

New York Secure Choice Savings Program Board

Introduction: Consulting Team, Landscape and Project Plan

September 21, 2022

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Today's Discussion

	<u>Slide</u>
• The New York Team	3
• State-Run Retirement Program Landscape	9
• Preliminary Project Plan	20

Section 1.

The New York Team

Our Team for New York State



*Program Management, General Consulting
and Program Design*

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Market Analysis and Feasibility Study



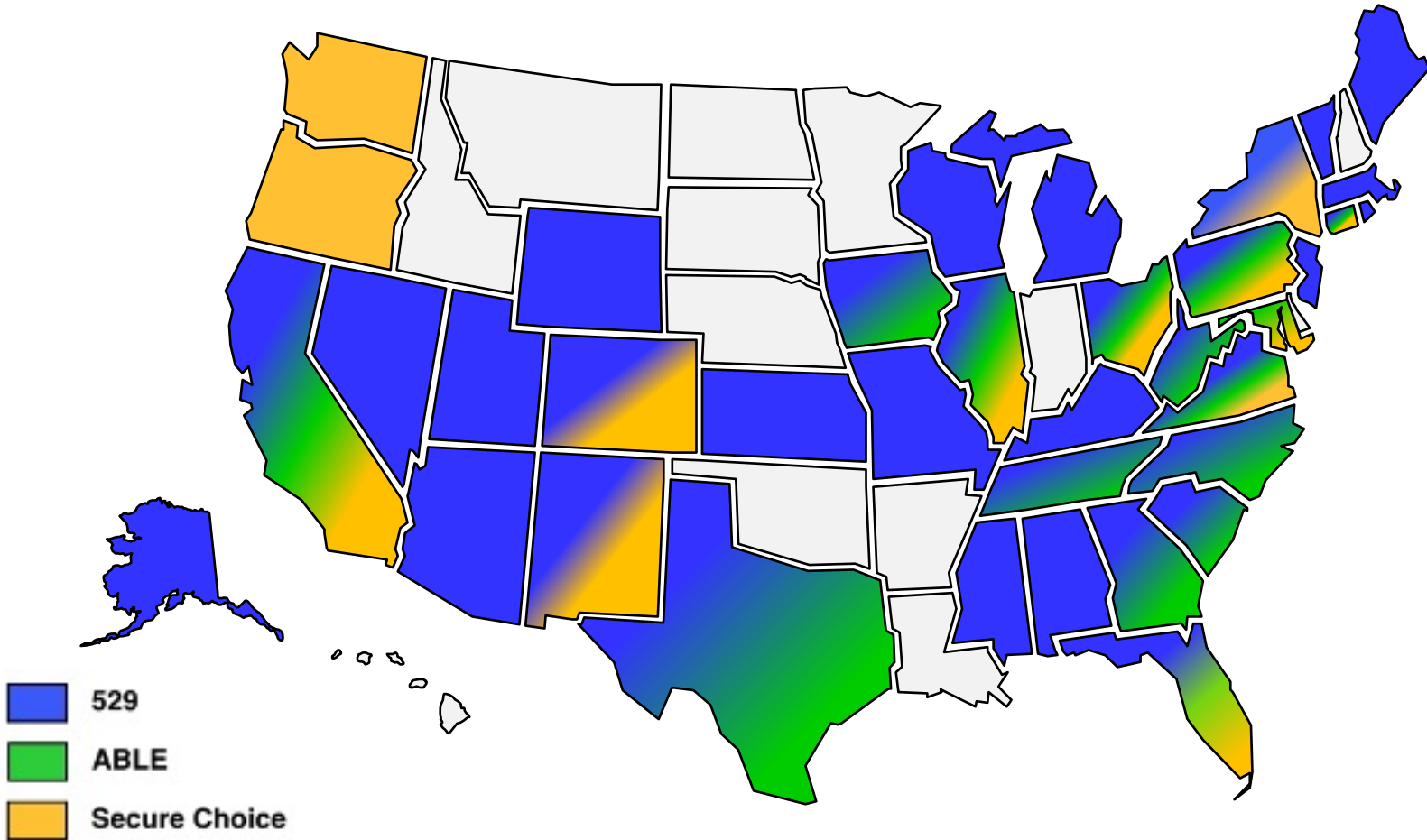
Investment Consulting

Summary of Team Credentials

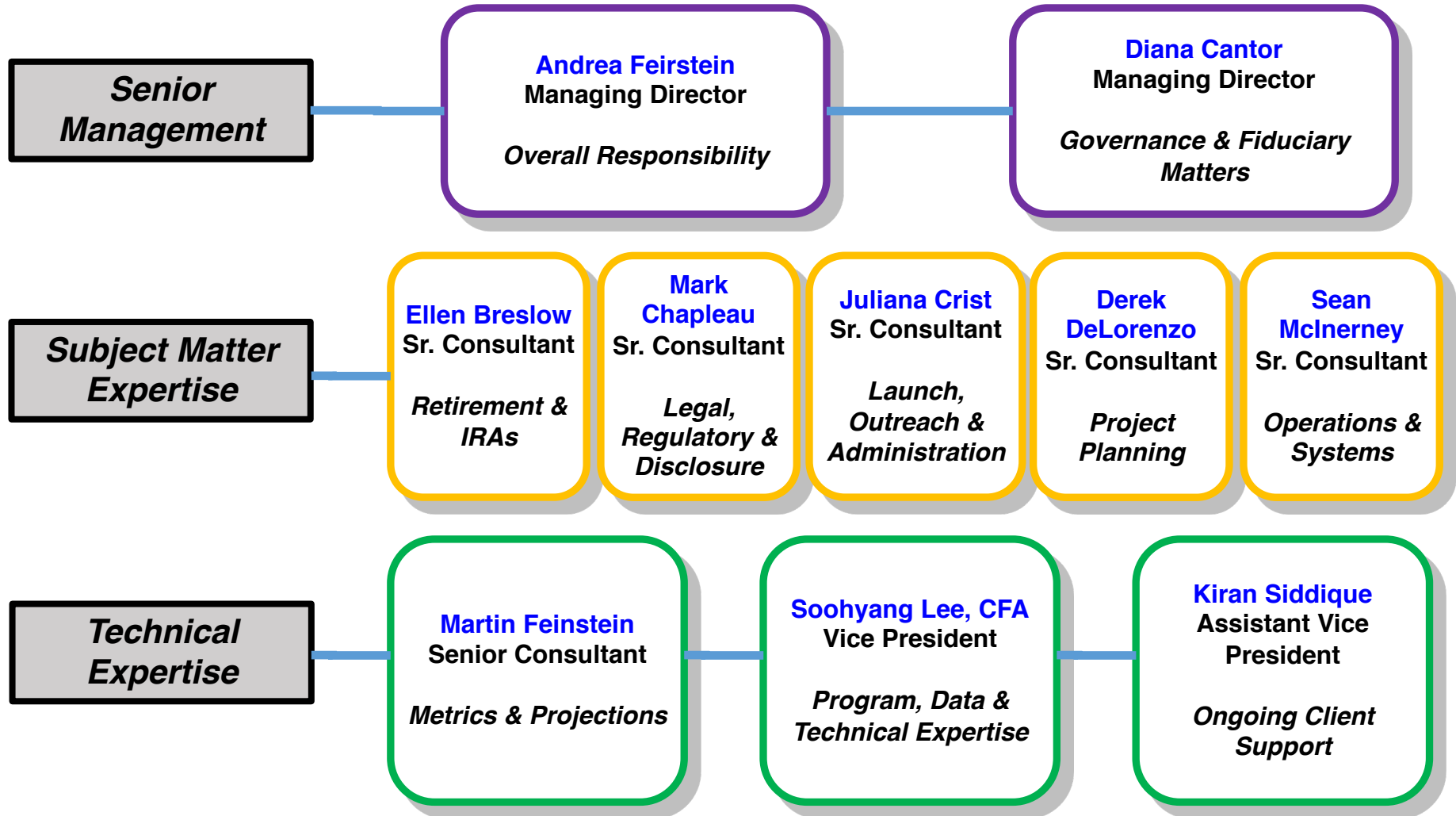
AKF (Lead) <i>General Consulting and Program Design</i>	CRR <i>Market Analysis and Feasibility Study</i>	Marquette <i>Investment Consulting</i>
<ul style="list-style-type: none"> ▪ 20 years consulting for State-run Investment Programs ▪ Municipal advisors registered with MSRB and SEC ▪ Public sector clients only – mission aligned with States ▪ Leading strategic advisor to 45 State administrators across 35 States. Including seven Auto-IRA Programs ▪ Significant experience including design, launch and management of State-run investment programs ▪ Seasoned professionals from public and private sectors 	<ul style="list-style-type: none"> ▪ National reputation as authoritative source of information on retirement ▪ Recognized thought leader dedicated to retirement studies, with focus on economics and behavioral factors around topics like social security, financing retirement, etc. ▪ State-run Retirement Program work includes studies for CO, CT, IL, MA, OR, NM, RI and WA ▪ Studies at federal level as member of SSA’s Retirement Research Consortium and studies for DOL, National Institute of Health, Congressional Research Service 	<ul style="list-style-type: none"> ▪ Approach to DC plan stewardship refined over 30 years of experience and research ▪ SEC-registered investment adviser ▪ 19th largest investment consulting firm in nation ▪ State-run Investment Program clients, including Secure Choice ▪ 100% employee owned, 400+ clients with \$356B under advisement

Our Combined National Reach

- Our Team brings an expansive national perspective on State-run Investment Programs

