

**Zach Conine**  
*State Treasurer*



**Members**  
State Treasurer Zach Conine  
Lt. Governor Stavros Anthony  
Joe Caldera  
Andy Kao  
William H. Palmer III  
Mary Beth Sewald

STATE OF NEVADA  
THE BOARD OF TRUSTEES OF THE  
NEVADA EMPLOYEE SAVINGS TRUST

**PUBLIC MEETING**

**AGENDA**  
MEETING OF THE BOARD OF TRUSTEES OF THE  
NEVADA EMPLOYEE SAVINGS TRUST

**Wednesday, November 20, 2024 at 10:00 a.m.**

**Meeting via videoconference at the following physical location(s):**

Nevada State Capitol  
Old Assembly Chambers, 2<sup>nd</sup> Floor  
101 North Carson Street  
Carson City, NV 89701

Governor's Office  
Conference Room, 4<sup>th</sup> Floor  
1 Harrah's Court  
Las Vegas, NV 89119

Virtually through Microsoft Teams, accessible here:

**[Join the meeting now](#)**

Meeting ID: 299 416 584 234

Passcode: fVtLdP

All items listed on this agenda are for discussion and action by the Board of Trustees unless otherwise noted. Action may consist of any of the following: approve, deny, condition, hold, or table.

**Agenda Items**

**1. Roll Call.**

**2. Public Comment.**

Comments from the public are invited at this time. Pursuant to NRS 241.020(3)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and reserves the right to impose other reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board is not permitted to deliberate or take action on any items raised during the public comment period until the matter itself has been specifically included on an agenda as an item upon which action may be taken by the Board.

Comments by the public may be emailed to [nest@nevadatreasurer.gov](mailto:nest@nevadatreasurer.gov) by 9:00 p.m. the day before the scheduled meeting and include the commenter's full name. Content may be

redacted due to inappropriate language. All written public comments shall, in their entirety, be included as part of the public record.

3. **For discussion and for possible action:** Board review and approval of the minutes of the Board of Trustees of the Nevada Employee Savings Trust meeting held on September 25, 2024.
4. **For discussion and for possible action:** Board discussion and possible action to determine the Nevada Employee Savings Trust Program structure as a Nevada-specific independent program or State partnership/consortium.
  - a. Staff overview of the Auto-IRA Interstate Partnership Request for Information (RFI) submittals and State independent program comparison data.
  - b. AKF overview: Request for Information: Auto-IRA Interstate Partnership, Summary of Responses
5. **For discussion and for possible action:** Draft study on the feasibility of including independent contractors and other nontraditional workers in the Nevada Employee Savings Trust Program.
6. **Public Comment.**

Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and may impose reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.
7. **ADJOURNMENT.**

Notes:

Items may be taken out of order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time.

Prior to the commencement and conclusion of a quasi-judicial proceeding that may affect the due process rights of an individual, the Board may refuse to consider public comment. See NRS 233B.126.

The Board of Trustees of the Nevada Employee Savings Trust is pleased to make reasonable accommodations for persons with physical disabilities. Please call (702) 486-2507 if assistance is needed. Please email [nest@nevadatreasurer.gov](mailto:nest@nevadatreasurer.gov) or call (702) 486-2507 to obtain copies of supporting materials.

**THIS AGENDA HAS BEEN POSTED IN THE FOLLOWING PUBLIC LOCATIONS:**

- **Capitol Building, 1st & 2nd Floors, Carson City, Nevada**
- **Legislative Building, Carson City, Nevada**
- **Nevada State Library, Carson City, Nevada**
- **Blasdel Building, Carson City, Nevada**
- **Nevada Building, 1 State of Nevada Way, Las Vegas, Nevada**

Also online at: [Nevada Treasurer](#) and the [Nevada Public Notice](#).

THE BOARD OF TRUSTEES OF THE  
NEVADA EMPLOYEE SAVINGS TRUST

**Agenda Item 3**  
**November 20, 2024**

**Item: Approval of Minutes of the Board of Trustees of the  
Nevada Employee Savings Trust meeting held on  
September 25, 2024**

**Summary:**

For approval, please see attached minutes from the Nevada  
Employee Savings Trust Board meeting held on September 25, 2024.

**Fiscal Impact:** None by this action.

**Staff recommended motion:**

**To accept and approve the Minutes of the Board of Trustees  
of the Nevada Employee Savings Trust meeting held on  
September 25, 2024.**

# THE BOARD OF TRUSTEES OF THE NEVADA EMPLOYEE SAVINGS TRUST

## MINUTES OF THE BOARD MEETING September 25, 2024

### **Location:**

Via videoconference at the following locations and on Teams

Old Assembly Chambers  
Room  
Capitol Building, Second Floor  
101 N. Carson Street  
Carson City, NV 89701

Governor's Office Conference  
1 Harrah's Court, 4<sup>th</sup> Floor  
Las Vegas, NV 89119

### **Board Members Present:**

Chairman Treasurer Zach Conine – Las Vegas  
Lt. Governor Stavros Anthony – Las Vegas  
Joe Caldera – Remote via Microsoft Teams  
Andy Kao – Las Vegas  
William H. Palmer III – Carson City

### **Others Present:**

Nicole N. Ting - Deputy Attorney General, Nevada Attorney General's Office  
Kirsten Van Ry – Chief of Staff, State Treasurer's Office  
Erik Jimenez – Chief of Policy, State Treasurer's Office  
Lesley Mohlenkamp – Deputy of Financial Literacy and Security, State Treasurer's Office  
Itzel Fausto – State Treasurer's Office  
Veronica Kilgore - State Treasurer's Office  
Evelyn Castro – State Treasurer's Office  
Andrea Feirstein – AKF Consulting  
Andrew Blevins – PEW Charitable Trust Retirement Savings Project

### **Treasurer Conine**

Good morning, everyone, and welcome to this fantastic meeting of the Board of Trustees of the Nevada Employee Savings Trust. It is Wednesday, September 25th at 10:00 AM, and I'll turn it over to Deputy Mohlenkamp to take role, deputy.

### **Deputy Mohlenkamp**

Treasure Conine.

### **Treasurer Conine**

Hi.

### **Deputy Mohlenkamp**

Lt. Governor Stavros Anthony

**Lt. Governor Anthony**  
Here.

**Deputy Mohlenkamp**  
Member Caldera.

**Member Caldera**  
Here.

**Deputy Mohlenkamp**  
Member Palmer.

**Member Palmer**  
Here.

**Deputy Mohlenkamp**  
And Member Sewald.

**Treasurer Conine-**  
Alright. And we'll keep an eye out for member Sewald. If she shows up, we'll mark her as present for whatever item she shows up for.

**Deputy Mohlenkamp**  
Treasurer. You have a quorum.

**Treasurer Conine-**  
Thank you. I'd like to welcome, as always, Deputy Attorney General Nicole Ting on the line coming to us from the beach.  
And we move on to Agenda #2: Public Comment. All comments from the public are invited at this time. Member Palmer, do we have any public comment out there in Carson City?

**Member Palmer**  
Again, just me and the staff.

**Treasurer Conine-**  
Ok. Thank you.  
Do we have any public comment online?  
All right. And now is your moment to shine, any public comment in the room?

We will close agenda item number two.

Move on to agenda #3 for discussion. Possible action pool of the minutes of the Board Trustees Nevada Employee Savings Trust from August 26th, 2024. Any questions or comments on those minutes? If not, I'll take a motion to approve.

**Lt. Governor Anthony**  
Stavros Anthony moved to approve the August 26th, 2024, minutes.

**Treasurer Conine**  
Alright. We have motion to approve. Do we have a second?

**Member Caldera**

Member Caldera will second.

**Treasurer Conine**

Ok, perfect. And any discussion on the motion?

Hearing none, I'll just say that we are starting to use the AI generated transcript, which makes the minutes both much longer, but also a little bit more accurate. We appreciate the staffs leaning in on technology there and with that all in favor say aye.

**Member Caldera**

Aye.

**Lt. Governor Anthony**

Aye.

**Member Palmer**

Aye.

**Treasurer Conine**

Any opposed? Motion passes unanimously of the members present, thank you. Move on to agenda item number 4 for discussion and possible action or review and approval of the request for information. Draft document to solicit information from established Auto IRA programs in other states so the board may determine potential state partners for the Nevada Employee Savings Trust Program and direct state treasure staff move forward with releasing the RFI will start with a brief overview from staff of the RFI timeline and next steps. And then we'll go through the RFI itself. Looking for additional questions, Ms. Mohlenkamp.

**Deputy Mohlenkamp**

Good morning. I'm here today to provide a brief overview of the process timeline and next steps for the request for information or RFI as part of Agenda Item number 4.

At the last Board of Trustees Meeting, staff was directed to prepare an RFI document to solicit information from established Auto IRA programs in other states as potential partners for the Nest Program.

The board was asked to submit ideas for items that should be included in the draft RFI. In your meeting packet on pages 57 through 62 is a summary of questions that were submitted by board members for inclusion in the draft RFI, along with which items were included, and where they can be found in the document.

Staff was also directed to present the draft RFI at today's meeting and seek any remaining ideas with the intention of incorporating them into a final document regarding the timeline on page three of the draft RFI. You'll find a proposed schedule which shows the RFI being issued on Monday, September 30th, which is next Monday.

At that time, the RFI will be posted on the Nevada State Treasurer's website and it will be sent to the National Association of State Treasurers or NAST to pass on to all state treasurers. It will also be distributed to the PEW Charitable Trust Retirement Savings Project, the Georgetown Center for Retirement Initiatives, and a consortium of executive directors for State Auto, IRA programs, and by sending the RFI specifically to these groups, we feel

confident it's going to reach potential state partners.

So taking a look again at the proposed schedule on page three of the draft RFI, you'll see that we've incorporated a period where respondents can submit questions by Wednesday, October 9th, and staff will provide answers to these questions by October 16th.

RFI's are due and must be submitted back to the Nevada State Treasurer's office by Monday, October 28th at 5:00 PM. At that time, a review committee consisting of Nevada State Treasurer's office staff would compile the responses, review and evaluate them and provide rankings or determinations to the board for final review, and analysis to decide if the Savings trust program should pursue a state partnership.

The review committee should have RFI responses and rankings to the board a week prior to the November 20th board meeting to give adequate time to review the information.

At this time, I'm happy to answer any questions about the RFI draft process and the proposed timeline before moving on to discuss the document itself.

Andrea Fierstein is here today for any technical questions or discussions about the RFI content as well. So, at this point, are there any questions about the timeline?

**Treasurer Conine**

Members. Any questions from timeline?

**Member Caldera**

None for me. Caldera.

**Treasurer Conine**

Thank you, sir. Member Palmer, do you have any questions? I wanted to give you a window if you needed one.

**Member Palmer** - Correct. That was a no questions.

**Treasurer Conine**

All right. Thank you, and none in Las Vegas.

Let's move on, then to the document itself, before we start, I'd like to thank members for both their comments during last meeting, and questions that were sent in. I know staff worked through and tried to incorporate many of those.

But for the record, we've have both the documents as proposed by staff in your packet. We also have all the individual questions that came in from members. We want to make sure to incorporate it on the records so everyone can see, what those questions were. Ms. Mohlenkamp.

**Deputy Mohlenkamp**

All right, quickly moving through this as a very high overview before you get into the discussion of it.

So if you take a look at the RFI, on page two, you're going to see that we provided background information, facts and assumptions.

Again, this is just an overview to give any respondents the background information needed about the program, moving on to page 3.

We have a purpose of the request for information again, context for the respondents. And then of course, we just covered the schedule that's in Section 3, the review process. We also provide instructions on how to submit the proposals as well on page 3.

Moving on to page 4, there is a specific format that we've requested these responses be submitted and we've provided details there. And then we've also given a description here of the evaluation and the process that would go through. And we've also provided some questions. Some contact information should respondents have questions.

So moving on to page 5, this is really where we get into the core of this RFI. Section 4 information requested. This is where all the questions are that the respondent would respond to, and you're going to see that on page 5 and page 6, and we carry on to page 7 as well. So, we do have these three pages that really incorporate all the questions that we're asking. Respondents provide answers to, if you look at page 8, we have a section, other considerations and restrictions, and you'll see that this section is just making sure that they know the do's and don'ts of contacting, confidentiality and restrictions on gifts, ethics and non-discrimination. So that is the basic structure of the RFI, and I will turn it back over for discussion.

**Treasurer Conine**

Perfect. Just to be as specific and meticulous as possible, I think most of the overlying information, ethics, etcetera, shouldn't be a surprise to anyone as it is standard. Moving on to page 5, which is the information requested.

Let's go section by section here. Any questions in the general program section, section A starting on page 5 and ending on page 6?

I have no questions here. It's standard but wanted to give everybody some space.

B. The fees section.

C. The investments section.

D. The program practices section.

Ok, excellent.

Well, thanks for the pre work that makes the meeting work easier. And of course, because it's an RFI, information comes back in that RFI where we have other questions or begs other questions. We'll certainly have a chance to do that before we move into contracting or anything else. Any other discussion about the RFI for process?

