

ANNUAL BOARD REPORT

COLORADO SECURE SAVINGS PROGRAM

April 1, 2022

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COLORADO
Secure
Savings



Executive Summary

The Colorado Secure Savings Program (CSSP) was signed into law following the 2020 legislative session. The authorizing legislation, SB20-200, requires the creation and maintenance of a public oversight board tasked with designing, promoting, and implementing CSSP. Included in the statutory duties placed on the Board is an annual report to the General Assembly and Governor. **This report fulfills our statutory obligations for FY2022 according to CRS 24-54.3-111.**

The Colorado Revised Statutes requires the Board to produce an annual report on or before April 1 including the following information:

“At a minimum, the report shall include statistics regarding enrollment in the program, the number of program accounts opened, the average amount employees are saving through the program, average contribution levels, a summary of common complaints or concerns about the program, and information regarding the administrative costs and fees associated with the program.”

The following report provides a concise overview of the implementation status of the Program at this time. Although CSSP has not officially launched, Treasury Staff has made significant progress on program design, vendor procurement, rulemaking, and other areas.

The key takeaways at this stage in the CSSP development process include:

- Identifying data collection needs, and distributing reporting responsibilities in alignment with CRS 24-54.3-111
- Developing and approving an official implementation timeline
- Finalizing an investment policy statement as required by CRS 24-54.3-103.5(d)
- Drafting rules as detailed in CRS 24-54.3-107 et al. Formal rulemaking is expected to begin in late April or mid-May 2022
- Procuring program administration services to support program implementation and ongoing compliance needs
- Drafting an outreach and marketing strategy as required by CRS 24-54.3-103.5(1)(k)
- Evaluating and pursuing a multi-state partnership arrangement as authorized under CRS 24-54.3-103.5(1)(l)

CSSP will launch a “Pilot Program” around October 2022, followed by formal Registration beginning in early 2023. On the current timeline, CSSP will be one of the quickest launches of a State-Facilitated Retirement Savings program, as well as the lead state of the nation’s first multi-state partnership arrangement.



Introduction

CSSP alleviates the retirement savings crisis in Colorado by providing over 930,000 workers with access to a State-facilitated work-based retirement savings option.

Analysis from the Colorado Secure Savings Plan Board, which predates the Colorado Secure Savings Program Board, estimated that over 40% of workers attached to a firm with five or more employees, and who have been in business for two or more years do not have access to a workplace retirement plan. The enacted legislation requires all employers meeting those minimum qualifications to either enroll in CSSP at no cost, or provide a private retirement plan to their employees.

The CSSP Board was officially established on September 15, 2020, and it hired an Executive Director in February 2021. Since that time, the Board and professional staff have begun designing the program, soliciting private-sector vendors, and preparing for full implementation.



CSSP, as it exists within the Colorado Department of the Treasury, consists of the following:

- A nine member oversight board that includes, and is chaired by, the State Treasurer
- An Executive Director
- Three professional staff dedicated to program development, marketing, and outreach
- A program consultant and an investment consultant to support program design, vendor solicitations, and ongoing administration once the Program launches
- Outside counsel retained via the Colorado Department of Law to provide legal services relating to securities law and ERISA
- A program administrator, and potentially up to three investment managers will be added later this year

To date, the Board has taken significant steps towards meeting its statutory requirements and providing a high-quality retirement option available to all Colorado workers. The remainder of this report will address the following areas:



Program Data
Implementation Timeline
Investment Policy Statement
Rulemaking
Program Administration
Outreach and Marketing
Multi-state Partnerships



Program Data

CSSP will launch a Pilot Program later in 2022, followed by an official start to Employer Registration in early 2023. At this time, there are no data to report under the annual report requirements detailed in CRS 24-54.3-111.

CRS 24-54.3-111 instructs the Board to annually collect and report on the following data points:

