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Oregon Retirement Savings Board  
MINUTES  
May 3, 2016

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Board members present:

Chair, Treasurer Ted Wheeler  
Senator Lee Beyer  
Kevin Jensen  
Representative Tobias Read  
Juanita Santana

Board members absent:

Cory Streisinger  
Kara Backus

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

Providers on the phone:

Wendy Carter, VP, Senior Consultant, Segal Group  
Cathie Eitelberg, Senior VP, Segal Group  
Steve Mitchell, Senior Consultant, BridgePoint  
Geoffrey Sanzenbacher, Research Economist, Boston College

The Oregon Retirement Savings Board meeting was called to order at 9:04 am by Treasurer Ted Wheeler, Chair.

**Agenda Item 1 – Approval of the minutes of the March 15, 2016 meeting of the Oregon Retirement Savings Board (ACTION ITEM)**

Board Action

Motion to approve the minutes of the March 15, 2016 meeting of the Oregon Retirement Savings Board.

MOTION:	Juanita Santana	SECONDED:	Kevin Jensen
ACTION	Motion Passes		

**Agenda Item 2 – Plan Update – Progress report and Q2 focus: (INFORMATION ITEM)**

Lisa Massena announced that Geoffrey Sanzenbacher, from Boston College, will be joining the Board by phone to give an update and walkthrough of the Market Analysis and Financial Feasibility later this morning. Wendy Carter and Cathie Eitelberg, from Segal Group, and Steve Mitchell, from BridgePoint will also join by phone. Both providers will present their final reports on July 19<sup>th</sup>.

Ms. Massena informed the Board about various activities taking place regarding the Plan.

- There has been increased focus on outreach.
  - Working on a statewide network on behalf of the plan;
  - Working with the other state agencies that are involved with employees/employers and educating them on the plan;
  - Engagement with the Chambers of Commerce;
  - Spending time with the non-profit side of organizations and representatives of employees who can also work with the Board on the Financial Literacy side.
  
- Ms. Massena has met with organizations that are sponsoring programs that are similar to Oregon's plan or have similar characteristics, which include Washington, California, and Illinois. California and Ohio have highly recommended 457 plans, with which the ORSP has met by phone. Ms. Massena has spent time with Oregon's 457 and 529 plans, and has engaged with the Federal Thrift Savings Plan.
  
- Ms. Massena also gave a quick update on what is happening with the other state plans. Maryland's bill for their secure choice type of retirement just passed, Connecticut's plan passed through the House Chamber and is currently working its way through the Senate Chamber.
  
- The General Consultant RFP will be coming up in the second quarter.
  
- Treasury will add an additional role to support the plan in addition to Ms. Massena.
  
- There has been a small amount of work on the marketing side, and staff are looking at how to engage a market services provider to work with the plan to and through its implementation date in 2017, which would be very similar to other Oregon programs recently launched.

**Agenda Item 3 – Information Generation / Information Gathering: (INFORMATION ITEM)**

Ms. Massena walked the Board through the work under way by Boston College, Segal Company, and BridgePoint Group, including both completed and open items.

The first draft of the financial feasibility analysis tool has been completed, and Geoffrey Sanzenbacher, from Boston College will walk the Board through the proposed approach today.

Regarding Program Design, staff will have an early draft of the operating model that will be used for the second Program Design working group meeting next week.

Ms. Massena turned the meeting over to Geoffrey Sanzenbacher, to present a walkthrough of the Feasibility Model overview.

**a.) Market Analysis, Program Design, Financial Feasibility – Interim Report**

Geoff Sanzenbacher of Boston College presented the Feasibility model overview to the Board. The model has three main inputs: 1) those related to employee and employer eligibility; 2) those related to employee participation; and 3) those related to program costs and revenue. After a thoughtful discussion and questions regarding specific aspects the model, Geoff concluded his remarks. One open

question involved the estimated 220,000 Oregonians who work for employers who offer plans, but not to them. Geoff agreed to gather more data on why people in Oregon are not eligible and present this information at the next meeting.

The Board is requested to become familiar with the model and come back with additional remarks, if any, for the next board meeting. Anek Belbase and Geoff Sanzenbacher will give a presentation of the model at a following board meeting.

**b.) Working Group Updates – Interim Reports by Board Leadership:**

**a. Plan Design**

Ms. Massena gave an update on the Plan Design Working Group.