**Lt. Governor Anthony**

I have a couple of questions.

**Treasurer Conine**

Member please.

**Lt. Governor Anthony –**

Stavros Anthony, so at the end of the filing date, they'll be X number of people that put in. So, let's say there's five of them, who sits down and reviews the proposals?



**Deputy Mohlenkamp**

Lesley Mohlenkamp for the record. It will be me, and we will have two other members of our staff that will sort through this. Chief of Staff will be one of those as well, basically just looking through and providing help to facilitate your decision making.

**Lt. Governor Anthony**

So, you're going to rank them?

**Deputy Mohlenkamp**

Yes. The intention is to provide a ranking but again it will be for your consideration and to help facilitate more of a higher-level overview for you to look for.

**Lt. Governor Anthony**

So, all of those will be brought to the board?

**Deputy Mohlenkamp**

Yes, that is correct.

**Lt. Governor Anthony**

And these will be public record?

**Deputy Mohlenkamp**

Yes, that is correct.

**Lt. Governor Anthony**

At our next meeting do we begin the selection process?

**Treasurer Conine-**

Right. We can choose one or multiple responses to enter that process. If we don't like those responses, we're also running that parallel path to find a member. Someone who could do this work directly for the state, right?

So, the RFI process is to look at other states to join consortium.

Separately, there's the RNP process which would allow us to go on our own. However, the desired outcome of the RFI is a good matrix. Here are the options that are out there, which will also give us something if we choose to go out on our own through an RFP process to then compare the results of that RFP process to see if that's cheaper, or more expensive, more flexible, less flexible, etcetera.

**Lt. Governor Anthony**

But if one stands out, we could pick that one?

**Treasurer Conine-**

Correct.

**Lt. Governor Anthony**

And at our next meeting we can start moving forward.

**Treasurer Conine-**

Right.

**Lt. Governor Anthony**

OK. And I'm assuming if any of these people try to contact board members, we're not to communicate with them.

**Treasurer Conine**

Correct.

**Deputy Mohlenkamp**

Yes. That is correct.

**Treasurer Conine**

And they are being advised in Section 5, no contact with any employer, official of the state, or the NEST board is permitted. And of course, if a member is contacted by the board, please notify Ms. Mohlenkamp this will ensure we manage that process appropriately.

**Lt. Governor Anthony**

And we will be able to review the responses before the next board meeting?

**Deputy Mohlenkamp**

Yes, that is correct. We really would like to give as much time as possible for you to be able to thoroughly review this. So, we are targeting at minimum, to have those in your hands a week prior to the meeting. Again, if we can possibly get it into your hands earlier, we will absolutely do that.

**Lt. Governor Anthony**

Ok. Very good. Awesome.

**Treasurer Conine**

Thank you. Any other questions from members?

**Member Caldera**

The only concern I have is the October 9<sup>th</sup> date. Is that an adequate timeline and are we providing an adequate responding time?

**Deputy Mohlenkamp**

Lesley Mohlenkamp, for the record, I can probably clarify that. The October 9th date provides an opportunity for somebody who's read through this RFI to submit questions. Oftentimes being on this end of it, we will think it's very understandable.

But as soon as you release it, you realize someone who's reading through it may actually be confused by the wording.

So, we provide an opportunity by October 9th for them to submit questions and then we have one week to respond to those questions to clarify, and it's really strictly to clarify any confusion with the document. So really that's in terms of the October 9th date, that's very specifically what it's for. The key date is really the due date and that should give about four weeks for them to look at the RFI and then draft their responses and submit it to us.

**Member Caldera**

Ok. Will the board have the opportunity to maybe help clarify? Or how would that process work?

**Deputy Mohlenkamp**

I believe in terms of an RFI process the scope of what can be asked really is clarifying questions. So, if it starts to get into substance we would respond and say, you're getting into substance, our questions really should be focused on clarifying the documents and being able to explain in that respect and all of those will also be part of the public record. When we do respond to those questions, if there are any asked, we would be posting those on the website for all respondents to see so that if they had the same question, they would be able to understand better.

**Treasurer Conine**

Historically, this helps. The questions are generally, my fee structure is this. Do you want me to show it to you, show it all combined?

Do you want me to break it out? We want to try and make sure they're being responsive to the things we're asking for as opposed to, what answer would be more effective here?

**Member Caldera**

That's very helpful. Thank you.

**Member Kao**

Andy Kao for the record. I just have a question for you, Lesley.

**Deputy Mohlenkamp**

Yes.

**Member Kao**

There are probably a handful of states in a similar stage where they don't have a launched program yet.

**Deputy Mohlenkamp**

That's correct.

**Member Kao**

Is there a subset of questions we could provide them to answer? Because they may not be able to answer all of these, and in consideration of launching together.

**Treasurer Conine**

That's an interesting, (pauses) may I?

**Deputy Mohlenkamp**

Yes.

**Treasurer Conine**

So, the Member's question was, to paraphrase back, to make sure I'm understanding. Are other states who perhaps have not launched be interested in forming consortium. Perhaps there is a new consortium that could be formed amongst states that are currently in process. That's really an interesting question, Andrea. From another state perspective, are there other

states that are where we are?

But have not yet joined consortium but are exploring the sort of dual path of going on their own possibly starting any consortium or pairing with an existing one.

**Andrea Feirstein**

Thank you, Treasurer Conine.

There are two or three other states that are in the same position you are in terms of startup.

I don't know if they are pursuing partnerships or thinking about it on their own.

I can tell you Minnesota is one of them, Washington State is another one. They have a study to do first, they've got work to do. And Hawaii is another state. I can't comment on where they are in their process, whether they're considering a partnership or launching it on their own, but those would be the three states that immediately come to mind that have authorized a plan and haven't decided.

**Treasurer Conine**

I don't know that this tool would be the way to do that, I'm wondering, and Ms. Teng keep me legal here. Could we direct staff to talk to those other states? Because, it would probably be closer to the RFP process, like something to include in the RFP process, versus something to include the RFI. Because the RFI really is who could we launch with? Who could we join right now if we set up a new one with other states?

Should we expect, that would be more of a process of the RFP?

We'd have to find a manager with that said it would require a longer secondary timeline.

However, I'm curious can we create that direction for staff now, or if that's something we need to bring back with the RFP later.

**Deputy Attorney General Ting**

Thank you for the question.

Nicole Ting, for the record.

I think it is different enough that I don't think we would be able to do that now, but I do think under our mandates or our powers, the board is authorized in power to design, establish, operate the Nest program, enter into contracts necessary.

I do think it's within our scope and our ability. We'd probably have to be agendized separately.

**Treasurer Conine**

OK. So, let's we'll put a pin in that for now.

Member if that's ok. And then on the next agenda, we'll bring it back with the update on the RFP side, which is a separate agenda item. I'm seeing nodding.

**Deputy Mohlenkamp**

Yes, that is correct.

**Treasurer Conine**

Ok.

**Deputy Mohlenkamp**

Yes. We should absolutely be able to that.

**Treasurer Conine**

Perfect. Thank you.

Any other questions or comments from members?

Ok. If not the motion that we'd love to take is to direct state treasurer staff to move forward with this RFI as outlined, within the documents.

**Lt. Governor Anthony**

I'll make that motion.

**Treasurer Conine**

Ok. I don't think we need a second, but let's take one anyway.

**Member Caldera**

I'll second it. Caldera.

**Treasurer Conine**

Ok, we've got two seconds there, thank you both.

Any discussion on the motion?

All in favor, say Aye.

**Member Kao**

Aye.

**Member Caldera**

Aye.

**Treasurer Conine**

Any opposed? motion passes unanimously. Thank you all.

Appreciate it.

Let us move on to agenda item number 5 staff provide an update on the independent program request for RFP proposal.

**Deputy Mohlenkamp**

Lesley Mohlenkamp for the record.

As directed at the last board meeting, staff was to identify Nevada specific market data, including comparisons of similar states. And this was to define the participant pool for any future request for proposals or RFPs.

For items such as program administrators, investment consultants and other advisors that may be needed to run in Nevada specific plan. It was also to help these companies respond more accurately regarding fees and other related costs. Agenda item number 5 before you today provides a portion of the requested data on page pages 61 and 62 of your meeting packet, you'll see a summary provided by PEW Charitable Trust Retirement Savings Project.

That gives an estimate of the number of Nevada workers that lacked workplace retirement plan coverage in 2023, which is as high as 587,000 workers. It also provides an estimate of the number of employers that would be covered by the nest program, which is projected to be around 12,000.

We are currently working on collecting data for estate comparison and this is taking a little bit more time. This comparison would include analysis on similar State Auto IRA programs that have opt out provisions, and it would be to determine their actual participant levels, their program administration fees, and their break points.

So again, we expect to have the state comparison to the board in November and upon the board's direction and approval, we can present this alongside the RFI responses. So, you can see them side by side.

Moving on to the second part of the board's directive from the last meeting, staff was asked to address some questions related to how the board would conduct an RFP as a public body in reaching out to state purchasing, the entity that's responsible for the state's formal solicitation process. It was confirmed by state purchasing that the confidentiality requirements in state law apply to the Nevada Employee Savings Trust. State law governs procedures for RFPs and specifically NRS 333.335, Section 7.

It requires that RFPs that are under evaluation to be confidential and not disclosed until the contract is awarded. A few select boards have specific exemptions and statutes for their solicitation process. However, the Nevada Employee Savings Trust does not have any specific exemptions, so standard open meeting laws and confidentiality requirements are both in effect, state purchasing inform us that for the vast majority of state board and commissions the full board is not usually directly involved in the evaluation, selection or negotiation process.

I was informed that most boards delegate the entire procurement and contracting process to staff and do not directly participate in drafting, selection or award. However, there are a few boards such as the Board of Education, the Board of State Prison Commissioners and the Health Exchange Board, they choose to take a more active role in the procurement process.

A board can choose to review and approve parts of a proposed solicitation in a public meeting, and this would include items such as the scope of work evaluation, factors and weights, and the Evaluation Committee framework. This would be prior to the release of the formal solicitation. A board can also choose to review the awarded contract at a public meeting prior to submitting it to the Board of Examiners for final approval. But they must emphasize that it's understood that the review is not selecting a vendor, it's actually approving the final contract as awarded or cancelling the solicitation, depending on what happens.

So this means the board may elect to participate in the preparation of the solicitation or the approval of the eventual award, but they cannot evaluate as a whole committee, because that would again be in conflict. This concludes the board update for agenda item number 5.

Chief Kristen Van Ryan is on the line should you have additional questions regarding the RFP requirements. If you have any questions about the data that was provided as part of this update, we do have Andrew Blevins from the PEW Charitable Trust Retirement Savings Project, should you have any specific questions about the worksheet that was provided in the packet. And that concludes my presentation.

#### **Treasurer Conine**

Thank you before I turn over to members. Andrew. Anything you'd like to add to that? We appreciate your help with this.

#### **Andrew Blevins**

Thank you.

Andrew Blevins, PEW Trust for the record, but no, thank you.

I think that covers it all, but if there's any questions, happy to discuss the methodology or the data sources.

**Treasurer Conine**

Perfect. Let's start there. Members, any questions for Mr. Blevins as to size of number of employees, the way they do the math, etcetera.

**Member Kao**

Yes, this is Andy Kao. Couple questions here.

So first is the range of potential number of employees is large here and we're giving this to the RFI process, where they're going to have to estimate. Is there a potential to narrow this down prior to the RFI being required to be due back so, that they have better info to estimate their responses.

**Treasurer Conine**

Yes. We expect all responses for the RFP and the RFI will provide pricing the rest in, in bands of employees. So anywhere from zero employees across this to 10 to 500,000 will cost that. This will allow them to scope the process, but we expect they'll cover. It would be industry typical for them to cover a wide range of potential outcomes, so I don't know that the answers will be different, but I'll turn that back to Andrew.

**Andrew Blevins**

A brief description of how these numbers were calculated would be useful. And then I can sort of lean into how we might narrow those bands further, but we use two data sets.

These are both from the United States Census. It's the current population survey, and the survey of US businesses or statistics of US businesses rather. So, there are two different data sets. The current population survey looks at everyone in the labor force. It's a very timely survey it covers everyone participating in the labor force but is going to those folks individually and saying do you have access to a retirement plan. So that's susceptible to response error where [the employee] doesn't have a plan because they're making a mistake about their employer has one, but they're just not participating in it or others. We try and correct for that with some adjustments, some technical adjustments where we benchmark those responses to administrative tax data. So, generally the number you'll see quoted is this current population survey data.

The higher bound number that was provided, but the downside of the CPS is it doesn't look at employers. So, there's this other data set, the survey, the statistics of US businesses. And it does look at both employers and employees, but it doesn't actually report anything about coverage. So, what we must do there is make some assumptions based on that prior administrative tax data research by employer size. What do we think the coverage numbers here are and those are.