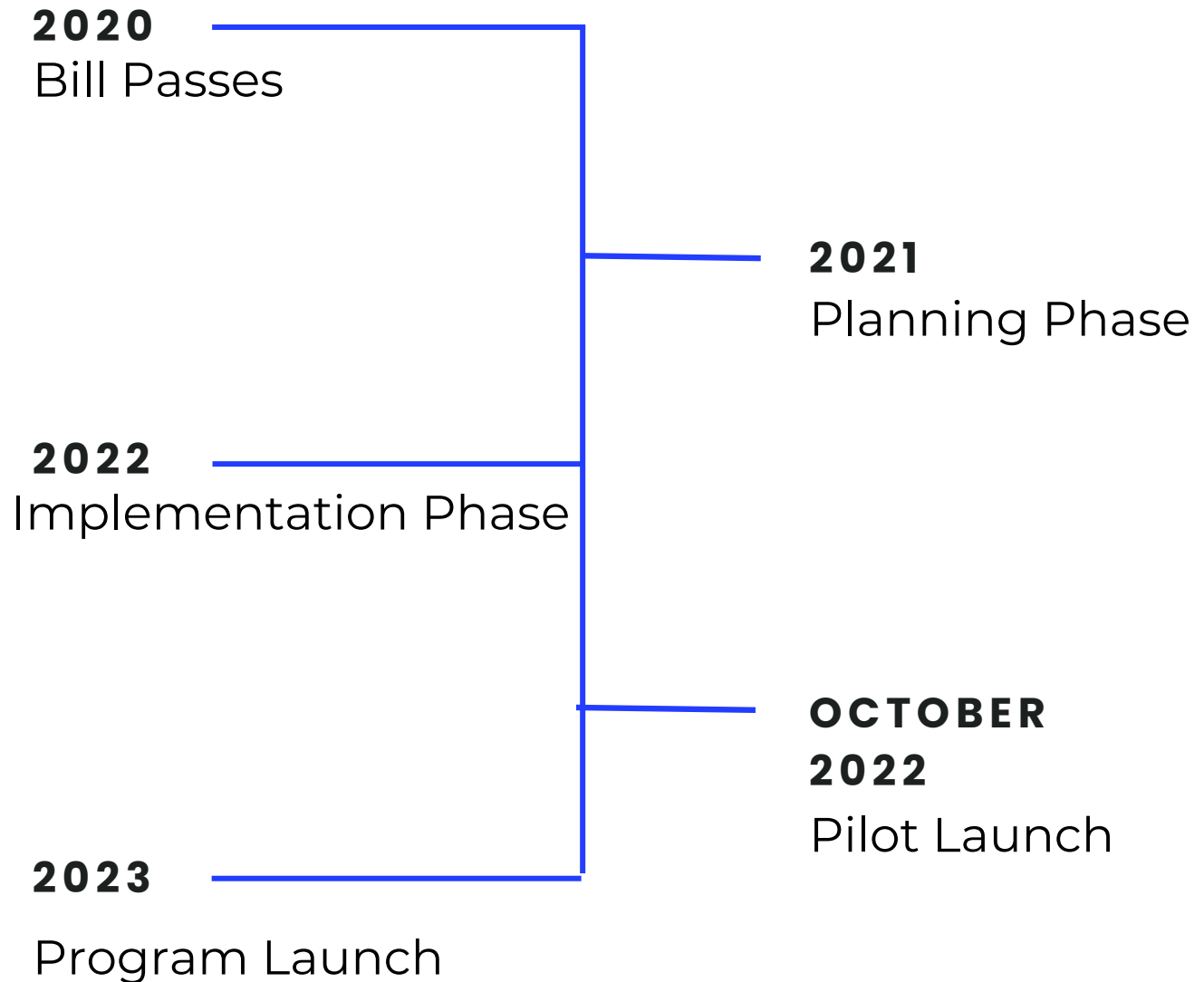
- # Employers registered
- # Saver accounts opened
- Average amount saved
- Average contribution levels
- Summary of common complaints and concerns
- Information regarding administrative costs and fees

Although CSSP is not yet active, CSSP staff and the Board have determined which data will be collected from employers and employees, as well as the entities responsible for collection and reporting.

	Metric	Source
Required by C.R.S. 24.54.3-111	# employers registered	Program Administrator
	# saver accounts opened	
	average amount saved	
	average contribution levels	
	summary of common complaints and concerns	
	administrative costs and fees	
Discretionary	# funded accounts	Program Administrator
	# new accounts per month	
	# closed accounts (total and per month)	
	breakdown of saver investment choices (default vs. customized)	
	# employers exempt	
	employee demographics including age and location	
	# of marketing presentations	Treasury Staff
	# attendees at various presentations	
	comparison to other state programs	Program Consultant

Timeline

2020 - 2023



In addition to determining the data that will be collected from employers and employees, the Board approved this implementation timeline for the Program at its October 18, 2021 meeting.

The following sections provide additional details on the Board's progress in designing and implementing CSSP. At this time, CSSP is on track to formally launch at the beginning of 2023.

Investment Policy Statement

The Board is required to develop and approve an investment policy statement to guide its investment oversight practices under CRS 24-54.3-103.5(d).