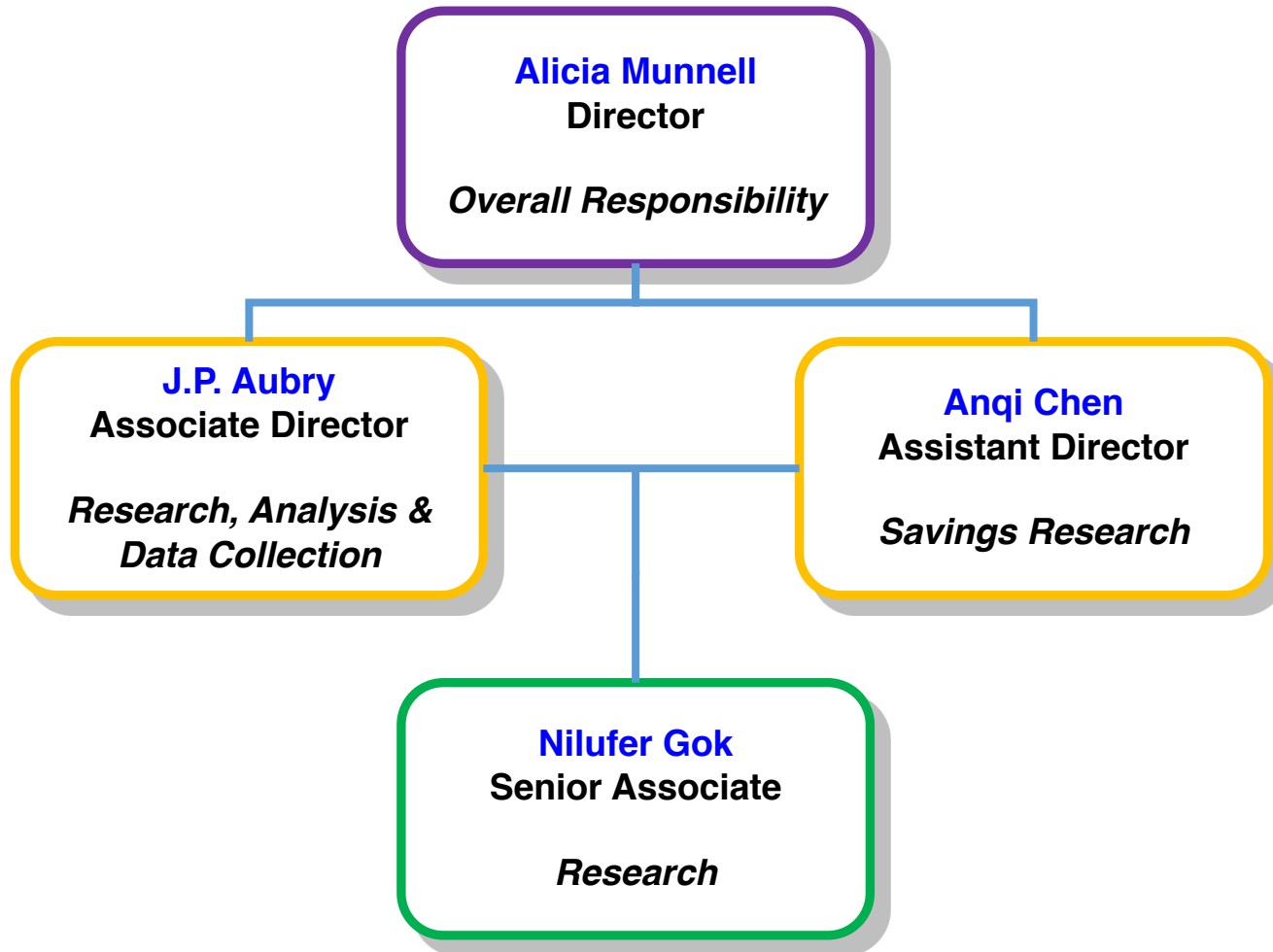


The AKF Team

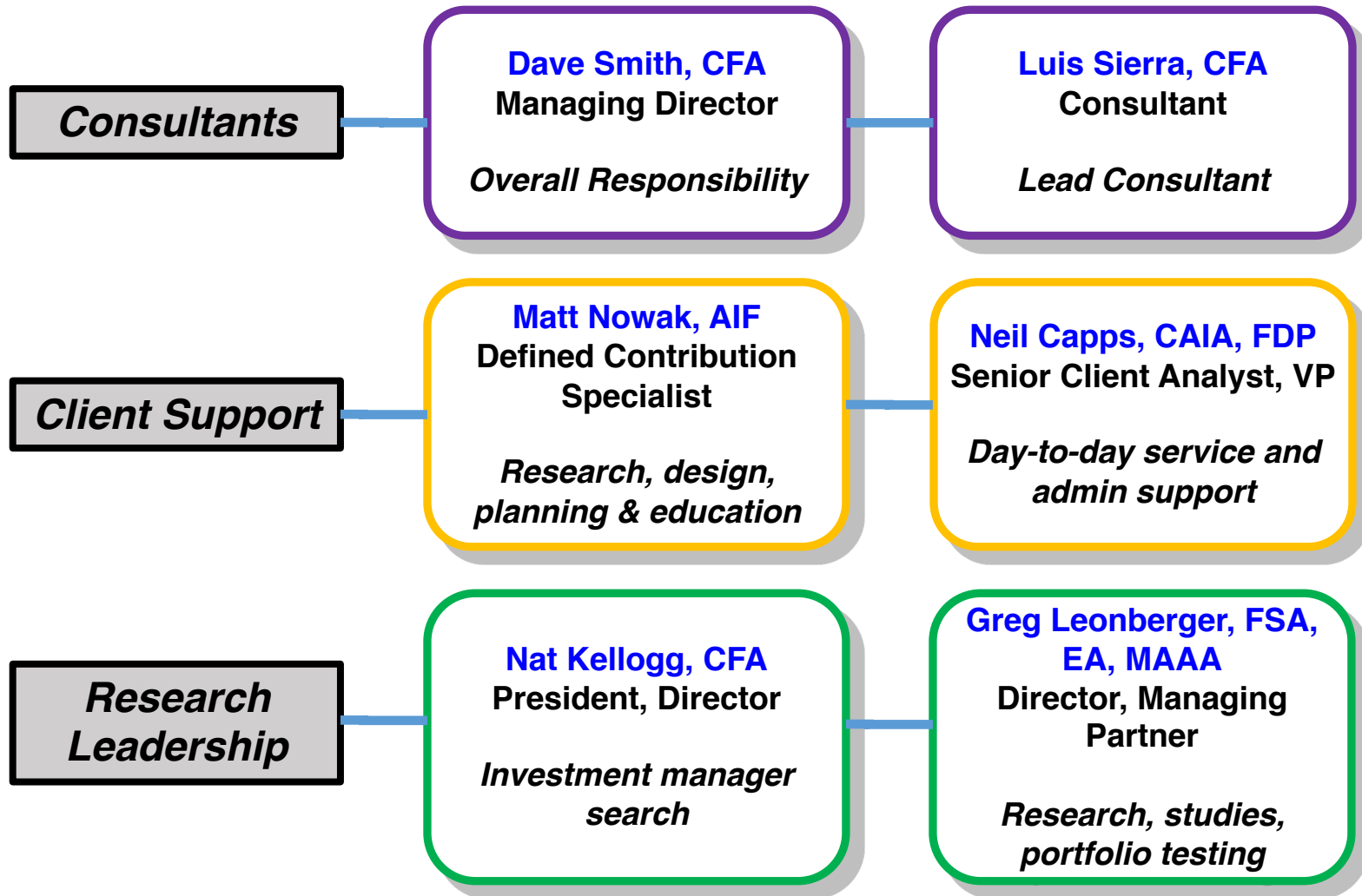


Note: Andrea Feirstein, Derek DeLorenzo, Soohyang Lee and Kiran Siddique are SEC- and MSRB-registered Municipal Advisors. All other AKF Team members are not registered Municipal Advisors.

The Center for Retirement Research Team



The Marquette Team



Section 2.