I think both defensible methodologies, but they are different in the data sets are different. So you end up with this, this range of possibilities in coverage. We can further work to refine those assumptions that go into that, so that the band narrows between the two. But it is difficult to do that in a way that is justifiable or that is likely to the reality of your situation with any certainty. So this is sort of a difficult area where it's gray. These programs are relatively new. So, we don't have a, a great deal of knowledge of really what these programs

will look like once they're fully up and running either. There's just a lot of uncertainty here, but I'm happy to consider alternative assumptions if that would be useful to the board.

**Member Caldera**

Thank you.

**Member Kao**

So, I am hoping to see if you can help me potentially on one more data set. So, both the CPS and SUS V they are public data for all states I assume. So can we layer this against the states who have rolled this program? And so, these are the estimates and then I'm going to assume that the states wrote these programs have somewhat accurate number of businesses and employers that are not covered and see how these compare to real life programs.

**Andrew Blevins**

So, programs do report the number of covered employers, employers that have started processing payroll or contribute new accounts, etcetera. They also report the number of funded accounts. It's significantly opaquer what the total universe of the uncovered looks like because there are various issues that ultimately shrink that universe.

So, you have you know, some opt out numbers which are which are transparent. So, you can apply that assumption.

But you have other issues that arise, so information for employees is incorrect or, you have other failures that relate really primarily to banking and anti-terrorism laws.

So like you're, you're not completing all these other customer checks that sort of make it very difficult to know what this total universe of participants might look like.

And then there's a final sort of issue that arises and it's a success of these programs that you have, employers who now say, OK, I'm going to be subject to NEST.

Maybe I'd like to start my own 401K in response to this program.

So they sort of opt out of participating in the program and it's difficult to know what that number really truly is.

We're happy to take a look at that for you and see if we can give you any further guidance on what that total universe might look like?

**Member Kao**

Because we are also going to have, I mean hopefully less but similar challenges of employers starting their own program or not reporting. So that can help us narrow down to the total potential universe back out all the challenges I will have. And really who's going to sign up for this?

**Andrew Blevins**

Yes, so this is meant to be an estimate of the sort of total addressable market as things stand now. PEW does model where we make some assumptions about participation, employer compliance etcetera, on down to sort of a final market of participants that may be of interest to the board. Obviously, the businesses that are your partners that would bid on this business are going to engage in their own analysis along those lines. I understand the desire to give them as best a benchmark to begin with. So if that's of interest or use to the board, we can follow up offline and potentially engage in that for you.

**Member Kao**

Thank you.



**Treasurer Conine**

Thanks member. Any other questions or comments from members on the size of universe, PEW work.

**Member Caldera**

Yes, chairman.

Thank you, Andrew as well.

That's fantastic data and that's very helpful to have a better understanding. Does the Department of Labor obviously capture a significant amount of data of participants on the 5500 Form? Is that something that PEW can garner and then use that data?

**Andrew Blevins**

We do engage in a form 5500 analysis. This is a tax filing form that businesses with retirement plan will file just so folks know the context here. There are some issues with the form, not when you run into franchises etcetera. There are some technical filing issues that sort of end up excluding some businesses from that, universe as well. This presents a data challenge when you are looking at or trying to utilize form 5500 exclusively.

I don't have it handy here, but we do have an analysis for all 50 states, which would include Nevada, and we could look at the number of businesses that do provide a plan. And then if we had a total universe, which I'm sure we could find a reliable data set employers in the state larger than five that would be subject to the program we could work back from there, the number of potentially covered firms.

**Member Caldera**

I certainly don't want to run up a bill if you will, just to confirm the data.

So I'm not sure I'll leave it back to the state, to the board.

But you know, it seems like that would be the data that you provided at least gives us a good estimate, it appears.

**Andrew Blevins**

Just to make sure that these programs are off on the best footing, and we do it in the public interest without compensation. So happy to do it for you all, if that's useful.

**Member Caldera** OK.

Well, then I would vote for that to be done, with my colleagues.

**Treasurer Conine**

Yes, free sounds like a really good price to me as well, member.

Appreciate that and thanks again to PEW and their backers, any other questions from members on the data side?

Ok. Moving back to the RFP side. Deputy Mohlenkamp the work here would be for the board to approve or direct staff to bring back the presentation at the November meeting with the rest of our findings. And then perhaps we'll amend that with additional information from Andrew and his team over at PEW.

**Deputy Mohlenkamp**

Yes, that is correct. Really, bringing that comparison to the board with the relevant data that you would be looking at hand in hand with RFI would be our goal is that it would be the most useful information to look at that side by side.

**Treasurer Conine**

Perfect. Were there any questions from members, I guess that should credit space for this about sort of that RFP process, what it needs on the purchasing side, right, so that we could be involved in the creation of that RFP, but then not the scoring of it.

Or we could let that entire thing happen from a staff government perspective, as it generally does, and then bring it back to the board for sort of final sign off, which would then give us the opportunity to compare RFIs to RFPs.

But I think that's really only if the RFI process comes back and we just don't like the choices that are in front of us. Any questions on that front? Just nodding over here.

Mr. Palmer. Any questions?

**Member Palmer**

I just want to clarify that any applicable RFI questions would also apply to the RFP questions.

**Deputy Mohlenkamp**

Lesley Mohlenkamp, for the record. At this point in time, because we're in the very beginning stages of what would be NRFP process. The major task was to identify the market and essentially the pool of participants because when we issued an RFP, we'd be using that data. We want that dialed in as much as possible for any type of RFP.

The information that was provided today was more for context, so that the board understood some of the intricacies of going through the RFP process as a board so that you were fully aware of the steps and the do's and the don'ts of the RFP process as a board.

**Treasurer Conine**

Member Palmer just confirmed what I thought I heard you say. When we get to the place of writing an RFP, your recommendation is that we take the RFI as sort of the starting place for the RFP and make sure that all the questions we are asking the RFI, we are also asking the RFP.

**Member Palmer**

Well, any applicable questions. I don't assume any partnership things we'd be in RFP, yes.

**Treasurer Conine**

Yes, Ok. We can certainly commit to that. Thank you.

Any other questions for members?

**Member Kao**

This is Andy Kao. I have a question about RFP process. Does it have to be one thorough process all of it, or can this be done in phases? For example, it takes a long time for the RFP to happen because the entire contract must be completed for us generally to review results. But is there a potential of soliciting potential vendors to see if they're interested in the general terms that they are proposing. And that way we have something in hand to compare to the RFI.

**Treasurer Conine**

More of a term sheet.

**Member Kao**

A term sheet, yes.

**Treasurer Conine**

I think this is where we'll run foul of state purchasing laws.

**Deputy Mohlenkamp** - Yes, that is correct. I would send it over to the Attorney General's office.

**Treasurer Conine**

Deputy Attorney General Tang. Did you get the member's question regarding, can you do a partial RFP process, a term sheet, a sort of top line sort of see what the world looks like.

**Deputy Attorney General Ting**

It's a good question.

Nicole Ting for the record and thank you, Treasurer.

To tell you the truth, I'm not sure. And you're right, if everything would have to follow NRS 333. I don't think you're able to do that, I can double check on that.

**Treasurer Conine**

Ok. We'll follow up on that question. Relatively short purchasing process exists as it does within a bubble wherein you follow a series of steps and an outcome happens as opposed to being able to follow part of those steps.

But we will confirm that, any other questions on that process? Thank you for that conversation.

So the motion that I think we're looking for to direct staff to continue along the path of the RFP process, to come back with a report at our next meeting in November with comparables and additional information from PEW. Anything else we'd like to add to the motion.

**Lt. Governor Anthony**

Go ahead (pointing towards Member Andy Kao).

**Member Kao**

Andy Kao motion to approve.

**Treasurer Conine**

We'll take it and we can pull the specifics from the minutes, thank you.

Do we have a second? Any discussion on that motion?

Carrying none.

All in favor say Aye.

Multiple Aye's heard.

**Member Caldera**

Aye.

**Treasurer Conine**

Any opposed? All right.

And just as a point of reference, we can clean it up later. Member Sewald is absent, excused from the meeting. Sorry about that, missed that in my notes. We'll move on to our last agenda, which is public. The public are invited at this time.

Any public comment in Carson City member Palmer?

**Member Palmer**

None.

**Treasurer Conine**

All right. We'll advertise better next time, sorry about that.

Comments from the public online, any comments from the public in Las Vegas?

All right, we'll close our second period for public comment and move on to adjournment.

We are adjourned, thank you all very much.

# THE BOARD OF TRUSTEES OF THE NEVADA EMPLOYEE SAVINGS TRUST

## **Agenda Item 4 November 20, 2024**

**Item: Board discussion and possible action to determine the Nevada Employee Savings Trust Program structure as a Nevada-specific independent program or State partnership/consortium.**

**Summary:**

- a. Lesley Mohlenkamp, Deputy Treasurer of the Financial Literacy and Security Division, will provide an overview of the Auto-IRA Interstate Partnership Request for Information (RFI) submittals and State independent program comparison data.
- b. Andrea Feirstein, Managing Director, AKF Consulting, will provide an overview of the Summary of Responses: Request for Information: Auto-IRA Interstate Partnership"

**Staff recommended motion:**

<b>Move to direct State Treasurer staff to begin the steps needed to establish an Independent Nevada-Specific Plan Program or to join a State partnership/consortium.</b>
---

**State Comparison:** analysis of similar auto-IRA programs (non-partnerships as of Sept. 2024) that have opt-out provisions; employers must participate  
As of Sept. 2024

	CA	IL	MD**	OR	CT	NV
<b>State Population</b>	38,965,193	12,549,689	6,180,253	4,233,358	3,617,176	3,194,176
State Population 18 years and over	30,527,864	9,848,062	4,821,332	3,403,557	2,894,552	2,509,660
Large/Medium/Small State	Large	Large	Medium	Medium	Medium	Medium
<b>Eligible Employers</b>	241,176*	No data.	91,503*	No data.	No data.	12,000
Employer Exemptions (Self-Exemption)	130,480	57,588	1,947	44,994	12,134	4,200
Avg Emp. Exemption rate (Self-Exemption)	42.60%*	No data.	29.40%*	No data.	33.00%*	35.00%
Employers participating after 1 Year	1,957	4,236	2,380	1,708	1,038	
Employers participating after 3 Years	103,994	6,296	No data.	14,384	No data.	
<b>Eligible Savers/Employees (Estimated)</b>	7,000,000*	No data.	947,000*	No data.	No data.	587,600
Average Opt-out Rate (Savers)	35.91%	38.51%	30.00%***	No 2024 data.	18.48%	30.72%
Funded Accounts after 1 Year	19,060	31,453	4,805	20,415	7,617	
Funded Accounts after 3 Years	299,892	95,717	No data.	75,919	No data.	
<b>Launch Date</b>	7/1/2019 (5.5 years)	10/1/2018 (6+ years)	9/16/2022 (2 years)	10/1/2017 (7+ years)	4/1/2022 (2.5 years)	7/1/2025
<b>Wave 1</b>	Emp w/ 100+ employees - <b>Deadline: 9/30/20</b> (delayed from 6/30/20-Covid)	Emp w/ 500+ employees - <b>Deadline: 11/1/18</b>	Emp w/ 1+ employees - <b>Deadline: 12/1/22</b>	Emp w/ 100+ employees - <b>Deadline: 11/15/17</b>	Emp w/ 100+ employees - <b>Deadline: 6/30/22</b>	
<b>Wave 2</b>	Emp w/ 50-99 employees - <b>Deadline: 6/30/21</b>	Emp w/ 100-499 employees - <b>Deadline: 7/1/19</b>		Emp w/ 50-99 employees - <b>Deadline: 5/15/18</b>	Emp w/ 26-99 employees - <b>Deadline: 10/31/22</b>	
<b>Wave 3</b>	Emp w/ 5-49 employees - <b>Deadline: 12/31/22</b> (delayed from 6/30/22-Covid)	Emp w/ 25-99 employees - <b>Deadline: 11/1/19</b>		Emp w/ 20-49 employees - <b>Deadline: 12/15/18</b>	Emp w/ 5-25 employees - <b>Deadline: 3/30/23</b>	
<b>Wave 4</b>	Emp w/ 1-4 employees - <b>Deadline: 12/31/25</b> (program expanded)	Emp w/ 16-24 employees - <b>Deadline: 11/1/22</b> (program expanded)		Emp w/ 10-19 employees - <b>Deadline: 5/15/19</b>	Emp w/ 1-4 employees - <b>Deadline: 8/31/23</b>	
<b>Wave 5</b>		Emp w/ 5-15 employees - <b>Deadline: 11/1/23</b> (program expanded)		Emp w/ 5-9 employees - <b>Deadline: 11/15/19</b>		
<b>Wave 6</b>				Emp w/ 3-4 employees - <b>Deadline: 3/31/23</b> (pgrm expanded, delayed from 1/15/21-Covid)		
<b>Wave 7</b>				Emp w/ 1-2 employees - <b>Deadline: 7/31/23</b> (pgrm expanded, delayed from 1/15/21-Covid)		

OregonSaves launched in October 2017 but launched a pilot in July of 2017. Illinois Secure Choice launched in October 2018 but launched a pilot in May 2018.

