

NEW JERSEY SECURE CHOICE SAVINGS BOARD

Minutes of the Meeting September 20, 2024

Minutes of the Board meeting of the New Jersey Secure Choice Savings Board (the “Board”) held via Zoom on Friday, September 20, 2024, at 10:10 AM Eastern Time.

MEMBERS OF THE BOARD IN ATTENDANCE

- Todd Hassler, Executive Director, Secretary, New Jersey Secure Choice Savings Program
- Andrea Spalla, Chair Person, Assistant Treasurer of the State of New Jersey, Department of the Treasury
- Kevin Walsh, ex-officio Member; Acting State Comptroller
- Tariq Shabazz, ex-officio Member; Acting Director of the Office of Management and Budget
- Luis O. De La Hoz, Public Member

ADDITIONAL ATTENDEES

- Jeffrey Padgett, Deputy Attorney General, Department of Law and Public Safety, Division of Law
- Sam, Kovach-Orr, Governor’s Authorities Unit
- Charles Vellenga, Secure Choice Savings Program
- Peter Moak, Secure Choice Savings Program
- Johanna Colapinto, Secure Choice Savings Program
- Yon Brown, Secure Choice Savings Program
- Charlie Hamad, Vestwell
- Michael Terdeman, Vestwell
- Matthew Golden, Vestwell
- Courtney Eccles, Vestwell
- Erin Whitman
- Andrea Feirstein
- Michael Terdeman
- Jeffrey Oakman, Governor’s Authorities Unit

Chair Andrea Spalla presided over the meeting and Todd Hassler, Executive Director, kept the minutes.

Chair Spalla called the meeting to order at 10:10 AM. Chair Spalla introduced herself and made the following statement:

I hereby call the September 20, 2024 meeting of the New Jersey Secure Choice Savings Program Board to order. I am Andrea Spalla Chair of the Secure Choice Savings Program Board as a designee of the State Treasurer.

I also wish to announce that adequate notice of this meeting was provided in accordance with

the Open Public Meetings Act. Notice of today's meeting was filed with the Secretary of State; distributed by press release to at least two daily newspapers in New Jersey; and also posted on the bulletin board for the Secretary of State.

I will now ask Deputy Director Charles Vellenga, to please call the roll.

Chuck Vellenga, Secure Choice Savings Program took roll call:

*Andrea Spalla
Tariq Shabazz
Kevin Walsh
Luis O De La Hoz*

We have a quorum present. We also have present, Secure Choice Program Executive Director, Todd Hassler.

Chair Spalla continued:

Thank you, Chuck. And thank you and welcome to everyone in attendance. If there are any members of the public in attendance who wish to speak at this meeting, please note that the Board will open the floor for public comment before we adjourn.

I ask members of the Board to identify themselves before making or seconding a motion because this is a virtual meeting.

I would like to request a motion to adopt the Resolution approving the minutes of action taken at the June 7th, 2020 board meeting. Those minutes were emailed to the Board earlier this week and a copy of the Resolution and minutes are included in your Board package under "Exhibit 4A & 4A1".

May I have a motion to approve the minutes of the Board meeting held on June 7th, 2024 board meeting?

Tariq Shabazz moved to approve the minutes.

Luis O De La Hoz seconded the motion.

There was no discussion from the Board.

The motion passed with all 4 members in attendance voting to approve the minutes

Chair Spalla opened for a motion for executive session for legal questions.

There was no discussion from the Board. No executive session was requested.

I would like to invite the Program's Executive Director Todd Hassler to provide the Board and the public with a program update.

Todd Hassler provided a status update on the launch of the New Jersey Secure Savings Program:

Thank you and Good Morning, and thank you for attending the New Jersey Secure Choice Savings Program's September 2024 Board Meeting.

We are going to provide an overview of the program's operation, review some of our marketing efforts, discuss some of our program analytics and talk about a board action that we'll be looking to have done today.

I would like to give a brief overview of the employee and employer registration and contribution cycle. This is to make the board aware of the process so that the analytics make a little bit more sense as we move forward. As you'll see in the slide being presented there is a time lag between the points that the employer registers to the remittance of the first contribution. We're referring to this as the registration to contribution lag. This will become relevant in later discussions in our analytics, but I would like to discuss or explain why this lag exists. The most notable area of delay is in the 30-day enrollment window. This is the period where RetireReady NJ is contacting the saver and informing them of their default elections as well as their ability to provide alternate elections to the program. This is a similar process in the private sector with private defined contribution plans. The saver has thirty days to make a decision to either maintain their default elections or to provide alternative elections that are more suited to their saving needs. This process naturally creates a lag in the cycle time and it is very apparent when you look at the program's performance from a data perspective.

