massena, Executive Director, ORSP
Kristin Dennis, Senior Policy Advisor
Tom Rinehart, Chief of Staff
Tim Sayre, Project Manager
Missy Simpson, Executive Assistant
James Sinks, Communications Director

The Oregon Retirement Savings Board meeting was called to order at 9:00 am by Cory Streisinger, Acting Chair.

Agenda Item 1 – Approval of the minutes of the February 2, 2016 meeting of the Oregon Retirement Savings Board (ACTION ITEM)

Board Action

Motion to approve the minutes of the February 2, 2016 meeting of the Oregon Retirement Savings Board.

MOTION:	Juanita Santana	SECONDED:	Kara Backus
ACTION	Motion Passes		

Agenda Item 2 – Plan Update (INFORMATION ITEM)

Lisa Massena gave an update of the plan and of the Board-led working groups launch and progress. Plan Design started its meetings on March 1st; Financial Literacy will be March 29th, and Program Design’s first meeting will be on March 31st. The Outreach working group will begin meeting in April. All the meetings will take place in the Portland area and will incorporate telephone inclusion for out-of-area participants.

Today, the Board will hear from experts that will be working on market analysis, financial feasibility, and program design consulting for the Oregon Retirement Savings Plan. Research results, working group input, and expert opinion will inform the upcoming rulemaking process. Staff is beginning to organize how the Board will initiate rulemaking for the plan. While preparatory activities may start sooner, there will be no significant rulemaking activity until the third quarter.

Ms. Massena will begin engagement with some of the state's Chambers of Commerce later this week. Staff is also launching a more user friendly / public friendly website for the retirement savings plan within 30 days.

Agenda Item 3 – Market Analysis Providers Present Proposed Approach and Timelines: (INFORMATION ITEM)

a.) Boston College, Center for Retirement Research

Anek Belbase, Senior Research Project Manager, and Geoffrey Sanzenbacher, Research Economist, gave a presentation on the market analysis approach for the State of Oregon, commenting both on what is known from current data, and what questions should be answered by new data and research. Specific comments included the following: the eligible population, at possibly over one million workers, is larger than originally thought; statistics show that opportunities like the ORSP tend to disproportionately benefit younger workers, women, and people of color; the difference between a 5% standard savings rate and 3% is 'pretty impactful' – both to individual participants and to the Plan as a whole; importantly, the Center for Retirement Research will study the use of payroll providers and electronic funds transfer capabilities to a recordkeeper for small businesses.

After the presentation, Senator Beyer asked Mr. Belbase what the project timeline would be. Mr. Belbase informed the Board that it would take 2-3 months to have everything done, which would meet Staff's June 30th targeted completion date.

b.) Segal Company / Bridgepoint Group

Wendy Carter, Vice President and Defined Contribution Director, from Segal Consulting and Steve Mitchell, Senior Consultant, from BridgePoint, LLC, presented program design overview and proposed approach to the Board. Among their comments they noted the hybrid characteristics of Secure Choice models, combining features of defined contribution plans and IRA accounts; Patriot Act and Know Your Customer requirements are relevant - Rocket Mortgage was noted as a current market disruptor where validation requirements have been streamlined and automated. Further discussion ensued on payroll and account setups, along with some reliance on the safe harbor regulations proposed by the Department of Labor, and the note of an open question around whether employer data would stay with the employee account in the recordkeeping system, or whether the relationship would be tracked in a separate database or data-matching system. Carter and Mitchell touched on Opt-In participants, including independent contractors who are 1099d, noting that the steadiness of contributions could be a key factor in efficient operation and cost management for this segment of the Plan.

Comments related to the presentation included one from Senator Beyer advising that employers just need an easy way to get the money in. Representative Read stressed the importance of ensuring that there was clear awareness and understanding of the Plan state-wide in advance of its launch and that information should be very easy to get. Steve Mitchell commented further that higher contribution rates and larger balances put plans like these in better position to cover their operating costs; these decisions will be relevant to the Plan Design effort, and the Financial Feasibility study will make impact information readily available.

