
Oregon Retirement Savings Board
MINUTES
November 4, 2015

Board members present:

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

Oregon State Treasury staff present:

Lisa Massena, Executive Director, ORSP
Michael Cox, Communications Director
Kristin Dennis, Senior Policy Advisor
Tom Rinehart, Chief of Staff
Missy Simpson, Executive Assistant

The ORSB meeting was called to order at 10:35 am by Treasurer Wheeler, Chair.

I. Call to Order

Treasurer and Chair Ted Wheeler welcomed Board members and gave a brief overview of why the Oregon Retirement Savings Plan was needed in the State of Oregon. A Task Force created three years ago (HB 3436) found that half of Oregonians had less than \$25,000 saved for retirement. The goal of the task force was to evaluate the status of retirement savings in the State of Oregon, and to make recommendations to the state legislature. Those recommendations were embodied in HB 2960, which created the Oregon Retirement Savings Board. The Board was given broad authority to both design and implement a state-sponsored retirement savings program. The Board must report back to the legislative body by the end of 2016, and the timeframe for implementation of the plan, assuming all the requirements are met, would be July 1, 2017.

II. Introductions:

Chair Wheeler introduced Lisa Massena, Executive Director of the Oregon Retirement Savings Plan. After Ms. Massena gave a brief overview of her credentials, each of the board members introduced themselves. At the Chair's suggestion, members of the audience also introduced themselves.

III. Responsibilities and Logistics:

Lisa Massena, Executive Director, presented information regarding the power and duties of the ORSP Board.

- Establish, implement and maintain the plan
- Adopt rules for general administration of the plan

Chair Wheeler pointed out that the Board will need to explain the difference of the process for non-participation and the process for opting out. They seem like they are the same, but there must be some logic that he is not aware of.

Ms. Santana noticed that the educational process was not included as one of the nine major categories, and wanted to know if the Board will have a role in that process. Education will be a key aspect into increasing participation.

Lisa Massena explained there will be another set of characteristics around the plan as the Board moves on.

- Direct investment of funds contributed

Chair Wheeler explained the Board would need to create a set of investment policy guidelines, which Lisa Massena described would incur in two different levels, 1) will determine what the investment options are and what should be offered in the plan; and 2) will be the specific guidelines around the types of investment advisors who will be hired to fill the different roles.

Senator Lee Beyer mentioned that the Board will need to establish those levels in broad context and that would be the basis for putting together a RFP for selecting plan administration.

- Collect fees to defray costs of the plan
- Evaluate need for pooled private insurance

Representative Tobias Read explained that the bill gives the Board the authority to evaluate the pooled private insurance.

- Develop and implement outreach plan

Representative Tobias Read wants the Board to be thinking about individual participants and employers, so when the plan is established, no one will be surprised their paycheck is different as a result of not opting out.

Massena also discussed the drafting of a Board Charter, and the proposed Board meeting schedule for 2016/2017.

IV. Statutory Requirements and Plan Status:

Kristin Dennis discussed statutory requirements included in HB 2960. By 1/1/2016, agencies referenced shall report to the Board plans and timelines related to outreach, technical assistance or compliance services. An interagency working group has been established and Staff is targeting presentation if possible at the December board meeting. By 12/31/2016, the Board will need to report to the Legislative Assembly with the findings of the market analysis, an analysis of potential costs to employers, and a draft RFP, for a third party provider. Chair Wheeler urged the Board to make sure they communicate to the Legislature what the Board's intentions are and to get advanced approval that meets with the Legislature's needs and

expectations. Ms. Dennis added that the Board will need to make sure the Legislature has all the information the Board has been collecting and be able to present it. In addition, there will be a timeline for implementation, an overview of any contracts entered into, legal contracts, market analysis, and recommendations for increase in financial literacy. By July 1, 2017, the plan is targeted to be operational and funded. December 31, 2017, and each calendar year afterward, the Board will report to the Governor and Legislative Assembly detailing the Board's activities.

V. High Level Milestones and Budget:

Lisa Massena presented key elements regarding the milestones and budget:

- Market analysis, incorporating four elements: feasibility (ensuring the plan can be brought into being as described), duplication, plan design, and messaging the plan.
- Plan design and program rules: 18 elements and nine rules that come together to form the primary elements of the plan, under the direction of the Board.
- Establishment of an investment policy.
- Service provider selection: will need to include strength of the platform that is being offered, the ability of the provider to service this particular population, ability to provide a flexible investment menu and have an open platform, outreach capability of the organization and the ability to support what Oregon needs in terms of getting the message out.
- Investment selection: will be driven by the investment policy. Before looking into a particular investment, parameters will already have been set around what it needs to look like and how to needs to act in the overall investment characteristics.
- Implementation: will be critical. All parties will need to be ready, including employers, payroll providers, investment provider, and record keeper.

It is expected that this work will be supported by research and recommendations of expert firms, including potentially a market analysis provider, a program and investment consultant, and legal advice and support on the plan and a plan document.

Ms. Massena discussed the budget for the biennium ending June 30, 2017 for contracted services, agency-based services, and staff, services and supplies. This startup funding is established as a loan from the General Fund, expected to be repaid during successful plan operation.

VI. Potential Timelines and Board Decision Support:

Lisa Massena walked the board through a draft timeline regarding the market analysis, plan design, investment policy, service provider selection, investment selection, and implementation.

The Board discussed the likelihood of overlapping efforts, rather than a sequential approach, to enable overall timelines to be met.

Ms. Streisinger suggested the Board extend the meetings to make key decisions on the potential timeline, and to have time to hear from a variety of experts.

VII. Plan Prerequisites:

Ms. Massena provided highlights of the four pre-requisites that, in accordance with HB 2960, must be met in order to launch the Oregon Retirement Savings Plan, including:

- Market analysis
 - Feasibility
 - Existence of plans meeting required characteristics
 - Optimal features for Oregon
 - Optimal messaging for eligible participants
- Obtain legal advice on ERISA and IRC applicability
- Investigate employer opt-in
- Investigate opt-in for individuals not automatically enrolled

The market analysis was discussed in some depth at the beginning of the meeting. Additionally, Staff is waiting for the Department of Labor to weigh in with specific guidelines for state-sponsored retirement plans. As outlined in HB 2960, the Board will further evaluate the ability of employers and individuals not automatically enrolled in the plan to be able to opt-in.

VIII. Discussion/Next Steps:

Lisa Massena outlined proposed next steps, including initiation of plan prerequisite work, and receipt of reports of Agencies on 2016 support and engagement plans.

IX. Next Meeting:

Tentatively set for December 15, 2015.

X. Adjourn:

The meeting adjourned at 11:56 a.m.