Accordingly, the Board initiated the drafting process for an investment policy statement following the October 18, 2021 meeting. The draft was developed by consultants retained by the Board, as well as CSSP staff. The draft was reviewed and revised over several months, and individual Board members provided thoughtful feedback throughout the process.

The Board finalized and approved the investment policy at the March 22, 2022 Board meeting, fulfilling the statutory requirements detailed in CRS 24-54.3-103.5(d).



Rulemaking

Statute also requires the Board to develop and approve rules for the Program. CRS 24-54.3-107, et seq details the scope of rulemaking authority for the Program.

CSSP staff began drafting rules following the November 15, 2021 Board meeting. Treasury Staff presented the initial draft to the Board at the March 22, 2022 Board meeting. The draft is available on the CSSP Board website, and CSSP staff are currently accepting initial feedback from stakeholders on the language. The draft will be refined and finalized after an Evaluation Committee selects a Program Administrator contract.

The Board aims to begin the formal rulemaking process in late April 2022, or mid-May 2022. Rules are expected to be in place by the end of July 2022.

Program Administration

The Board published a Request for Proposal (RFP) for program administration services on February 7, 2022, and closed the solicitation on March 21, 2022. Following an evaluation of the vendor proposals, the Board will finalize a contract for up to ten years with the selected vendor.

Program administration services are central to the functions of the Program. Because the Program is envisioned as a public/private partnership, every effort has been made to ensure the State is providing a competitive bidding opportunity, while protecting the interests of future account holders in CSSP.

An award for program administration services is expected to be announced in April 2022. Following the vendor award, the Board will then consider a solicitation for investment management services in accordance with the investment strategy requirements detailed in CRS 24-54.3-104(2), et seq.



The awarded program administrator will be expected to perform and/or support the following functions for the Program:

- Partner program support functions
- Facilitating and maintaining a web based Individual Retirement Account (“IRA”) platform
- Facilitating and maintaining a public facing website
- IRA recordkeeping and administration
- Compliance and oversight
- Regular program reporting
- Marketing and outreach support
- Customer service
- Client service

Outreach and Marketing

Outreach and engagement are critical to ensuring employers are aware of the statutory requirements for the program, as well as for ensuring broad-based participation from employees. Moreover, CRS 24-54.3-103.5(1)(k) requires the Board to develop and implement a marketing plan for the Program and retirement savings in general.

CSSP has dedicated two of the five allotted FTE for the Program to developing a marketing and outreach strategy, as well as implementing the marketing and outreach plan once it has received formal approval from the Board.

CSSP staff have begun drafting a marketing and outreach framework that will be supplemented by additional resources provided by the awarded program administrator.

The strategy will address demographic variances by region, industry, and socioeconomic status of potential enrollees, among others. Additionally, the strategy will be inclusive of all areas of the State, and CSSP will have multilingual competencies to support its implementation.

The initial review of the outreach and marketing strategy is expected to begin at the May 24, 2022 Board meeting.

Multi-state Partnership Opportunities

According to CRS 24-54.3-103.5(1)(I), the Board is authorized “to assess the feasibility of multi-state or regional agreements to administer the program through shared administrative resources, and enter into those agreements if determined beneficial.” Consequently, the Board and CSSP staff have actively engaged neighboring states, and have taken initial steps to develop a partnership agreement with the State of New Mexico.

The expected partnership arrangement with New Mexico’s State-facilitated Retirement Savings Program (“New Mexico Work & \$ave”) is premised on pursuing cost and fee efficiencies for savers, as well as facilitating a truly portable retirement benefit across state lines. This partnership will be the first of its kind in the nation, and is expected to impact an additional 500,000 employees in New Mexico, in addition to the over 900,000 potential savers in Colorado.

The partnership will be administered by the State of Colorado using existing CSSP staff, and will utilize the vendor solicited under the program administration services RFP published in February. Under the terms of the forthcoming partnership agreement, Colorado will serve as the “lead state,” and other states’ retirement savings programs will be allowed to join the partnership, provided their respective programs meet minimum qualification requirements established by CSSP staff and the Board.

CSSP and New Mexico Work & \$ave initiated negotiations to finalize a formal Interstate Agreement following the approval of a non-binding Memorandum of Cooperation by both the CSSP Board, and the Board overseeing New Mexico Work & \$ave. The Memorandum of Cooperation will terminate on September 30, 2022, and a formal Interstate Agreement is expected to be in place by that date.