Agenda Item 4 – Workgroup Updates: (INFORMATIONAL ITEM)

a) Plan Design

Cory Streisinger gave an overview on what happened at the first Plan Design working group meeting. The meeting was very productive, where the group which consisted of 30 people and 10-12 participants on the phone, discussed 'money in' and contribution-related topics. The goal was to identify what some of the pros and cons are from a plan design standpoint, and understand that program design considerations may tell the group what will and won't be feasible. The discussion included talk about contribution rates, where the group was very comfortable with a 5-6% range, and a lot of discussion around how an auto-escalation feature might work on behalf of the Plan's participants and stakeholders.

The next Plan Design Working Group meeting will be March 31st. Discussion will focus on account types, including Roth and Traditional IRAs. In mid-April, discussion will be looking at eligibility and key definitions, including who is an employer, who is an employee, who is the participant. The final meeting will focus on withdrawals.

b) Financial Literacy

Juanita Santana provided an update on the first Financial Literacy Working Group meeting, which will take place on March 29th. In preparation, a financial literacy survey was developed and distributed to the current ListServ and the emerging list of relevant organizations the Board and Staff have mutually identified in connection with this effort. Twenty-seven responses have been received to date, providing a rich set of information with which to begin the discussion. Ms. Santana is working on summarizing the information so that it can be presented at the first meeting.

Agenda Item 5 – Legislative Update (INFORMATION ITEM)

Lisa Massena shared with the board a few updates on national activity:

- States are still waiting for the Department of Labor to finalize the safe harbor regulations, which were published at the end of last year and where the comment period closed on January 19th.
- Senator Merkley, with the Center for American Progress, has put forward a bill for a National Savings Plan with assets proposed to be invested by or similarly to the Federal Thrift Savings Plan.
- The State of California has been holding public meetings this month on its proposed program design. On March 28th, the Board will be voting on its recommendations to be taken to the Legislature later in 2016.
- Illinois is moving into rulemaking mode around their plan. One of the challenges they are facing is they have not had a lot of funding. Illinois is on a similar timeline as Oregon, targeting launch in the summer of 2017.
- Several states and cities have moved into study mode: Virginia, Minnesota, Vermont, the City of New York, and Philadelphia.
- Washington State went with the marketplace model of retirement instead of the Secure Choice IRA. The City of Seattle is now considering whether a Secure Choice model might be suitable and feasible for them.
- Iowa has a bill in committee and \$1.5 million allocated to launch a retirement program.
- Legislation has been introduced in Maryland, Rhode Island, and Louisiana.

Agenda Item 6 – Review Scope and Approach – Investment Consultant RFP (INFORMATIONAL ITEM)

Lisa Massena discussed with the Board the process for the Investment Consultant RFP. The Board will work backwards from the concept of having a record keeping and investment provider in place by the end of this year. 2017 will be focused on implementation. The investment consultant will be involved in helping put the RFP together for that provider or providers. Staff would like to have a consultant in place no later than the end of the second quarter.

PUBLIC COMMENT

Dan Corrigan from McMinnville discussed with the Board the importance of teaching how to save. Mr. Corrigan suggested that the state system send electronic quarterly, one line messages or reminders about saving. This would create awareness.

Diane Freaney gave public comment to the Board on behalf of the Oregon Lions Group. The group does not agree with the State retirement plan and suggested that more work be done on affordable housing and helping pay student loans.

Agenda Item 7 – Other Business:

Lisa Massena informed the Board that depending on how much work product will be finalized in the next two weeks, the April 5th Board meeting may be cancelled. May 3rd would then become the next meeting. The Board is looking to combine the July and August meeting and suggested a date of July 19th. Staff is working with the Aspen Institute for an Oregon-based state sponsored retirement program forum, which will be held June 20th. More information to follow.

ADJOURNED at 10:40 am