- 20-40 Participants,  $\frac{3}{4}$  in attendance in person,  $\frac{1}{4}$  via conference call; the group has met three times of 4-5 anticipated meetings
- A good mix of different types of engagement of expert providers both local and national, and employers and employee representatives have been involved in those conversations.
- Focused on specific topics and a consensus on potential approach in many cases. The Board will make any final recommendations for rulemaking purposes.
- Account type – there is group consensus around a Roth IRA, but this information will go to the Board combined with expert opinion before the proposal is made into rulemaking.
- Investment options – there is group consensus that age-based/target date funds are the best default investment; the group talked about whether additional investment options make sense and how to use them in the program. The Group agreed on a safety option, and possibly a growth option in addition to the target-date default option.

Treasurer Wheeler was concerned that too many options will turn participants off. He used the College Savings Plan as an example.

**b. Program Design**

Kevin Jensen updated the Board on the Program Design Working Group. The group held their first meeting in March, discussing the general implications for employees and employers. The next meeting will take place on May 10<sup>th</sup>, focusing on components of an operating model that could be proposed for Oregon. There will be a staff conference call today with BridgePoint and Segal Company to discuss the outline of this operating model and try to narrow the group's focus moving forward.

**c. Financial Literacy**

Juanita Santana gave an update on the Financial Literacy Working Group. This group has met two times, covering topics including results of an information financial literacy survey of programs available in Oregon today. In addition to financial literacy for adults, the group would like to look at the financial education for K-12, which is not in the curriculum.

Senator Beyer suggested reaching out to financial institutions and working in coordination with the education system to increase the curriculum for financial education in K-12.

The next Financial Literacy meeting will be on May 25<sup>th</sup>, and will focus on initial recommendations and action plans.

**Agenda Item 4 – Outreach and Engagement: (INFORMATIONAL ITEM)**

**a) Report on Outreach Planning and Execution:**

Information provided during the Plan Update segment, earlier.

**b) Outreach Working Group – Report on Initial Meeting:**

Representative Tobias Read updated the Board on the initial meeting in April, reviewing outreach goals, and discussing awareness and messaging strategy. The group realized there are lots of existing employee- and employer-focused groups to leverage for statewide messaging, and recognize the importance of different messages to different populations. The next Outreach Working Group will take place on June 2<sup>nd</sup>.

**Agenda Item 5 – Rulemaking and Legal Requirements: (INFORMATION ITEM)**

**a) Report on Rulemaking Process and Approach:**

Kristin Dennis provided an overview on rulemaking. The working groups will inform the rules through their reports to the Board. Once the working groups finish their meetings and reports to the Board, staff will begin the process of turning the information from the working groups, as reviewed by the Board, into proposed rules which will then go to a rulemaking advisory committee and through the rulemaking process. This process will start this summer.

Senator Beyer was concerned about the timing of the rulemaking process, and when rules will need to be posted.

Ms. Dennis did not have a timeline to refer to but informed Senator Beyer that the process would be completed well in advance of the July 1, 2017 Go Live date. The rules will need to be proposed, the Board will have to provide notice, and then allow for a comment period.

Ms. Massena will provide a schedule at the next board meeting and map out a timeline for the Board.

**b) Legislative and National Environment – State Administered Retirement Plans:**

Information provided during the Plan Update segment, earlier.

**PUBLIC COMMENT**

Tom Simpson, Director of Government Affairs at Standard Insurance, provided public comment for the Board. There were two issues that concerned Mr. Simpson; the first was Financial Literacy, where Standard Insurance is involved in with others in the Oregon Healthiest State Initiative. The group is made up of banks, credit unions, non-profits in the state of Oregon. Simpson provided further detail on the mission and activity of Oregon Healthiest State, as well as Standard's role on the Financial Wellbeing Working Group focusing on Oregonians and their actual and perceived financial security.

Secondarily, Mr. Simpson offered a reminder that “the 401k system is healthy in Oregon and we are an active player ... please don’t do anything to undermine that healthy system”, or to put the Oregon Retirement Savings Plan in competition with it. He further noted, “We have people on almost all the task forces to make sure that they are contributing as well as providing caution where caution is necessary.”

Richard Schwarz, retired from the AFT and vice-chair of the Oregon Retirement Task Force, would like to make sure the Board does not stray from the objective of the Task Force and legislation. The objective was that any working Oregonian would be able to participate in the retirement plan.

Michael Bowman from the Capital Group also commented, reinforcing the importance of opt out: “I am speaking on behalf of my 24 years in the business ... You can talk about financial literacy, you can talk about all the other things but having [employees] opt-out actually to start savings is the key benefit”

**Agenda Item 6 – Other Business (INFORMATIONAL ITEM)**

Staff is working to draft an RFP for General Consultant to be added to plan. A draft Statement of Work has been shared publicly as of today. Comments on the draft statement of work are requested and will be due in 10 days.

ADJOURNED at 10:36 am