\*Self reported by State

\*\*MD does not report funded accounts but rather contributing accounts (includes those with a \$0 balance)

\*\*\*Additional 10-15% don't pass "know your customer" process

State similar in population size to Nevada for comparison

Analysis provided by Nevada State Treasurer's Office, FLS Division (blue font)

Key Assumptions for Nevada Based on State Comparison	
<b>Est. Eligible Employers</b>	<b>12,000</b>
Employer Exemptions (Self-Exemption)	<b>4,200</b>
Average Emp Exemption rate (Self-Exemption)	<b>35%</b>
Estimated number of Emp after Exemption	<b>7,800</b>
<b>Est. Eligible Savers/Employees</b>	<b>587,600</b>
Est. Average Opt-out Rate (Savers)	<b>31%</b>
Est. number-Employees to Opt out	<b>180,511</b>
Est. number-Employees that could participate	<b>407,089</b>

***BOARD OF TRUSTEES OF THE NEVADA EMPLOYEE SAVINGS TRUST***

**Request for Information:  
Auto-IRA Interstate Partnership**

**Summary of Responses**

**November 15, 2024**





# SUMMARY OF RFI RESPONSES FOR AUTO-IRA INTERSTATE PARTNERSHIP OVERVIEW

Questions		Colorado	Connecticut	Illinois
1a	Service Providers	<p><b>Program Administration</b> Vestwell State Savings, LLC</p> <p><b>Recordkeeping and Custody</b> BNY Mellon</p> <p><b>Investment Management</b> BlackRock; State Street Global Advisors</p> <p><b>Audit</b> Landmark CPAs</p>	<p><b>Program Administration</b> Vestwell State Savings, LLC</p> <p><b>Recordkeeping and Custody</b> BNY Mellon</p> <p><b>Investment Management</b> Fidelity; Schwab; Vanguard</p> <p><b>Audit</b> CT State Auditor (but moving to private firm in future)</p>	<p><b>Program Administration</b> Ascensus College Savings, LLC (“Ascensus”)</p> <p><b>IRA Custodian</b> Ascensus Trust Company (“ATC”)</p> <p><b>Investment Management</b> BlackRock; Schwab; State Street Global Advisors</p> <p><b>Audit</b> Landmark CPAs</p>
1b	Audit Included in Partnership?	<p><b>Yes</b></p> <p>Do not need to hire separate auditor</p>	<p><b>No</b></p> <p>Each partner will conduct its own audit, but there is potential for collective contracting</p>	<p><b>Yes</b></p> <p>Current auditor would provide audit services covering the “partnership programs at large”</p>
1c	SOC Reports	<p>CO received SOC reports from providers during initial procurement and can share those with Partner States</p> <p><i>Response does not, however, indicate ongoing receipt or sharing of SOC reports on an annual basis</i></p>	<p><i>If received by CT, will be shared with Partner States</i></p> <p><i>Response does not, however, indicate whether CT will receive SOC reports annually</i></p>	<p>Reports for Ascensus and ATC will be provided to Partner States when received annually</p>
1d, e	Employer Participation Data	<p><b><u>Year 1</u><sup>1</sup></b> 13,992 employers enrolled (Appx. 23% of eligible employers)</p> <p><b><u>Years 2-5</u></b> N/A – Program launched fully in 2023 and has only had 1 full year of operations</p>	<p><b><u>Year 1 (measured from April 2022 Statewide Launch)</u></b> 3,928 employers registered (Appx. 16% of invited employers)</p> <p><b><u>2.5 Years from April 2022 Statewide Launch</u><sup>2</sup></b> 6,602 employers registered (Appx. 18% of invited employers)</p>	<p><b><u>Year 1 (measured from June 2018 Pilot launch)</u></b> 745 employers registered; 65 of those employers had submitted payroll contributions <i>Percentage of eligible employers not provided</i></p> <p><b><u>5 Years from June 2018 Pilot Launch</u><sup>3</sup></b> 9,747 employers registered; 4,909 of those employers had submitted payroll contributions <i>Percentage of employers not provided</i></p>

<sup>1</sup> CO response notes this data is from “first year of operation” – unclear if this period includes Pilot phase (October 2022 – January 2023)

<sup>2</sup> Data as of October 2024

<sup>3</sup> Data as of June 30, 2023

## SUMMARY OF RFI RESPONSES FOR AUTO-IRA INTERSTATE PARTNERSHIP OVERVIEW

Questions		Colorado	Connecticut	Illinois
1f, g	Employee Participation Data	<p><b><u>Year 1</u></b>  45,863 funded accounts  53,653 opted out w/in first 30 days  3,432 accounts made a full withdrawal  <i>Employee percentages not provided</i></p> <p><b><u>Years 2-5</u></b>  N/A – Program launched in 2023 and has only had 1 full year of operations</p>	<p><b><u>Year 1 (measured from April 2022 Statewide Launch)</u></b>  Appx. 10,000 funded accounts (<i>exact data not provided – only visual graph</i>)  21,994 (18%) opted out w/in first 30 days  <i>Full withdrawal / closure data not provided</i></p> <p><b><u>2.5 Years from April 2022 Statewide Launch<sup>2</sup></u></b>  Over 28,500 funded accounts  41,744 (18%) opted out w/in first 30 days  <i>Full withdrawal / closure data not provided</i></p>	<p><b><u>Year 1 (measured from June 2018 Pilot Launch)</u></b>  13,281 funded accounts  13,263 (24.7%) opted out w/in first 30 days  1,012 accounts made a full withdrawal</p> <p><b><u>5 Years from June 2018 Pilot Launch<sup>3</sup></u></b>  125,390 funded accounts  81,917 (32.3%) opted out w/in first 30 days  22,092 accounts made a full withdrawal</p>
9	Type of IRA	<p><b>Roth and Traditional</b></p> <p>Roth is the default, but participants can recharacterize account to Traditional IRA at any time</p>	<p><b>Roth only</b></p> <p>Roths have advantages: post-tax contributions, penalty-free withdrawals of contributions (allowing account to function as emergency savings)</p> <p>Roths cannot be rolled over to Traditional IRA, per IRS rules, but could be rolled into other types of plans</p>	<p><b>Roth and Traditional</b></p> <p>Roth is the default, but participants can also open Traditional IRAs</p>
18	Investment Consultant	<p><b>Segal Marco Advisors (CO)</b>  Currently, other Partner States have their own Investment Consultants</p> <p>CO's contract with Segal Marco expires June 30, 2025 – Partnership is currently considering a joint investment consulting contract in the future, which NV could also join if it's approved</p>	<p><b>Segal Marco Advisors</b>  Investment Consultant</p> <p><b>BNY Mellon Advisors</b>  Investment Advisor<sup>4</sup></p> <p>CT is open to a collective contract with Segal Marco or Partner States can engage their own Consultant  BNY Mellon will only provide investment advisory services to CT; CT will share BNY's investment information for collective partnership decision-making on investments</p>	<p><b>Marquette Associates</b></p> <p>Partner States may rely upon Marquette or can engage their own Investment Consultants</p>

<sup>4</sup> BNY Mellon Advisors is responsible for the customization of Investment Portfolios

**SUMMARY OF RFI RESPONSES FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION A: GENERAL**

Questions		Colorado	Connecticut	Illinois
1	<b>Experience –</b>  <b>Data from RFI:</b> <ul style="list-style-type: none"> <li>• <b>Assets</b></li> <li>• <b>Funded Accounts</b></li> </ul> <b>Data as of 8/31/2024<sup>5</sup></b> <ul style="list-style-type: none"> <li>• <b>Assets</b></li> <li>• <b>Funded Accounts</b></li> </ul>	<b>Colorado / Entire Partnership - as of 10/22/2024:</b> <ul style="list-style-type: none"> <li>• \$85,157,994 / \$90,916,452</li> <li>• 62,788 / 74,000</li> </ul> <ul style="list-style-type: none"> <li>• \$76,701,836 / <i>not available</i></li> <li>• 60,778 / <i>not available</i></li> </ul>	<b>As of October 2024:</b> <ul style="list-style-type: none"> <li>• Approximately \$32,000,000</li> <li>• Over 28,500</li> </ul> <ul style="list-style-type: none"> <li>• \$26,915,293</li> <li>• 27,987</li> </ul>	<b>As of 10/24/2024:</b> <ul style="list-style-type: none"> <li>• Approximately \$217,000,000</li> <li>• Over 152,000</li> </ul> <ul style="list-style-type: none"> <li>• \$208,414,960</li> <li>• 155,503</li> </ul>
2	<b>Advantages of Partnership</b>	<ul style="list-style-type: none"> <li>• Quicker implementation – can skip procurement and design phases</li> <li>• Shared best practices / collaboration – can learn from Partner States’ experiences (e.g. shared outreach and marketing toolkit)</li> <li>• Exploring generative AI possibilities to support Partner States in outreach, marketing, and branding</li> <li>• NV to have active role in partnership decision making</li> <li>• Support from CO Staff</li> <li>• Cost savings: reduced overhead, shared service providers, competitive fees</li> </ul>	<ul style="list-style-type: none"> <li>• Sole Trustee structure – Board is advisory only, meaning decisions can be made more quickly and easily</li> <li>• Lowest TDF investment expense nationally</li> <li>• Customized investment options (not off-the-shelf)</li> <li>• Greatest amount of investor choice – offers more investment options than others</li> <li>• Speed to launch</li> <li>• Lower administrative burden + cost efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Best practices developed over the past 6 years</li> <li>• Systems and processes that Ascensus has built and refined as the first Program Administrator to service Auto-IRA Programs</li> <li>• Equal role in creating partnership model (NV would be first partner)</li> <li>• Voting member in all significant decisions</li> </ul>
3	<b>Estimated Launch:</b> <ul style="list-style-type: none"> <li>• <b>Pilot</b></li> <li>• <b>Full Program</b></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Pilot</u>: 3 months after execution of partnership agreements</li> <li>• <u>Full Program</u>: 6 months from partnership agreements – could be as soon as July 1, 2025</li> </ul> But “timelines are contingent upon state employer data being received in a timely manner, as well as general considerations” ( <i>AKF note: same considerations should apply to other bidders as well</i> )	<ul style="list-style-type: none"> <li>• <u>Pilot</u>: 3 – 6 months after execution of partnership agreement</li> <li>• <u>Full Launch</u>: “shortly thereafter”</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Pilot</u>: Could begin by July 2025</li> <li>• <u>Full Program</u>: “[i]n the subsequent months”</li> </ul>

<sup>5</sup> Due to variation of RFI responses, AKF has also provided assets and accounts based upon Georgetown CRI data as of August 31, 2024, confirmed September 20, 2024.

**SUMMARY OF RFI RESPONSES FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION A: GENERAL**

Questions		Colorado	Connecticut	Illinois
4	Current Partners / Impact on Fees or Timeline?	<p><b>3 partners: Delaware, Maine, Vermont</b></p> <p>Discussions with Minnesota</p> <p>Could reach first breakpoint (for dollar-based fee) within 18 months of NEST launching, and second breakpoint within 2 years</p>	<p><b>1 partnership pending</b></p> <p>Will be announced publicly Nov. 20, 2024</p> <p>Additional partners will help partnership reach collective breakpoints sooner (<i>but no timetable provided</i>)</p>	<p><b>No current partners</b></p> <p>Actively engaged with “other states” that have passed or are pursuing legislation</p> <p>IL already has partnership experience as Lead State for 19-member ABLE Alliance, which includes NV</p> <p><i>Response silent on fees and timetable</i></p>
5	Source of Authority to Lead Partnership	<p><b>Has statutory authority + Board approval</b></p> <p>24-54.3-103.5(l) of the Colorado Revised Statutes:</p> <ul style="list-style-type: none"> <li>“(l) 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”</li> </ul> <p>24-110-201 of the Colorado Revised Statutes:</p> <ul style="list-style-type: none"> <li>Allows Colorado Treasury to engage in cooperative procurement to either “participate in, sponsor, conduct, administer a cooperative purchasing agreement”</li> </ul> <p>Board has also unanimously approved partnership agreements and the pursuit of partners</p>	<p><b>Has statutory authority + legal opinion</b></p> <p>Conn. Gen. Stat. §§ 3-112(b), 31-418(a)(3), (6) allow Comptroller to “enter into such contractual agreements as may be necessary for the discharge of his duties”</p> <p>In July 2024, Attorney General (who approves all State contracts) also confirmed Comptroller has authority to be a host state and execute a partnership arrangement</p>	<p><b>Has statutory authority</b></p> <p>Illinois Secure Choice Savings Program Act, 820 ILCS 80, §30:</p> <ul style="list-style-type: none"> <li>“[t]he Board may enter into agreements with other governmental entities, including other states or their agencies and instrumentalities, to enable residents of other states to participate in the Program”</li> </ul> <p>Intergovernmental Cooperation Act, 5 ILCS 220, §3:</p> <ul style="list-style-type: none"> <li>“[a]ny power or powers, privileges, functions, or authority exercised or which may be exercised by a public agency of this State may be exercised, combined, transferred, and enjoyed jointly with... any public agency of any other state...”</li> </ul>
6	Program Administrator Committed to Supporting Partnership?	<p><b>Yes</b></p> <p>Contract with Vestwell includes Partner States in the scope of work and Vestwell has approved partnership agreement</p>	<p><b>Yes</b></p> <p>Contract with Vestwell includes provisions about supporting partnership</p>	<p><b>Yes</b></p> <p>Ascensus has committed to supporting IL-led partnership</p>
	Years Left on Program Administrator Contract	<p><b>5 years remaining</b> (8 years with extensions)</p> <p>Contract expires in 2028 (2031 w/ extensions)</p>	<p><b>7 years remaining</b></p> <p>Contract expires in 2031</p>	<p><b>2 years remaining</b> (3 years with extension)</p> <p>Contract expires Dec. 2026 (Dec. 2027 w/ extension)</p>