State-run Retirement Program Landscape

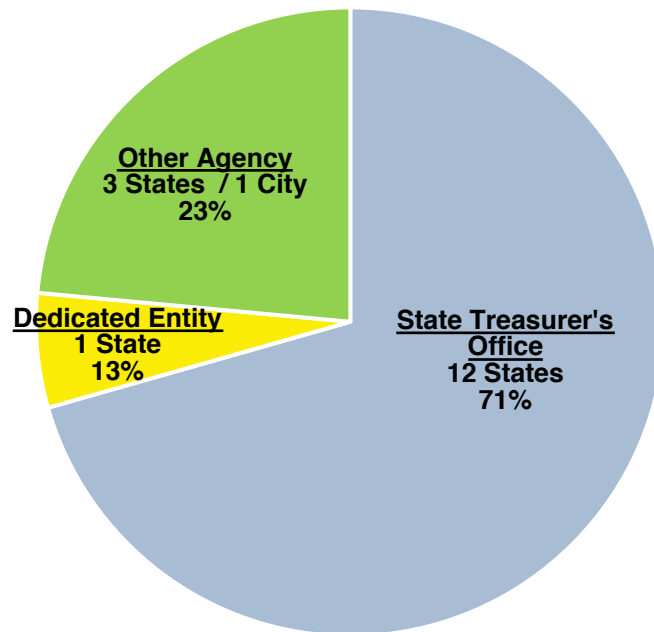
Background on State-run Retirement Programs

- Since the early 2000's policy experts recognized a looming retirement crisis as an increasing number of private sector employees have not saved for retirement
- Since 2012, 45 States have taken action to consider, study or establish a State-run Retirement Program ("SRRP") to address the crisis
- Today, 16 States and two Cities have authorized an SRRP
 - Programs can take several forms – most common is an "Auto-enrollment IRA"
- Typical Auto-IRA features in NY Secure Choice:
 - Businesses with 10 or more employees that do not offer a qualified retirement program must participate
 - Employees will be enrolled automatically unless or until they "opt out"
 - Unless the employee selects a different contribution rate, 3% of their paycheck will be deposited into a Roth IRA
 - Participants may choose from a limited menu of investment options
 - Not choosing a specific option, usually defaults the participant to a target date option

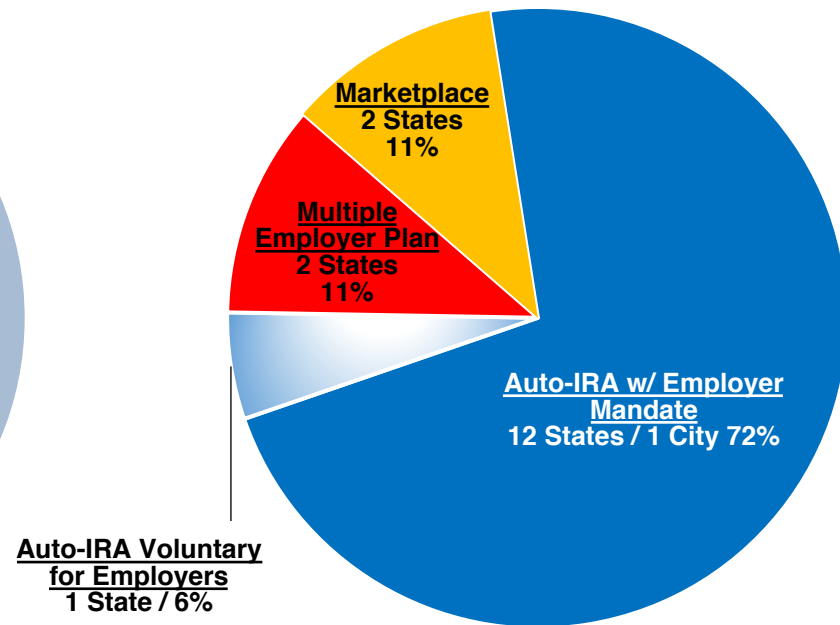
The National Landscape

- Sixteen States and two Cities have authorized Programs
- The mandated Auto-IRA dominates the market

State Oversight



Program Models



Information as of September 14, 2022

State Treasurer's Offices include California, Colorado, Delaware, Illinois, Maine, Massachusetts, New Jersey, New York State, New Mexico, Oregon and Vermont. Effective July 1, 2022, it also includes Connecticut through the State Comptroller's Office.

Other Agencies include Hawaii, Virginia, Washington State and City of Seattle.

Dedicated Entity represents Maryland

Oversight reflects 17 Programs, assuming the New York State Program includes New York City Program.