The next area that I'm going to draw your attention to is the payroll process. The first payroll process can be delayed due to a timing between the report being produced by RetireReady of new saver elections and the payroll being processed by the employer. If an employer processes payroll today and we sent over the report today, this creates a lag until they process their next payroll. So, in many cases you'll see about a 14-day lag based on the timing of delivery, this is also a very similar issue that we see in the private sector with defined contribution programs. It's something I want to make the board aware of. It's just a natural process of the business.

The last item is contribution process. The contribution process is when the contributions are deducted from a payroll. There is a logistical process that is being followed by the employer as far as segregating that money and transmitting it to RetireReady. We would like to see that happen the same day, but we understand that there are administrative demands with this process for the employers here in New Jersey. For RetireReady, we are adopting an expectation similar to the private sector to find contribution programs. We are expecting employers to remit deferrals to RetireReady NJ as soon as possible.

We acknowledge that there is some logistical workflows to help and aid in the identification and monitoring of this. We are building processes internally to help monitor these contributions down to the employer level and the ability to audit, that contributions are being remitted on a timely basis. A lot of this is going to be being able to identify how quickly payroll is being processed and how quickly they're going to be sent through that identification that monitoring is being developed now.

With that, I am going to go into some administrative updates, the program, Request for Quotes for the Auditor. We have received responses from auditors to this Request for Quotes. We are scheduling meeting with the evaluation committee presently. They will be conducted here in September to review the bids and ultimately determine if any of the bidders have met with the expectations of the RFQ and begin evaluating their proposals for the program.

For the Investment Committee, our next Investment Committee meeting is scheduled for October 11th, 2024. We'll be providing an update to the board in the October board meeting.

Lastly, the draft of the 2025 board meeting schedule will be circulated to the board members for consideration and review. Please let us know if this schedule creates any conflicts with your personal schedules and we'll make the appropriate adjustments. Our final proposed version will be presented at our annual board meeting in December for your consideration, and necessary approval.

Moving onto our marketing updates, I would like to begin with some statistics from our marketing team. Since our last meeting, we've had more than 50 posts through social media to the public. These are being done in both English and Spanish and this is 50 each on each social media platform we are currently updating, including Facebook, LinkedIn, and Instagram. These are media posts going out to the savers and the employer communities to create awareness of the program, stimulate engagement for the program, and help ultimately enhance adoption of the program. In addition to the social media posts, we've created six videos for posting on YouTube for both the employers and savers, being done in both English and Spanish. We've gotten a lot of positive feedback from our social media posts.

We hosted five employer webinars reaching over 900 participants here in New Jersey, along with two savers webinars that have reached over 200 participants here in New Jersey. In addition, we've attended and participated in eight in-person events, including yesterday. We were at the Hispanic Chamber of Congress Pride event. Fantastic event, thank you so much Luis, of helping us to secure a table there. We've also attended 2 virtual events and have over 13 scheduled in-person events over the next two months including the payroll conference here in New Jersey on September 27, the Association for the education of youth and children conference on October 4th. The arts pay in New Jersey is a virtual conference on October 15th. Finally, a small business summit on October 24th. I would like to go through all of them, but I know two more have been added today as Chuck has sent me invitations. We're getting a lot of draw to attend these events and the awareness to the program has been very valuable in helping to get the word out about RetireReady.

As we move into our post-launch phase, we are developing a more strategic marketing strategy that is focused on separate areas of focus. The employers, savers, and related industries. We do have a slide to help lead through this area. For the employers, as you can see in the marketing timeline here, we're leveraging our marketing resources to address operational goals. Our immediate focus is on the engagement of employers who have failed to register or are required to register for the program and help them become compliant with the Act.