**SUMMARY OF RFI RESPONSES FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION A: GENERAL**

Questions		Colorado	Connecticut	Illinois
7	Governance Structure	<b>CO Secure Savings Program Board:</b> 8 members  Chair: Dave Young, Colorado State Treasurer	<b>Sole Fiduciary:</b> Comptroller Sean Scanlon  <b>Advisory Board:</b> 15 members w/ limited role - recommendations are non-binding  <b>Various Board Committees</b>	<b>IL Secure Choice Savings Board:</b> 7 members  Chair: Michael W. Frerichs, Illinois State Treasurer
	Entities Involved in Oversight and Administration	<b>Colorado Department of the Treasury</b>  <b>Program Staff (5):</b> <ul style="list-style-type: none"> <li>Executive Director / Chair of Partnership</li> <li>Program Manager / Operations</li> <li>Communications Manager</li> <li>Outreach Specialist (2)</li> </ul> <b>CO Dept. of Labor and Employment</b> (Enforcement)  <b>CO Dept. of Law</b> (Legal counsel to Board)	<b>Connecticut Office of the State Comptroller</b>  <b>Program Staff (3):</b> <ul style="list-style-type: none"> <li>Executive Director</li> <li>Strategic Comms Manager</li> <li>Admin Assistant</li> </ul>	<b>Illinois State Treasurer's Office</b>  <b>Program Staff (3):</b> <ul style="list-style-type: none"> <li>Executive Director</li> <li>Deputy Director</li> <li>Manager</li> </ul> Three Treasury staff provide investment support and expertise  AKF Consulting (Program Consultant) <sup>6</sup>
8	Decision Making Process/Structure	<b>Partners each have 1 vote But only on votable matters</b>  Partners are on the Partnership Advisory Committee, which makes recommendations to CO  Program changes “approached as a collaborative effort”  CO serves as primary point of contact for managing Vestwell relationship/contract and for procurement – but Partner States can also have their own personal day-to-day program management relationship with Vestwell	<b>Partners each have 1 vote But votes appear non-binding on CT</b>  Partners are on a “Consortium Panel,” with 1 rep per Partner State  Panel will vote and make “collective decisions on certain core program features, including changes to investments, program design, program communication boilerplates, and other shared materials” – but votes may only function as recommendations to CT, rather than binding decisions ( <i>response indicates that any Panel-suggested changes “will be recommended” to the Comptroller; CT should clarify effect of Partner votes</i> )  CT is responsible for implementing changes with Vestwell	<b>No formal framework yet</b>  Will work with Nevada to develop elements of partnership structure; will use existing framework for National ABLE Alliance “as a starting point”  <i>If</i> ABLE Alliance framework is used, governance structure may include one vote per Partner State on core issues such as investments, issuance of RFPs, admittance of new States, and other significant matters

<sup>6</sup> IL response disclosed AKF engagement as Program Consultant; AKF has also served as Program Consultant to Colorado and Connecticut

**SUMMARY OF RFI RESPONSES FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION A: GENERAL**

Questions		Colorado	Connecticut	Illinois
8 (Cont.)	Decisions Up for Vote	<ul style="list-style-type: none"> <li>• Appointment or replacement of Lead State</li> <li>• Amendment or modification of any portion of any Master Services Agreement (subject to veto by CO)</li> <li>• Amendment or modification of Interstate Agreement ("IA")</li> <li>• Removal of a State from the partnership</li> <li>• Approval or retention of vendors pursuant to a cost-sharing arrangement among the States</li> <li>• Determination of whether a Partner State is in compliance with the IA; and</li> <li>• Any decision CO deems appropriate for a vote</li> </ul>	<p style="text-align: center;">TBD</p> <p>items with a mandatory vote will be spelled out in future contract, but <i>effect</i> of Panel vote remains unclear (see notes above)</p> <p>But NV can generally give input / recommendations on Program changes, including future changes to investments or fees</p> <p>NV can customize:</p> <ul style="list-style-type: none"> <li>• Default investment rate, up to 6%</li> <li>• Branding and the "look" of marketing materials (including collateral and website)</li> <li>• State dollar-based fee</li> </ul>	<p style="text-align: center;">TBD</p> <p>See above – <i>If</i> ABLE Alliance framework is used, Partner States may vote on core issues such as investments, issuance of RFPs, admittance of new States, and other significant matters</p>
	Decisions NOT Up for Vote	<p>Anything not in list above – somewhat open ended</p> <p>CO reserves right to put Program design elements (e.g., investments) up for a vote or not</p>	<p>Partner States must adopt the core Program features that CT already has in place:</p> <ul style="list-style-type: none"> <li>• Mandatory employer participation and automatic employee enrollment</li> <li>• Default rate that is "substantially similar" to CT's (e.g., between 3% – 6%)</li> <li>• Employer eligibility threshold that is substantially similar to CT (CT is 5 or more employees, including part-time and full-time employees)</li> <li>• CT's existing investments</li> <li>• Roth IRA structure</li> <li>• State asset-based fee (0.02%)</li> <li>• Content and structure of program materials, general communications, Program website, and employer / employee portals (these items can only be NV-branded and updated with "minor" NV-specific information)</li> </ul>	<p style="text-align: center;">TBD</p> <p style="text-align: center;">See above</p>

**SUMMARY OF RFI RESPONSES FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION A: GENERAL**

Questions		Colorado	Connecticut	Illinois
8 (Cont.)	Already Has Formal Framework / Partnership Terms?	<p><b>Yes</b></p> <p>Interstate Agreement and Partnership Addendum contracts are both already in effect</p> <p><u>Process:</u> Partner States sign Partnership Addendum with Vestwell and Interstate Agreement with all Partner States</p>	<p><b>Yes</b></p> <p>Initial term sheet created – but final partnership contract is still in development</p> <p><u>Process:</u> Partner States will sign on to master contract with Vestwell through an amendment agreement; amendment can include language required by Partner State’s procurement standards</p> <p>Partner States will also enter into an interstate MOU which outlines duties and responsibilities of all States, as well as the consortium’s decision-making process</p>	<p><b>No</b></p> <p>No formal framework or terms yet, but will use existing structure for National ABLE Alliance “as a starting point”</p> <p><u>Process:</u> <i>If</i> ABLE Alliance structure is used, IL would have a Master Contract with Ascensus and Partner States would each enter into their own separate Implementing Agreement with Ascensus</p> <p>Partner States would also enter into an Interstate Agreement with each other, outlining governance and voting rights</p>
10	Trust Structure	<p>Uses “omnibus custody accounts” by investment option (<b>not a</b> trust); omnibus accounts are held in Partnership’s name</p> <p>Partner State assets are “legally segregated”</p> <p>NV accounts/assets will be kept separately for reporting and audit</p>	<p>Response states that assets are held in “a single pooled <i>trust</i> account,” but elsewhere response states that assets are “pooled into <i>omnibus custody accounts</i>” / a “pooled ‘Program Fund’”</p> <p>Assets are held in consortium’s name</p> <p>Partner State assets are “legally segregated”</p> <p>NV accounts/assets will be kept separately for reporting and audit</p> <p>NV retains “stewardship and fiduciary responsibility” for its own accounts</p>	<p>One single trust with separate “series” for each partner program</p> <p>Separate “series” aids recordkeeping, reporting, auditing</p> <p>Willing to explore a trust structure that is “mutually beneficial”</p>
11	Exit Terms	<p>State may withdraw from Partnership upon termination of its Partner State Agreement with Vestwell</p>	<p>Partner States may exit at any time – only need to notify the consortium</p> <p>Exit of a Partner State may affect fees / breakpoints, though – so fees could go back up if someone exited</p>	<p>Likely to follow ABLE Alliance structure, where Partner States can exit at any time (subject to contract terms with Ascensus)</p>

**SUMMARY OF RFI RESPONSES FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION A: GENERAL**

Questions		Colorado	Connecticut	Illinois
11 (Cont.)	Treatment of NEST Accounts upon exit	<p style="text-align: center;"><b>TBD</b></p> <p>Partner States are in ongoing discussions on this topic</p> <p>“The PDR [Partnership for a Dignified Retirement] does not intend to keep Partner State accounts in the event of a termination, but seeks to develop a process that ensures all states are held harmless during a termination process”</p>	NV keeps all accounts / assets upon exit	NV keeps all accounts / assets upon exit



**SUMMARY OF RFI RESPONSES FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION B: FEES**

Questions		Colorado	Connecticut	Illinois
12 -13	Annual Dollar-Based Fees for NV	<b>\$22 paid to Vestwell</b> (same for savers in all Partner States)  <b>+ customizable State Fee paid to NV</b> (CO does not charge a dollar-based fee; DE, ME, and VT each charge \$4)	<b>\$24 paid to Vestwell</b> (same for savers in all Partner States)  <b>+ customizable State Fee paid to NV</b> (CT charges its savers \$2)	<b>\$21 paid to Ascensus</b> (IL savers currently pay Ascensus \$16)  <b>+ customizable State Fee paid to NV</b> (IL does not charge a dollar-based fee)
	Annual Asset-Based Fees for NV (without investment fees)	0.20%, which represents: <ul style="list-style-type: none"> <li>0.15% to Vestwell</li> <li>0.05% to Partner State</li> </ul>	0.22%, which represents: <ul style="list-style-type: none"> <li>0.20% to Vestwell</li> <li>0.02% to Partner State</li> </ul>	At least 0.25%, which represents: <ul style="list-style-type: none"> <li>0.25% to Ascensus</li> <li>+ customizable State Fee to NV (IL currently charges its savers 0.05%)</li> </ul>
	Asset-Based Breakpoints	Fee decreases by asset level: \$0-\$2B                      0.15% \$2B-\$4B                    0.12% \$4B+                         0.10%  <i>Breakpoints apply to entire partnership</i>	Fee decreases by asset level \$0-\$2B                      0.20% \$2B-\$4B                    0.15% \$4B+                         0.12%  <i>Breakpoints apply to entire partnership</i>	None
	Dollar-Based Breakpoints	Fee decreases by account level: 0-200K                      \$22 200-350K                    \$20 350K+                        \$18  <i>Breakpoints apply to entire partnership</i>	Fee decreases by asset* level: \$0-\$2B*                    \$24 \$2B-\$4B*                   \$20 \$4B+*                        \$18  <i>*CT should clarify whether dollar breakpoints are tied to <u>asset</u> levels or <u>account</u> levels. Q12 response shows asset levels, but Q4 response mentions account levels: "[when] partnership states...surpass 200,000 total accounts, Vestwell's administrative fee will drop from \$24 to \$20"</i>	Fee decreases by account level: 0-200K                      \$21 200-350K                    \$19 350K+                        \$17
	Any Additional Charges to Account Owners	<ul style="list-style-type: none"> <li>Rollovers                 \$50</li> <li>Paper Statements      \$10/year</li> <li>Paper Checks            \$5/check</li> </ul>	<ul style="list-style-type: none"> <li>Rollovers                 \$50</li> <li>Paper Statements      \$10/year</li> <li>Paper Checks            \$5/check</li> </ul>	<ul style="list-style-type: none"> <li>Rollovers                 None</li> <li>Paper Statements      \$2.50/quarter</li> <li>Paper Checks            \$5/check</li> <li>Priority Delivery         \$25</li> <li>Rejected ACH/Check    \$20</li> </ul>