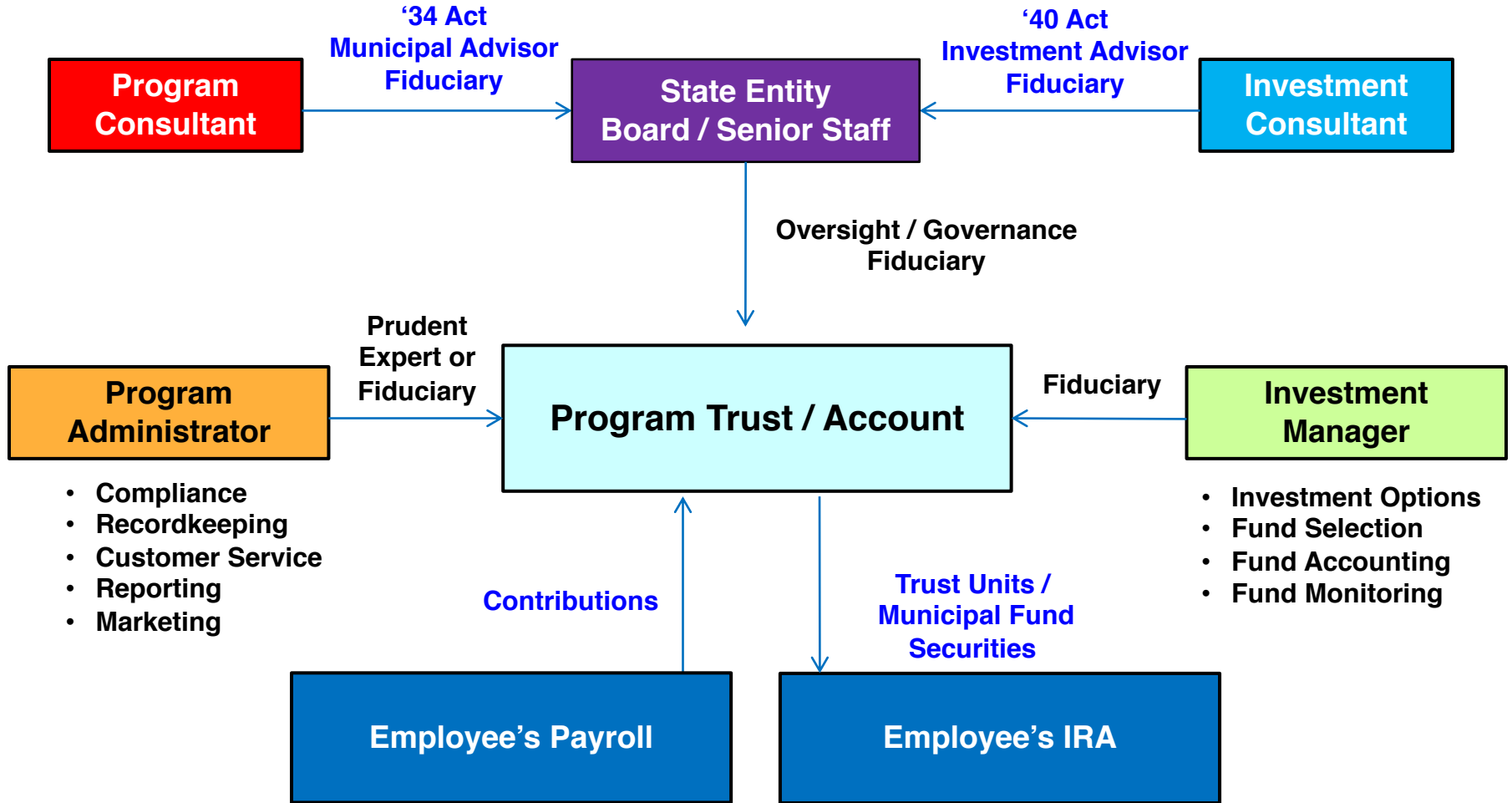
Program Models reflect 18 Programs, including Marketplace and Voluntary Auto-IRA authorized in New Mexico (and assuming New York City is in New York State Program)

Programs Across the National Landscape

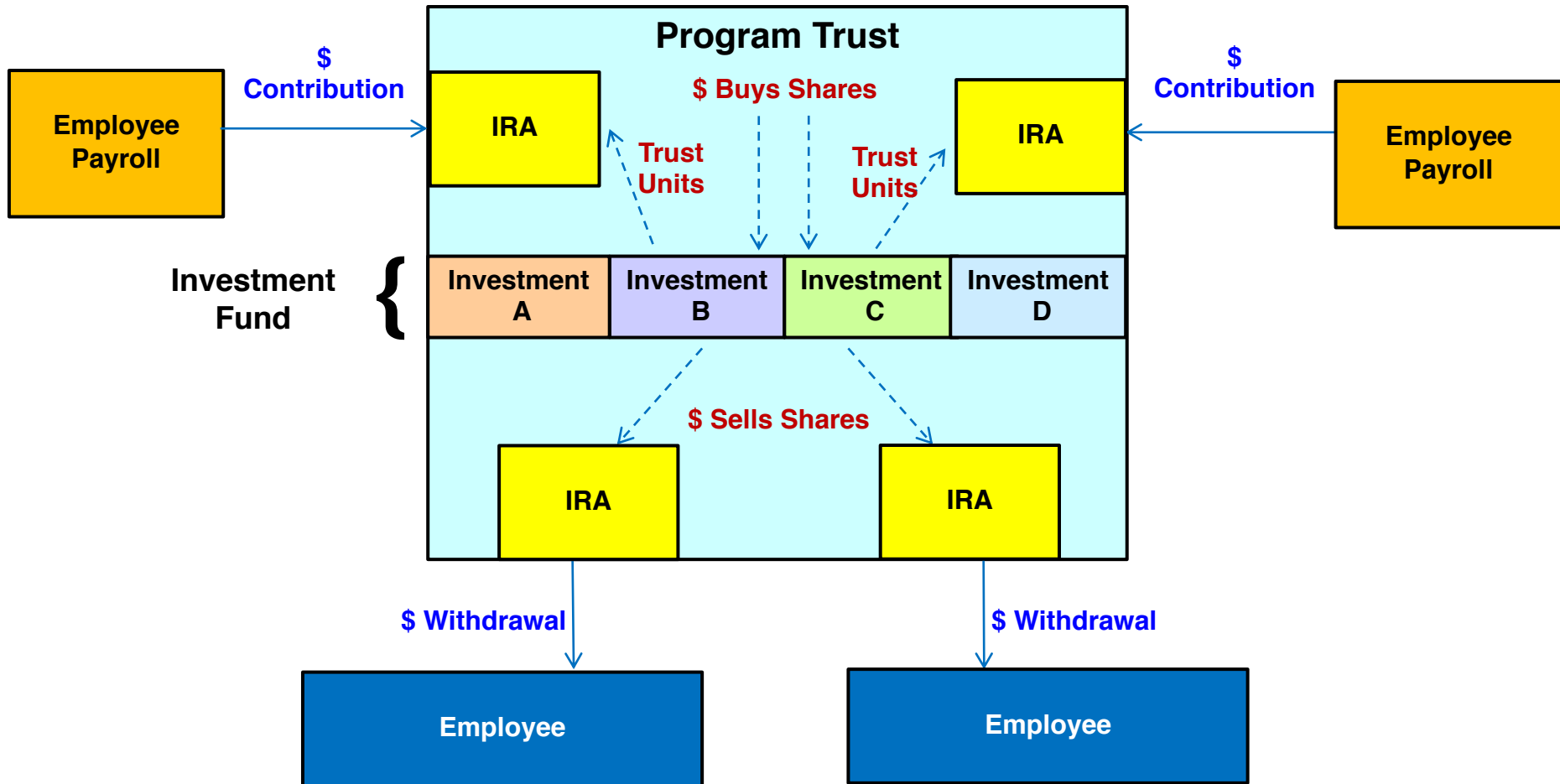
	Auto-IRA		Multiple Employer Plan (“MEP”)	Marketplace
	Employer Mandate	Voluntary for Employers		
Key Features	<p>Employers must participate or offer a qualified plan</p> <p>Roth IRAs as default</p> <p>No employer contributions</p> <p>Contributions set by IRA rules</p>	<p>Employer chooses to participate</p> <p>Same</p> <p>Same</p> <p>Same</p>	<p>Employer chooses to participate (can be non-related businesses)</p> <p>401(K)s</p> <p>Employer may fund</p> <p>Contributions set by qualified plan rules</p>	<p>Employers choose from available Plans</p> <p>IRAs and 401(K)s</p> <p>Employer may fund</p> <p>Contribution amounts vary</p>
Launched	<p>California</p> <p>Connecticut</p> <p>Maryland</p>	<p>Illinois</p> <p>Oregon</p>	<p>--</p>	<p>Massachusetts</p> <p>Washington</p>
Under Development	<p>Colorado</p> <p>Delaware</p> <p>Hawaii</p> <p>Maine</p> <p>New Jersey</p>	<p><i>New York City¹</i></p> <p><i>New York State</i></p> <p>City of Seattle</p> <p>Virginia</p>	<p>New Mexico</p>	<p>Vermont</p> <p>New Mexico</p>