As you are aware, we have passed our first deadline of September the 15th for large employers, 40 or more employees. We are now launching our administrative process to identify and engage the employers and help bring these employers and compliance with the law as a result. Mandate employers who have not registered should expect communication from the RetireReady NJ team. We'll be contacting through email, direct phone calls, or even terrestrial mail. We are also mailing welcome packets to employers who have registered. These mailing includes window clings, we would like to identify them in the public as employers who are helping their employees to be prepared for retirement. In addition to that, we're providing support and material in both English and Spanish that they can hang in the common areas of their office. This material is really to help do two things. First off, provide information to the savers, to the employees of these employers so that they can interact with RetireReady more easily. Additionally, it's to help the employers. We do not want them to serve as the administrator of these programs. It's our responsibility to educate and prepare the employers and the savers for the process of registering and saving into the program.

So we're sending these materials out. The employers can hang them in their common areas just like other materials that they're required to hang and that will take some of the burden off of them and make the process of engaging RetireReady easier for the savers. As we look at the savers, we're continuing to engage with the savers and find new creative ways to educate the community of the importance of saving for retirement and also just saving, helping them actually engage and become savers in the program. Some examples of this are social media that we talked about earlier. We've done several social media outreach efforts, YouTube videos, in both English and Spanish, to engage the saver community. We've been hosting webinars, we've gotten a lot of really good feedback on our webinars, and a great deal of engagement from Saver community.

One of our best examples of engaging the community is also finding Strategic Alliances. One example of this, this month we met with GLACO (Grupo Latinoamericano de Consules en New Jersey). This is an alliance of 17 Latin American countries that aim to collaborate and offering services to the Latin American Hispanic community and meeting with their consulates. With these consulates, we met with up to four different countries, Mexico, Ecuador, Uruguay and Paraguay. Our presentation provided an overview of retirement in the United States, where individuals learn about retirement. We really learn about retirement from work or from home. Usually an employer will offer a retirement plan or your parents teach about retirement. WE also discussed what happens when individuals are not exposed to the lessons of retirement readiness. We reviewed the disparity in the retirement savings for the Hispanic community in the United States. Approximately 62% of the Hispanic community do not have access to a retirement savings plan or will not be saving for retirement. With this understanding, we actually invited and challenged these consulate to help us create awareness of RetireReady, we asked them to help us engage the community and find ways to encourage individuals to begin saving for retirement here in New Jersey, whether through us or through their employers, or even independently. Our ultimate goal is to create awareness of retirement and make our services available to that community.

We're doing similar things with other public leaders here in New Jersey. Providing outreach to other communities as well, but the meeting with GLACO is a great example of some of the efforts that we've been making. From an industry perspective, we've already initiated outreach to this audience, industry we're referring to as the payroll or the retirement industry, I think it's very

important for us to be engaging them so that we're able to provide clarity of how our program is intended to work and the importance of engaging and preparing these vendors to support their employees, their employers, their clients here in New Jersey.

One example of this is our participation in the payroll conference here later this month, where we'll be talking, we are actually speaking at that conference about the program and the importance of getting their clients who are mandated to participate and register with RetireReady, but also putting resources in place to communicate this out during the payroll process, so these are huge advancements in this area. It obviously creates a lot of awareness to the employer community about their need to register if they're mandated employer. While I'm sure you're happy to hear all about the education and outreach efforts that our team have been performing, I want to share how these efforts are contributing to the advancement of retirement readiness here in New Jersey.

Since our launch in June, we have registered more than 473 employers, with an adoption rate that's increasing weekly in just the past week. Our adoption rate went from 61 in one week to 183, so that a 300% increase there. As a result of these registered employers, we have 1107 citizens that are making contributions in their retirement accounts with assets over \$85,000 already. These funded accounts have received, in addition to these funded accounts, we have also received several direct investor contributions. These are individual direct investors, as in an individual who's not covered by a mandated employer. These are individuals who have sourced us independently and they have contributed \$16,000 into the program. This is a great accomplishment. It's wonderful to see signs of this so early in our operation.

It shows that our outreach is both reaching the covered mandated employer population as well as individual savers here in the state who are either self-employed or employed by non-mandated employers. So we are making a penetration into both communities and that's a wonderful thing. We are very happy to see so many people taking advantage of the program. In addition those initial funded accounts, the 1107 funded accounts, and we have 22,126 pending accounts that are in the enrollment window we discussed earlier. So they're in one of those periods of registration to 1st contribution lag period, and we are expecting them to begin contributing shortly. If we just think about the contrast of those number with 1107, and current funded accounts being of \$85,000, we're going to multiply that by 22. So we could expect similar effect to occur with the assets that we have under management. So this will have a significant impact to the number of registered funded accounts than we have here and also the growth of the program.