**SUMMARY OF RFI RESPONSES FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION B: FEES**

Questions		Colorado	Connecticut	Illinois
14	Are NV Fees Same as Lead State Fees?	<p><b>Yes</b></p> <p>But NV can add \$ fee if desired – see above</p>	<p><b>Yes</b></p> <p>But NV can add \$ fee if desired – see above</p>	<p><b>No</b></p> <p>See above – \$ fee for NV savers will be higher than for IL savers</p> <p>NV can also add \$ and asset-based fees if desired</p>
	Fees NV Would Receive	<p>State asset-based fee (0.05%)</p> <p>State dollar-based fee (amount flexible)</p>	<p>State asset-based fee (0.02%)</p> <p>State dollar-based fee (amount flexible)</p>	<p>NV will determine its fees – both dollar- and asset-based</p>
15	Start-up Costs to NV	<p><b>\$100,000</b></p> <p>Charged by Vestwell – preference is for a lump sum payment within 90 days of contract, but open to discussing installment payments if needed</p>	<p><b>\$100,000</b></p> <p>Charged by Vestwell – preference is for a lump sum payment within 90 days of contract, but open to discussing installment payments if needed</p>	<p><b>None</b></p>
	Ongoing Costs to NV	<p>None currently – but could be levied by majority vote of the partnership</p>	<p>Response states that “Connecticut will not assess fees of any kind to a partner state,” but Term Sheet indicates that eventual partnership contract “will address expenses incurred for the benefit of the Program and specify how such expenses would be allocated between the parties”</p> <p>No ongoing costs charged by Vestwell</p>	<p>None</p>
16	Change to Pricing if No Mandate?	<p>CO will not partner with States that do not have a mandate</p>	<p>CT will not partner with States that do not have a mandate</p>	<p>Pricing would be “dramatically different”</p>

**SUMMARY OF RFI RESPONSES FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION C: INVESTMENTS**

Questions		Colorado	Connecticut	Illinois
17	Investment Options	1. TDFs  2. International Equity (100% Equity) 3. Domestic Equity (100% Equity) <sup>7</sup> 4. Fixed Income (100% Bonds) 5. Capital Preservation (100% Money Market)	1. TDFs  2. Growth (100% Equity) 3. Moderate Growth (80% Equity / 20% Bonds) 4. Conservative Growth (60% Equity / 40% Bonds) 5. Balanced (50% Equity / 50% Bonds) 6. Income and Growth (40% Equity / 60% Bonds) 7. Income (80% Bonds / 20% Money Market) 8. Cash Preservation (100% Money Market)	1. TDFs  2. Growth (100% Equity) 3. Conservative (100% Bonds) 4. Capital Preservation (100% Money Market) 5. 90-Day Holding Vehicle (100% Money Market)*  <i>* This is only available during the 90-day initial default period.</i>
	Underlying Investment Fee Range	0.02% – 0.12%	Not provided	0.02-0.15%
	TDF Specific Fees	0.09%	0.036% (average)	0.09%
	TDF Provider	State Street	Customized using Fidelity, Schwab and Vanguard	BlackRock
	Providers of Non-TDF Investment Options	BlackRock, State Street	Customized using Fidelity, Schwab and Vanguard	Schwab, State Street  Capital Preservation and 90-Day Options use SSGA Money Market “using the share class distributed by Cabrera Capital Markets”
	Review Frequency of Investments	Investment performance reviewed monthly and discussed at quarterly Board meetings  Investment Policy Statement reviewed annually by Board	Investment performance reviewed quarterly and annually by BNY Mellon Advisors  Additional review and change recommendations provided quarterly by Segal Marco	Daily monitoring, monthly reporting, and quarterly due diligence  STO investment team engages in continuous monitoring independently with its investment consultant, and in collaboration with the Ascensus investment advisory group

<sup>7</sup> Colorado’s new fifth investment option – the iShares Total US Markets Index Fund (BKTSX) – will go live this month (November 2024)

**SUMMARY OF RFI RESPONSES FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION C: INVESTMENTS**

Questions		Colorado	Connecticut	Illinois
17 (Cont.)	Can NV Influence the Investment Line-up?	<p>NV can give input, but final decisions are subject to partnership discussions and CO approval</p> <p>Contract allows NV to provide input and raise ideas for consideration, however – example: DE and ME raised idea of adding a domestic equity option, partnership collaborated on selection, and an option was added</p> <p>Ultimately CO can decide to retain final decision-making authority, or put issue up for vote to the whole partnership</p>	<p>NV can give input, but final decisions are subject to partnership discussions and CT approval</p> <p>Partner states are “given representation on an interstate consortium, which would make its recommendation to the Comptroller to execute any changes”</p>	<p>Each partner state “will have an equal vote to make any changes to the menu”</p> <p>Consistency with the ABLE Alliance suggests that all investments must be the same</p>

**SUMMARY OF RFI RESPONSE FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION D: PROGRAM PRACTICES**

Questions		Colorado	Connecticut	Illinois
19	Can NV Access its Data?	Yes	Yes	Yes
	Control of Communications	Vestwell will work with NV on a communications schedule and deadline schedule	Comms prepared by Vestwell (e.g., Program descriptions, website structure and content, most FAQs except those unique to NV, printed materials, and standard print/email comms to businesses and savers) will be maintained by CT and used among all Partners, although branding will be State-specific  NV controls all comms that NV independently develops/sends out	NV would work with Ascensus to communicate with its audiences  Some systematic comms are sent by Ascensus (e.g., welcome letter, deadline letters), others are sent by IL directly (e.g., enforcement matters)
	Reports	NV will receive State-specific reports – weekly, monthly, quarterly cadences	NV will receive State-specific reports on savers, employers, and other data	<i>Response silent on reports</i>
20	Employer User Experience	<u><b>Registration Steps (One-time + Online Only)</b></u> <ul style="list-style-type: none"> <li>• Employers receive invitation via mail or email</li> <li>• Enter FEIN and Access Code (from invitation)</li> <li>• Enter company info (name, address, etc.)</li> <li>• Enter payroll info (schedule and provider)</li> <li>• Set up payment details</li> <li>• Add employees (via file upload or manually)</li> </ul> <p>+ Employers have access to videos and instructions</p> <u><b>Payroll (3 Options)</b></u> <ol style="list-style-type: none"> <li>1. Manual (for employers w/o a payroll provider, or who use a provider that isn't integrated with Vestwell): employer creates employee file and contribution file using Vestwell templates</li> <li>2. 180 integration: contributions come through payroll provider via file transfer or API</li> <li>3. 360 integration: contributions come through payroll provider + payroll provider receives direct notice of changes to employee's deferral rate and eligibility status</li> </ol>	Same as CO, since both use Vestwell (see detail to left)	<ul style="list-style-type: none"> <li>• Employers register online using FEIN and a unique access code included in outreach materials ("double-blind" system to ensure appropriate individual is acting on employer's behalf)</li> <li>• Payroll is manual or automated, depending on payroll provider and degree of integration with the Ascensus platform</li> <li>• 2 providers have full, 360-degree integration</li> <li>• 20 providers have "some level of integration"</li> <li>• Non-integrated payroll providers upload files manually through a secure system</li> </ul>

**SUMMARY OF RFI RESPONSE FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION D: PROGRAM PRACTICES**

Questions		Colorado	Connecticut	Illinois
21	Employee User Experience	<ul style="list-style-type: none"> <li>Employee receives communications about Program during initial 30-day opt-out window</li> <li>Automatically enrolled if no opt-out (w/ default contribution and deferral rates)</li> <li>Receive additional information and documents</li> <li>Employees manage account online</li> </ul>	Same as CO, since both use Vestwell (see detail to left)	<ul style="list-style-type: none"> <li>Employee receives invitation packet with program information, including their ability to opt out during an initial 30-day window</li> <li>Opt-out can be done on web, via phone or via paper</li> <li>If employee does not opt-out in initial period, they receive a welcome packet and are enrolled</li> <li>Employees can “opt in” by registering for online access during initial 30-day period or once enrolled</li> </ul>
22	Fraud Prevention	<ul style="list-style-type: none"> <li>Vestwell “Risk Committee” meets monthly + there is an internal fraud detection team</li> <li>Uses “proprietary scoring method to evaluate risks associated with distributions” (e.g. geolocation, prior distribution activity, IP address, etc.)</li> <li>Also uses hold times on contributions (e.g. X-day waiting period before funds can be withdrawn) to prevent fraud</li> </ul>	Same as CO, since both use Vestwell (see detail to left)	<ul style="list-style-type: none"> <li>KPMG performs control testing for SOC 1</li> <li>Internal risk management team also in place</li> <li>Risk-based security plan that leverages ISO standards, FISMA and FFIEC Guidelines</li> </ul>
	Determination of Employer Compliance	<p>Vestwell does not participate in or audit enforcement/employer compliance</p> <p>But can support with reports that can be used to determine:</p> <ul style="list-style-type: none"> <li>Whether an employer has added employees</li> <li>Whether an employer is regularly submitting payroll contributions</li> </ul> <p>Vestwell cannot, however, provide data on whether employer is submitting the correct contribution <i>amount</i></p>	Same as CO, since both use Vestwell (see detail to left)	Not specifically addressed but see Q.23 below

**SUMMARY OF RFI RESPONSE FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION D: PROGRAM PRACTICES**

Questions		Colorado	Connecticut	Illinois
<b>22 (Cont.)</b>	<b>Distribution Process</b>	<p>Can request distribution online, via paper form/mail, or via phone</p> <p><i>Notary / medallion signature requirement was not addressed – should clarify with CO and CT</i></p> <p>Distributions are sent via check or ACH</p> <p>Some contributions are subject to hold times before a distribution can be sent</p>	<p>Same as CO, since both use Vestwell (see detail to left)</p>	<p>Can request distribution online or via paper form; distributions do not require third party authorization or medallion signature guarantees</p>
<b>23</b>	<b>Non-Compliant Contributions and Corrections</b>	<p>System will send automated email if employer misses a payroll cycle</p> <p>Employer's account is also flagged if payroll cycle is missed – report can be sent to state</p> <p><i>Response silent on "Corrections" process</i></p>	<p>Same as CO, since both use Vestwell (see detail to left)</p>	<ul style="list-style-type: none"> <li>• System notifies employers of lapses in payroll contributions; outreach team also often contacts them</li> <li>• Employers are notified of corrections to be made</li> <li>• Ascensus tracks cases where employees indicate employer mistakes on deductions or remittances</li> </ul>
<b>24</b>	<b>Implementation Support</b>	<ul style="list-style-type: none"> <li>• Will share strategies, provide forum for deeper learning</li> <li>• Act as go-between for State-vendor grievance issues</li> <li>• Oversee/manage vendor performance and grievance resolution</li> <li>• Lead future discussions with vendors for Program improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Will help advise Partners</li> <li>• Provide consultation on effective methods of implementation and outreach</li> <li>• Share implementation and outreach plans</li> </ul>	<ul style="list-style-type: none"> <li>• Will offer insights on best practices</li> <li>• Could align engagement and marketing efforts with NV</li> </ul>

**SUMMARY OF RFI RESPONSE FOR AUTO-IRA INTERSTATE PARTNERSHIP**  
**SECTION D: PROGRAM PRACTICES**

Questions		Colorado	Connecticut	Illinois
24 (Cont.)	Marketing Support	<p>CO and other Partner States will share best practices, relevant material – e.g. outreach and marketing toolkit</p> <p>Vestwell provides marketing and comms support, including:</p> <ul style="list-style-type: none"> <li>Website development/management</li> <li>Spanish webpages</li> <li>FAQs / help center / how-to videos for employers</li> <li>Creation of promotional and educational materials – e.g. fact sheets, videos, checklists, webinar deck, employee info packet, retirement calculator</li> <li>Handling all direct comms to employers and employees (NV can review / approve these)</li> </ul>	<p>CT will share marketing plan and educational materials, e.g. slide decks, for Partner States to adapt</p> <p>“Partner States will develop and maintain their own brand assets in conjunction with Vestwell, including their name, logo, fonts, colors, and other visual branding”</p> <p>[Same as CO] Vestwell provides marketing and comms support, including:</p> <ul style="list-style-type: none"> <li>Website development/management</li> <li>Spanish webpages</li> <li>FAQs / help center / how-to videos for employers</li> <li>Creation of promotional and educational materials – e.g. fact sheets, videos, checklists, webinar deck, employee info packet, retirement calculator</li> <li>Handling all direct comms to employers and employees (NV can review / approve these)</li> </ul>	<p>Ascensus offers an “annual commitment in support of program marketing efforts, a provision Nevada’s specific agreement could incorporate”</p> <p>IL and NV could work together to align annual employer engagement efforts and deadlines to make marketing efforts more efficient for both Programs</p>
	Support for Employer Outreach / Education	Same as above	Same as above	IL can share information on resources available to IL employers and participants, including website information, webinars, strategies and general guidance
	NV Field Rep?	<p>No NV Field Rep</p> <p>But will provide live webinars for employers and employees</p> <p>In future, will also begin outbound calls to engage employers</p>	<p>No NV Field Rep</p> <p>But will provide live webinars for employers and employees</p> <p>In future, will begin outbound calls to engage employers</p>	Ascensus “envisions offering an in-person field representative” to NV



## **AKF LEGAL DISCLOSURE**

Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, among other things, Conflicts of Interest and Legal or Disciplinary events of AKF and its associated persons.

### **Conflicts of Interest**

#### ***Compensation***

AKF represents that in connection with the issuance of municipal fund securities, AKF receives compensation from its client issuers for services rendered on an hourly, retainer or fixed fee basis. Consistent with the requirements of MSRB Rule G-42, AKF hereby discloses that such forms of compensation may present a potential conflict of interest regarding AKF’s ability to provide unbiased advice regarding a municipal fund security transaction. This potential conflict of interest will not impair AKF’s ability to render unbiased and competent advice or to fulfill its fiduciary duty.