¹ Expectation is that New York City Auto-IRA will merge with the New York State Program

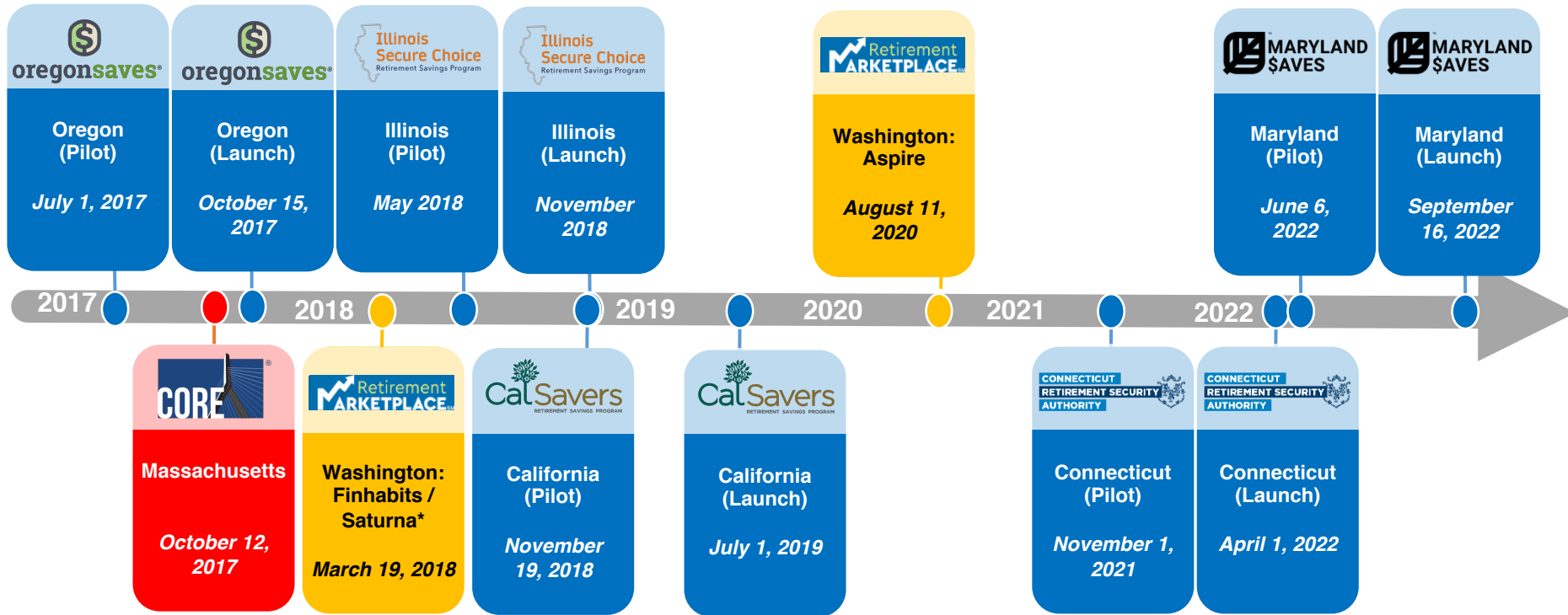
Typical Auto-IRA Structure



Typical Flow-of-Funds



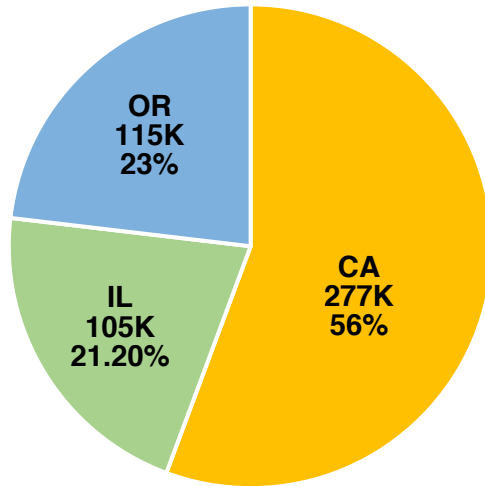
Early Program Launches



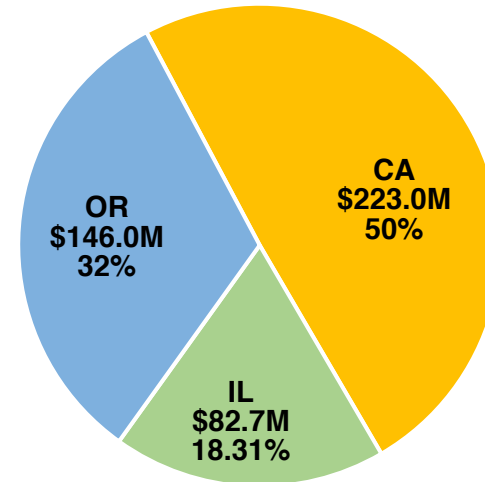
* Saturna is no longer available through the Washington Marketplace as of January 2022