I know there was a lot of information there. I do expect well have some questions at the end, but I do want to move into our last item on the agenda today, matters requiring board action. We are presenting exhibit 7A, an amendment to section 3.7 and 3.8 of the Secure Choice Savings Program bylaws. This amendment will allow the flexibility during periods of time when board members appointment are ending and we are in the appointment process for new board members. In our current state, we must have 4 board members to establish a quorum and to facilitate elections, actions, motions and resolutions by the board. When we are in these periods of transition, the board may be reduced in size. In the interest of maintaining a fluidly operating board, we would like to revise the section of the by-laws.

From 4 board members being required to a majority of board members. I would like to ask the

board to consider this amendment and approve this amendment to our by-laws.

With this update, I would like to conclude my updates to the board. If the board have any questions at this time, I would be happy to speak to them.

Tariq Shabazz asks: What are the parameters for default elections, and is it individualized by an employer or is it a standard across the board?

Todd Hassler: Our investment policy is set up for all employers. We follow a singular process for all savers here in New Jersey covered by the program. Our default is for a 3% contribution into a Roth IRA and they are defaulted into a target date fund based on the expected retirement date of the saver and so if somebody is within an earlier tranche, they're younger and their lifespan, they will be in a later target date fund expecting retiring obviously somewhere around 65. So this is it, it is dynamic, it gives the ability to make it personalized for the individual saver, but yet we follow a standardized practice. This practice is actually utilized by about 98% of all private deferred compensation programs here in the United States.

Andrea Spalla asks: The focus of your update was appropriately I believe on affirmative outreach. I mean there's kind of two aspects of what is mandated, you know, legislatively mandated participation by certain categories of employers in the state. There's the carrot and the stick in terms of enforcement and what you focused on in your update was the carrot, right? All of the extensive outreach that your team has been doing and it looks like the numbers are bearing out the success of these efforts. At some, maybe not now, but maybe at some future date it would be helpful for members of the public to hear a little bit about the stick and of enforcement efforts around the program mandate, because I do think that we've had questions in the past from employers who've been paying attention to the rollout of the program about what happens if they don't participate, and I think it would be helpful for everybody to be provided an update on that. So I recognize that it is kind of a big topic and an open ended question. So I don't expect an answer right this second, but I think it might be helpful for our future program.

Todd Hassler: I can give a little bit of an update and Johanna, if you could bring up the slide of the timeline. We have built this into consideration into our marketing program because the development of the operation and marketing for this program working concert with each other. So right now you can see on our timeline. We're in the September, October time frame of failure to register, identifying the identification of these employers and the outreach within the first year are going to require affirmative communication. We want to make sure that we over communicate in our first year and that is our goal and we are doing that at the unit. Our first actual communication is our first enforcement action that will be scheduled. There will be an enforcement action in 2025, which will be a specific communication from the program saying, you have failed to register and you've failed to comply with the law and that's a requirement of the program. As you work down through the categories and the left side failing to contribute timely, failing to update records, failing to deposit contributions, these all carry different connotation and are met with different enforcement efforts. We do need to make sure that we can identify these employers, identify the process easily here in New Jersey with RetireReady and communicate effectively, that's being built in concert with each other. Both the operation and the communication strategy around it so that they coincide. We don't want there to be any misunderstandings or a failure to communicate on

our part. So that's why this marketing timeline is built the way it is built so that our operation is working directly with these areas because communication is going to be the key. We have a lot of employers here in New Jersey. They're all asking for guidance and part of that's going to be the issuance of our regulations, which will be coming up in the coming months. We will be providing more specific information on that, most likely in the next two board meetings.

Chair Spalla asks for action on Agenda Item 7A, the approval of the updated by-laws.

Luis O De La Hoz moves.

Kevin Walsh seconds.

The motion passes unanimously with the members currently in attendance.

Luis O De La Hoz comments on the outreach efforts of the employees of the New Jersey Secure Choice Savings Program.

Chair Spalla asked about any old or new business from the board.

Chair Spalla then opened the meeting up for public comment, of which there was none.

There being no further business, on a motion from Luis O De La Hoz, which was seconded by Kevin Walsh, and carried by voice vote from members present voting in favor, the meeting was adjourned at 10:50 AM.