#### ***Other Municipal Advisor Relationships***

AKF serves a wide variety of clients that may from time to time have interests that could have a direct or indirect impact on the interests of other AKF clients. AKF fulfills its regulatory duty and mitigates such conflicts by dealing honestly and with the utmost good faith with all clients. If AKF becomes aware of any potential or actual conflicts of interest after this disclosure, AKF will disclose the detailed information in writing to the client or obligated person in a timely manner.

### **Legal or Disciplinary Events**

AKF does not have any legal events or disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. You may electronically access AKF’s most recent Form MA and each most recent Form MA-I filed with the Securities and Exchange Commission at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html). If any material legal or regulatory action is brought against AKF, AKF will provide complete and detailed disclosure to its clients, thereby allowing each client to evaluate AKF, its management and personnel.

## Colorado - Cover Letter



COLORADO  
SecureSavings



Vestwell

On behalf of the Colorado SecureSavings Program Board and Vestwell State Savings, we are grateful for the opportunity to submit our response to the Nevada Employee Savings Trust (NEST) Request for Information contemplating interstate collaboration.

Our goal is to help other states working to provide a dignified retirement with a turnkey option that expands coverage, contains saver and state costs, and provides high quality investment options for savers.

### *The Partnership for a Dignified Retirement*

Formally approved by the CSSP Board in September 2022, the Partnership for a Dignified Retirement (PDR) is a shared contractual and governance arrangement that allows states to benefit from the terms and fees of Colorado's contracts with a program administrator and investment managers to facilitate an auto IRA program. This arrangement, which is discussed in greater detail in our response, prioritizes stability for state programs, cost efficiency, and collaboration among partner states.

At this time, three Partner States have joined the PDR - the Maine Retirement Investment Trust, Delaware EARNs, and Vermont Saves. We are also actively pursuing additional state partners with the goal of achieving economies of scale and actualizing cost reductions for all states within the Partnership.

### *Unique Capabilities*

We believe we are uniquely positioned to support the implementation and ongoing administration of the NEST Program. The partnership structure, the underlying program design, staff expertise, and oversight board in Colorado have demonstrated success in making significant reductions in the retirement security access gap.

### Partnership Structure

The biggest challenge for any investment framework is governance. The structure of the PDR was developed balancing the needs of states and their boards, savers, and professional staff administering the programs. We believe our governance structure provides partners with autonomy and flexibility in serving the direct needs of their saver population while maintaining stability in the core program elements. None of this is possible without giving deference to the statutory authority of our respective oversight boards or fiduciaries.

### Program Design

The Colorado SecureSavings Program emphasizes simplicity and ease of use for both employers and savers. Our 2019 market research study shows that complexity, costs, and administrative burden are the primary factors dissuading broader adoption of private retirement



COLORADO  
SecureSavings



Vestwell

plans. Using this data as a reference, the core program offers a simplified investment lineup, an easily navigable platform, and a limited set of steps for employers and savers to manage their accounts. Our priority, first and foremost, was to provide a viable product that instills trust for participants.

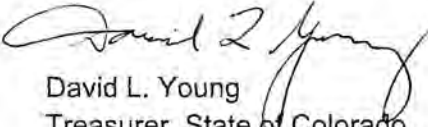
#### Staff Expertise

As a new policy concept, there are a limited number of experts in the field of auto IRA programs. The most important factor for any successful program is the quality of personnel supporting implementation and ongoing administration. Professional staff for the Colorado SecureSavings Program have demonstrated success in developing innovative outreach approaches, governance models, and have deep experience in the type of stakeholder management practices that encourage participation.

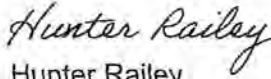
#### Oversight Board

The foundation of the Colorado SecureSavings Program is built on pragmatic and forward thinking leadership from our board. Chaired by Treasurer Dave Young, the Colorado SecureSavings Board provides a high level of stability to our program that is balanced with calculated risk taking to ensure program success. Moreover, each of our members brings expertise, new ideas, and a thoughtful mindset to the work. Importantly, each of the members is committed to facilitating a partnership, and understands the governance principles necessary for coordinating action across multiple states.

The Colorado SecureSavings Program is fully committed to supporting the implementation and administration of the NEST Program. A successful partnership will have an enormous impact on the financial wellbeing of our savers, and our commitment is, first and foremost, to our collective participants.

  
David L. Young  
Treasurer, State of Colorado

10/25/2024

  
Hunter Railey  
Executive Director, Colorado SecureSavings  
Program

10/25/2024

  
Douglas Magnolia  
President, Vestwell State Savings

10/25/2024

## Colorado - NEST RFI Response





COLORADO  
SecureSavings



Vestwell

## Section A:

1. *Discuss your state's experience administering an automatic IRA program. Please discuss specifics on account and asset growth of the Program.*

Colorado began designing the SecureSavings Program in September 2020. Program staff led the Colorado Secure Savings Program (CSSP) Board through a detailed process that addressed program design, branding, marketing and outreach, and rulemaking. This process was guided by professional Program staff, as well as a consulting team that included a program consultant and an investment consultant. Additionally, Program staff led formal procurement for program administration services and investment managers.

The key design decisions made by the CSSP Board with recommendations from professional staff, and advice from our program and investment consultants included:

- Implementation Timeline
- Initial Asset Classes
- Fund Flows and holding periods
- Approval of the development of an interstate agreement

The procurement process required respondents to, among other items, provide an overview of their finances, organizational structure, and respond to a detailed questionnaire requesting specific information about their services and capabilities in the state auto IRA space, specifically. Additionally, respondents were required to provide their SOC reports, which Colorado intends to share upon request with any confirmed Partner States. After a public procurement process, the Colorado SecureSavings Program has entered into a single Master Services Agreement with Vestwell State Savings LLC for program administration services, including recordkeeping and BNY Mellon for Custodian services.

Further, the Master Services Agreement include audit services with the intention that all Partnership for a Dignified Retirement (PDR) member states are able to rely on these services. Consequently, Partner States do not need to retain their own auditor to audit the Program Management. Landmark CPAs, which has extensive experience in state investment programs, notably the ABLE Alliance, will be providing audit services for the PDR.

The Program is also using State Street Global Advisors for its money market and fixed income asset classes, as well as the target date suite of funds option. BlackRock Investments is providing the Program with its international equity asset class, as well as a domestic equity asset class that will soon be added to the investment lineup.

The pilot program began in October 2022, and full implementation followed in January 2023. The Colorado SecureSavings Program has since completed all enrollment waves, and will pivot to enforcement notices in 2025 in partnership with the Colorado Department of Labor and Employment.

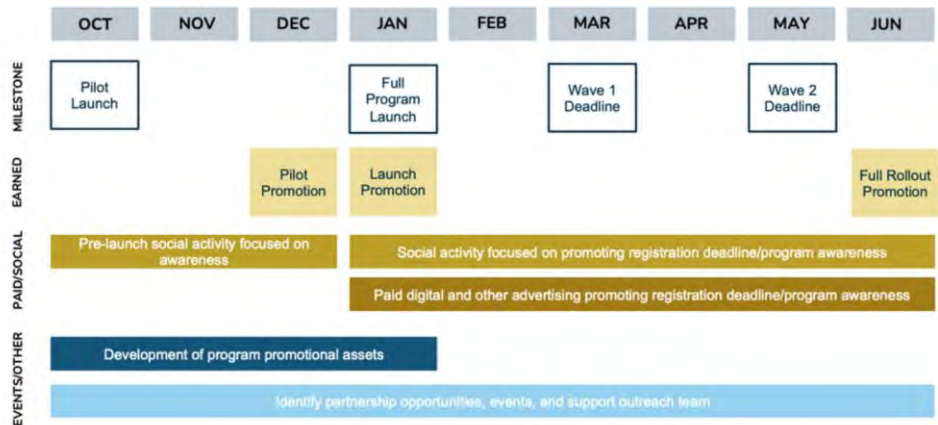
An overview of the CSSP implementation timeline, as well as the marketing and outreach efforts through June 2023 are detailed in the graphic below:



COLORADO  
SecureSavings



Vestwell



Since the final wave of notices was sent this past June, the Program has sent several follow up notices to employers not yet enrolled, as well as businesses who have registered, but have not yet submitted contributions on behalf of enrolled savers. Additionally, the Colorado SecureSavings Program began another round of enrollment for newly eligible employers in calendar year 2024, and will send notices in a similar fashion and cadence as 2023.

Throughout the implementation and operation of the Program, Vestwell has been available to our office and Partner States, responding to inquiries and requests promptly. Professional staff hold a weekly meeting with the Vestwell team. Professional staff in partner states hold a bi-weekly meeting with the Vestwell team. Vestwell provides weekly and monthly status reports on the Program and more robust reports for Board reporting quarterly. Partner States individually meet with Vestwell bi-weekly, and also receive identical weekly, monthly, and quarterly reports for their state programs from Vestwell.

The following Program numbers are up to date for the Colorado SecureSavings Program as of October 22, 2024:

Funded Accounts	Enrolled Employers	Total Assets Under Management	Average Funded Account Balance	Average Contribution Rate	Average Monthly Contribution Amount per Account
62,788	15,481	\$85,157,993.81	\$1,356.28	5.19%	\$178.73

Importantly, in the first year of operation, the SecureSavings Program enrolled a total of 13,992 employers, and received opt out certifications from 26,800 employers. Additionally, the Program enrolled and funded accounts for 45,863 savers, had 53,653 employees opt out within the 30 day window, and had 3,432 accounts make a full withdrawal in the first full year of operation.

Because the Program launched in 2023, we only have one complete year of data at this time. Moreover, professional staff have discovered inaccuracies in state data that grossly inflate the



COLORADO  
SecureSavings



Vestwell

number of potential employers required to comply with the statute. Our team is in the process of cleaning the data, and has roughly estimated that the eligible employer pool to be approximately 60,000 employers, which would mean the program reached 67.8% of the total universe in the first year of operation. Likewise, actual employee counts in our data have skewed upward, and we are currently in the process of evaluating the best methodologies for identifying a more accurate estimate of the size of the target saver population.

In addition to the over 62,000 funded accounts currently being administered by the Colorado SecureSavings Program, we also have an additional 12,000 accounts that are awaiting payroll contributions from the registered employer. Moreover, we are in the process of doing a bulk enrollment of home health care workers through the state's Medicaid and Medicare office which will potentially add an additional 13,000 savers. Finally, we estimate that Colorado has not less than 15,000 employers from our first year of implementation that have not taken action by either registering and enrolling employees, or completing an exemption certification. SecureSavings staff will be sending direct mail to these employers over the next several weeks, and will add significantly more funded accounts.

Further, the Colorado SecureSavings Program is the process of developing its enforcement framework. At this time, the SecureSavings Program can confidently say that enforcement efforts will begin in late 2025, and will be administered by a team at the Colorado Department of Labor and Employment that is solely dedicated to SecureSavings compliance. Consequently, participation is expected to increase significantly behind our compliance efforts.

Importantly, Colorado has experience administering a multistate partnership that includes active state programs. Maine became the first Partner State to join the Partnership for a Dignified Retirement (PDR) in August 2023. Since then Delaware and Vermont have joined the partnership and as partners were able to quickly implement their Programs. Within the first full year of operation as a consortium, we have successfully demonstrated that our governance model can quickly navigate contracting with new partner states, as well as carry out joint administrative tasks such as investment selection and procurement with the input and engagement of all partner states. Further, Partner States meet in an advisory capacity on a bi-weekly basis to share best practices, identify challenges, and coordinate workflow with our vendors to ensure success across all participating states.

At this time, both Maine and Delaware have begun implementing their programs, and Vermont officially launched its pilot program earlier this month. As of October 22, 2024, Maine and Delaware have the following enrollment and asset numbers:

**Maine (launched January 2024):**

Funded Accounts	Enrolled Employers	Total Assets Under Management	Average Funded Account Balance	Average Contribution Rate	Average Monthly Contribution Amount per Account
10,531	2,404	\$5,574,837	\$529.37	5.09%	\$160.28





COLORADO  
SecureSavings



Vestwell

\*We do not have a full year of data for Maine to provide an accurate estimate of the percentage of employers enrolled.

**Delaware (launched July 2024):**

Funded Accounts	Enrolled Employers	Total Assets Under Management	Average Funded Account Balance	Average Contribution Rate	Average Monthly Contribution Amount per Account
681	1,140	\$183,621,28	\$269.63	4.81%	\$142.59

\*We do not have a full year of data for Delaware to provide an accurate estimate of the percentage of employers enrolled.

Finally, Vermont has enrolled seven employers in its pilot program, and will see its first funded accounts in early November.

2. *What advantages would you see for Nevada in potentially partnering with your state on an Auto IRA program?*

The Colorado SecureSavings Program sees several advantages in partnering with Nevada.