Auto-IRA Market Snapshot

Funded Accounts – 498,757



Assets - \$451,957,438

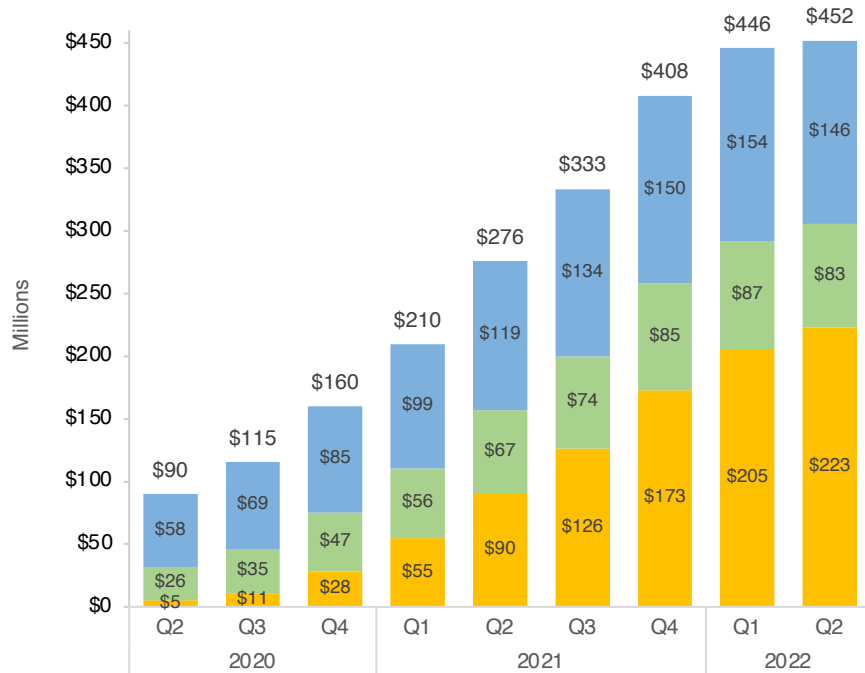


	California	Illinois	Oregon
Average Funded Account Balance	\$806	\$785	\$1,269
Average Monthly Contribution	\$168	\$135	\$176
Average Deferral Rate	5.08%	5.56%	6.2%

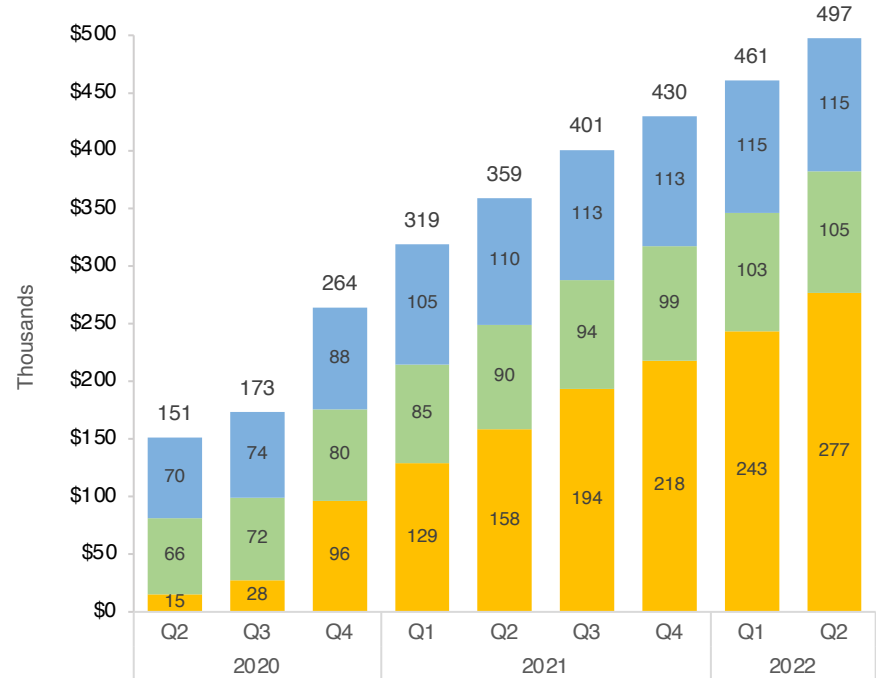
Sources: Georgetown CRI and State website data as of June 30, 2022 for California, Illinois and Oregon. As of July 31, 2022, Connecticut has approximately 1k accounts and \$161K in assets.

Early Market Growth

Assets



Accounts



Average Quarterly Growth 2020 Q2 – 2022 Q1	California	Illinois	Oregon
Assets	\$28.5 M	\$8.7 M	\$13.7 M
Accounts	32.6 K	5.2 K	6.4 K

Sources: Georgetown CRI and State website data as of June 30, 2022. As of July 31, 2022, Connecticut has approximately 1k accounts and \$161K in assets.

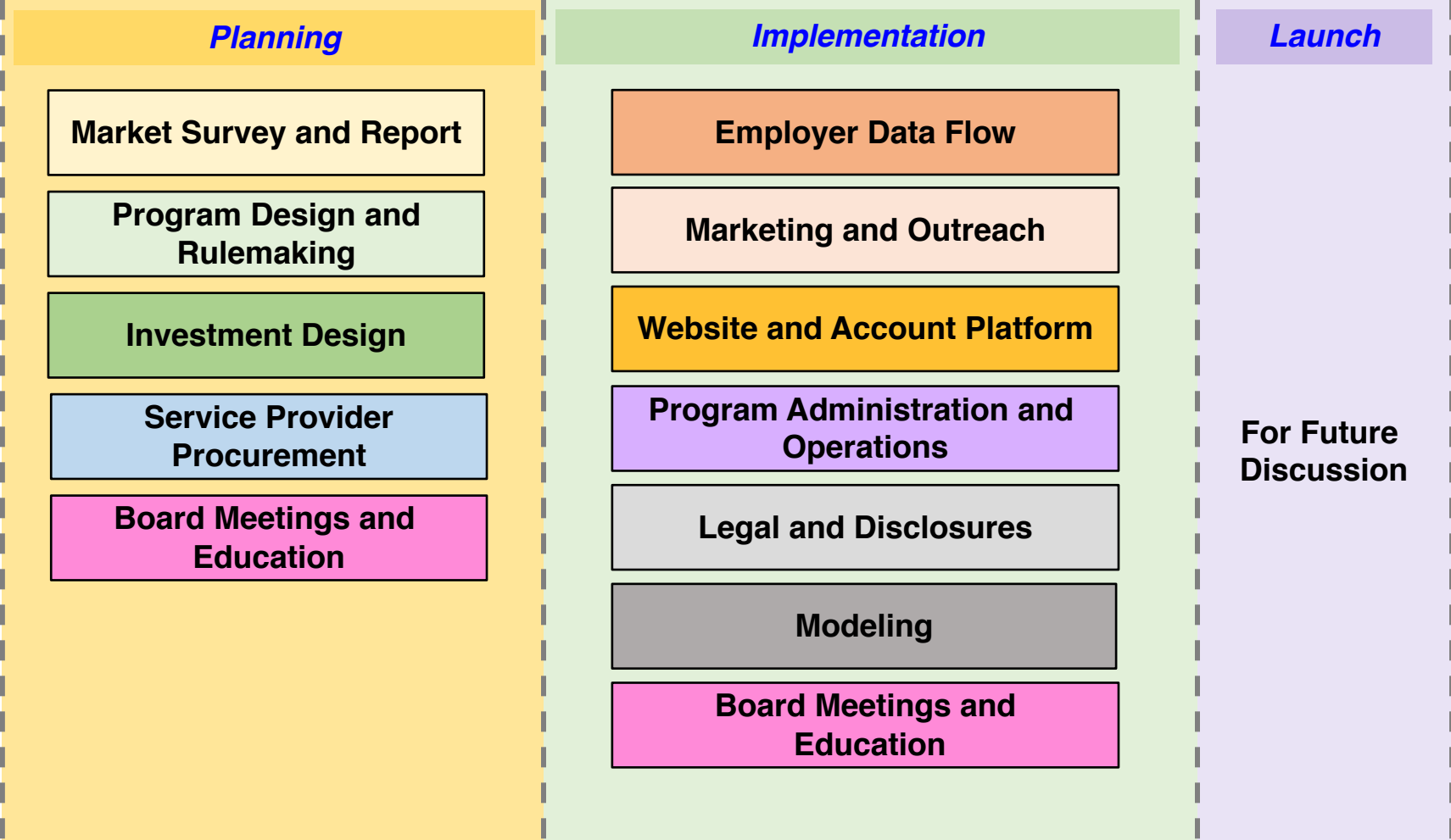
Current and Expected Launches

Recent Launches	Planned Launches	Future Launches
<p style="text-align: center;">Connecticut <i>Pilot: November 1, 2021</i> <i>Launch: April 1, 2022</i></p> <p style="text-align: center;">Maryland <i>Pilot: June 6, 2022</i> <i>Launch: September 16, 2022</i></p>	<p style="text-align: center;">Colorado <i>Projected Launch: October 2022</i></p> <p style="text-align: center;">Virginia <i>Projected Launch: July 2023</i></p>	<p style="text-align: center;">New York</p> <p style="text-align: center;">New Jersey</p> <p style="text-align: center;">Delaware</p> <p style="text-align: center;">Maine</p> <p style="text-align: center;">New Mexico</p>

Section 3.

Preliminary Project Plan

Planning and Implementation Phase Components



Planning Phase Core Tasks

	Components	Key Considerations
Market Survey and Report	<ul style="list-style-type: none"> • Define and execute survey • Analyze and report results • Use results for Service Provider RFP(s) and outreach 	<ul style="list-style-type: none"> • Define the scope of the survey • Assess time impact
Program Design and Rulemaking	<ul style="list-style-type: none"> • Assess legislative requirements • Review peer programs • Draft initial Program design • Determine need for rulemaking by Commissioner 	<ul style="list-style-type: none"> • Duration of rulemaking process and impact on timeline • Any statutory amendments needed?

Planning Phase Core Tasks, cont'd

	Components	Key Considerations
Investment Design and Policies	<ul style="list-style-type: none">• Determine investment oversight structure• Evaluate investment design concepts• Determine investment design (number of options, default structure, type of funds, etc.)• Draft Investment Policy Statement (“IPS”)• Include IPS in the RFP	<ul style="list-style-type: none">• Statutory provisions regarding certain investments and approval processes

Planning Phase Core Tasks, cont'd

	Components	Key Considerations
Service Provider Procurement	<ul style="list-style-type: none"> • Compile key requirements from planning process • Outreach to potential providers • Draft RFP, including scoring and provider selection requirements • Contract negotiations • Board approval of contract(s) 	<ul style="list-style-type: none"> • Contract negotiations – potential impact to timeline
Board Meetings and Education	<ul style="list-style-type: none"> • Review statutory requirements for the Board • Determine topics for Board education • Schedule meetings for 2022-2023 	<ul style="list-style-type: none"> • Applicable education sessions and topics for a start-up Board • Agendas for scheduled meetings

Near-Term and Next Steps

	Fourth Quarter 2022
Market Survey and Report	<ul style="list-style-type: none"> • Define and execute survey • Utilize results for RFP and outreach
Program Design and Rulemaking	<ul style="list-style-type: none"> • Review legislation • Determine the rulemaking timeline • Include key components within RFP
Investment Design and Policies	<ul style="list-style-type: none"> • Evaluate potential investment options • Develop and approve IPS guidelines
Service Provider Procurement	<ul style="list-style-type: none"> • Develop a work plan based upon DTF procurement requirements • Begin drafting of RFP • If possible, begin outreach to potential bidders
Board Meetings and Education	<ul style="list-style-type: none"> • Determine topics for Board education at Q4 meeting • Schedule meetings for 2022-2023

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