The benefits include:

**Quicker Implementation Timeline:** The most time consuming aspects of establishing an auto IRA program are program design and state procurement. Program design requires thoughtful discussions between professional program staff and entities or individuals providing fiduciary oversight (boards or sole fiduciaries). Even in circumstances where the board desires a simplified program design, the process is still time consuming. Additionally, state procurement for the appropriate vendors and contract negotiations could exceed a year in length delaying the implementation of the program. With our existing partners, we have demonstrated that we can successfully launch a pilot program within three months of finalizing a Partner Addendum and governance agreement regardless of whether the program is overseen by a board or operates with a sole fiduciary structure. Moreover, the PDR, as an administrative structure, has proven itself capable of supporting and launching multiple state programs in a calendar year.

**Shared Best Practices:** The core value of any successful partnership is collaboration. The implementation of Colorado SecureSavings has been extremely positive thus far, and we would hope to provide all lessons learned, strategies, and methods to Partner States. Additionally, as states are added, we envision leveraging the unique expertise of our Partner States to develop ideas and strategies that support the best possible programs in each of our states. For example, the Colorado SecureSavings Program team has developed an outreach and marketing toolkit to provide a high level overview of the process for creating and implementing a comprehensive



COLORADO  
SecureSavings



Vestwell

outreach and marketing strategy, as well as the tools available to support ongoing employer and saver education efforts. Our hope is this resource will create additional efficiencies for Partner States, and further shorten timelines to launch without sacrificing program quality. Additionally, Colorado is currently reviewing training options for SecureSavings staff and Partner States to deploy generative AI solutions to support content creation for outreach purposes, and support Partner States with limited capacity to expand their marketing and branding opportunities.

**Hands On Role in Decision Making:** The Partnership for a Dignified Retirement was designed to have an inclusive decision making structure that creates cost efficiencies, but also respects the autonomy of independent boards or decision makers, varying state statutes, and the unique demographics of saver populations. In addition to supporting implementation and marketing, ongoing administration will require all Partner States to play an active role in determining the direction of the Partnership. The most noteworthy example of this is the addition of a new asset class to our investment lineup. The process for determining the need for an expanded investment menu, and the process for selecting it is detailed later in this response.

**Support from Experienced Lead and Member State Staff:** While many factors contribute to a successful program launch, the Colorado SecureSavings Program benefited most from its professional staff. As a team, we designed and implemented our program in record time, and developed a comprehensive outreach and marketing strategy that has supported enrollment at every step of the process. Our Board Chair, Treasurer Young, and Executive Director, Hunter Railey, are now in their seventh year of working on auto IRA programs. Professional staff include Anna Stevens, who has recently taken on many program management duties, and has been critical in ensuring operational integrity of the SecureSavings Program is maintained while the Partnership grows, and that Program growth is aligned with our capacity to assure quality of service. Additionally, Daniela Leibovici has highlighted the importance of coordinating program administration functions and sequencing with communications, and Darius West is expanding the SecureSavings Program digital marketing strategies. The Program also recently hired Anthony Baker, who brings years of experience marketing and consulting for small businesses in Colorado.

Finally, the PDR has a wealth of knowledge and experience provided by our Member State representatives:

- *Maine Retirement Investment Trust (MERIT)* – Beth Bordowitz has extensive legal and administrative experience with state facilitated investment programs. Her background includes developing NextGen 529 in Maine, and she guided MERIT through the partnership due diligence and contracting process. Moreover, she has been guiding MERIT through its implementation this year.



COLORADO  
**SecureSavings**



**Vestwell**

- *Delaware EARNs* – Ted Griffith leads the Delaware EARNs Program. In his position, he is the primary staff liaison to Delaware’s oversight boards, guides all outreach and marketing efforts, and manages day to day administration of the Program. Prior to joining the Delaware Office of the State Treasurer, Ted spent over 15 years working at the Vanguard Group.
- *Vermont Saves* – Becky Wasserman has over a decade of experience as a legislative attorney working for the Vermont Office of Legislative Counsel, and has private practice experience as a financial regulatory attorney. Like Beth and Ted, Becky led Vermont Saves through the due diligence and contracting process for the PDR, developed the Vermont Saves Advisory Board, and is currently leading the implementation of Vermont Saves.

**Cost Savings:** Cost savings takes three forms in the context of the Partnership for a Dignified Retirement: state savings and participant savings. By avoiding a lengthy and expensive process of building the program from scratch, Nevada stands to reduce some of its overhead costs from the beginning. Moreover, the shortened timeline to implementation allows Nevada to begin funding accounts and drawing revenue several years sooner than had it pursued a standalone program. Ultimately, savers benefit from this arrangement. Colorado has negotiated a mutually beneficial fee structure that applies to all Partner States that includes breakpoints as assets under management and account numbers grow. Our account based fees are lower than fees for every other new startup program in the last two years. Finally, the PDR is in the process of pursuing shared program consultant and investment consultant services, which would help further reduce Nevada’s ongoing operational expenses.

3. *Discuss timeline. If Nevada were to enter into an agreement with your state, approximately when do you anticipate Nevada would be able to initiate its pilot and then fully launch the program? Are there events or circumstances that could delay the launch or timeline?*

The Colorado SecureSavings Program can provide a general timeline for how long it would take to initiate a pilot program and begin implementation on the full program. It is important to note, these timelines are contingent upon state employer data being received in a timely manner, as well as general considerations with the timing of other state programs. The Colorado SecureSavings Program and Vestwell are committed to launching the NEST Program on a timeline that best meets the needs of savers in Nevada, and aligns with the priorities of the NEST Board.

Our experience with the Maine Retirement Investment Trust, Delaware EARNs, and Vermont Saves provide us with the experience to confidently estimate a timeline of three months to launch a pilot program after partnership agreements are put in place. Full implementation is,



COLORADO  
SecureSavings



Vestwell

again, contingent on a number of factors including access to employer data. However, full program launch could be as soon as six months after completing the partnership agreements.

In the case of NEST, provided the necessary contracts are completed and employer data can be obtained in a timely manner, Colorado and Vestwell are confident that the Program could be available for launch by July 1, 2025.

4. *Do you currently have any state partners, or are you in discussions with other Auto-IRA programs about partnering? Please describe. If so, how would those additional states impact the fees that would apply to NEST participants, or change the proposed timeline?*

The Partnership for a Dignified Retirement has finalized Partner Addendums and signed governance agreements with Delaware, Maine, and Vermont.

In August 2023, the Colorado SecureSavings Program Board and Vestwell approved the contract and interstate agreement terms to formally allow Maine into the Partnership as the first official partner, and MERIT's pilot program was launched in October 2023. MERIT officially launched in January of this year.

In December 2023, Delaware EARNs became the second state auto IRA program to join the Partnership for a Dignified Retirement. Delaware launched their pilot in May of this year, and began full program implementation in July.

In June of this year, Vermont became the third state to join the Partnership for a Dignified Retirement, and launched its pilot program by October 2024. Full implementation of Vermont Saves is scheduled to begin in December of this year.

In addition to our three existing Partner States, Colorado has responded to the RFI published by Rhode Island, and has discussed the potential for partnering with Minnesota, but cannot provide a clear timeline on when each state will make a decision on partnership related matters.

Finally, we continue to track progress in New Mexico. While the initial interstate agreement was developed with the support of New Mexico Work & Save, the lack of a mandated program in statute precludes New Mexico from formally joining the PDR until the statute is amended.

The addition of new states to the PDR could decrease the timeline to reaching the breakpoints specified in the Master Services Agreement (**Appendix A**). The momentum of our existing Partner State programs, coupled with the addition of Nevada may mean that the first breakpoint is reached within 18 months of NEST's launch with respect to account based fees. Moreover, the potential addition of other states could help the PDR reach the second account based fee breakpoint. Given the statutory launch dates for implementation in each of these states, we can reasonably estimate that these breakpoints may be reached within two years of launch. Asset



COLORADO  
SecureSavings



Vestwell

based fee breaks will require more time for assets under management to mature and accumulate, but the PDR is optimistic that they will be reached before the end of our current contract with Vestwell.

5. *Identify the source of your statutory or other authority to serve as the lead or host state for a partnership or consortium.*

The statutory authority for Colorado to lead a partnership is found in 24-54.3-103.5(I) of the Colorado Revised Statutes:

“(I) 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;”

At this time, the Colorado SecureSavings Program Board has unanimously approved the Interstate Adherence Agreements, and has authorized Program staff to actively pursue partnerships.

Additionally, 24-110-201 of the Colorado Revised Statutes allows the Colorado Department of the Treasury with the authority to engage in cooperative procurement to either “participate in, sponsor, conduct, administer a cooperative purchasing agreement.” As such, Colorado is authorized under state law to pursue and administer contracts pursued under the cooperative procurement statute, and we confirm our procurement practices have aligned with the statutory and regulatory requirements of this process.

6. *Has your Program Administrator already committed to supporting your partnership?  
How many years are left on the term of your contract with your Program Administrator?*

The Colorado SecureSavings Program envisioned supporting state partners prior to the formal launch of the Program and utilized a cooperative procurement process when selecting vendors from the outset. As a result, bidders for our Program Administration Services Request for Proposal were asked to detail their willingness and ability to support a multi-state consortium as a requirement to submit a valid bid.

Moreover, as detailed in **Appendix A**, the Master Services Agreement explicitly includes partner states in the scope of work, liability and insurance provisions, as well as details the process for partnership termination should a partner decide to leave. Additionally, Vestwell has reviewed and approved the terms of the Interstate Adherence Agreement (found in **Appendix B**) describing the governance practices and procedures of the Partnership for a Dignified Retirement.





COLORADO  
SecureSavings



Vestwell

The Master Services Agreement with Vestwell was signed in 2022, and is an initial seven year contract, with the option of a two year renewal, followed by a one year renewal. At this time, there are five years remaining on the initial term, and eight if the extensions are exercised. Whether to extend the Master Services Agreement for the additional terms is expected to be a decision of the Partnership for a Dignified Retirement as a group.

7. *Describe the governance structure of your program. In your response, please list all entities involved in oversight or administrative support, and include the names and professional titles of chair(s), voting members, advisory committee members and program staff.*

The Colorado SecureSavings Program is administered by the Colorado Department of the Treasury, and is overseen by the Colorado SecureSavings Program Board as detailed in 24-54.3-103 of the Colorado Revised Statutes. Enforcement of the statutory requirements and data access for employer identification are provided by the Colorado Department of Labor and Employment. Additionally, legal counsel is provided to the Program Board by the Colorado Department of Law.

Vendors for the Program include Vestwell State Savings, who was awarded the contract for program administration services. BNY Mellon serves as the custodian, and is a subcontractor to Vestwell. As noted above, investment management services are provided by State Street Global Advisors (money market, target date suite, and fixed income asset classes), and BlackRock Investments (international equity and domestic equity asset classes).

Segal Marco Advisors has been retained as the investment consultant, and supported the Board in selecting the initial asset classes, determining the fund flow, and crafting the Investment Policy Statement found in **Appendix D**.

Importantly, the Partner States of the Partnership for a Dignified Retirement are currently considering pursuing joint program consulting and investment consulting contracts for the partnership as a whole, and Nevada would be able to benefit from the streamlined contracts both in terms of reducing overall costs, as well as leveraging operational efficiencies.

Detailed biographical information of the Colorado SecureSavings Board, professional staff, and advisory committee members of the Partnership can be found in **Appendix C**.

8. *Discuss how decision making would be shared between or among the states. Please address what types of decisions will be handled via partner vote, and what types of decisions (if any) will be solely left to the lead state. Have you developed a formal framework governing the terms of any prospective partnership or consortium? If so, please attach to your response.*



COLORADO  
SecureSavings



Vestwell

The Colorado SecureSavings Program has developed a comprehensive governance model for the Partnership for a Dignified Retirement. Over the course of a year, the Program worked with New Mexico Work & Save to develop a partnership structure that balanced varying statutory requirements, individual state governance structures (specifically, individual state boards and fiduciaries), and the key program design features needed for successful implementation and ongoing administration.

Our Interstate Adherence Agreement is attached in **Appendix B**, and details the structure of the Partnership advisory committee, and its scope of authority. Critically, the advisory committee serves to make recommendations both to the Lead State, as well as their individual boards or fiduciaries for approval. We believe the success of any individual state is contingent upon the success of the partnership as a whole. Consequently, any program changes beyond the initial program design will be approached as a collaborative effort between the partners.

Section 7 of the Interstate Adherence Agreement located in **Appendix B** details the items subject to votes by the advisory committee composed of partners. These items include:

“All action taken by the PDR shall be made by a majority vote of the Members in attendance at the meeting. Each State Member shall have one vote. A vote is required for each of the following decisions:

- A. Appointment or replacement of a Lead State;
- B. Amendment or modification of any portion of any Master Services Agreement, with any such amendment or modification being subject to veto by the Lead State and consent of the countersigning Vendor;
- C. Amendment or modification of this Agreement;
- D. Removal of a State from the PDR;
- E. Approval or retention of Vendors pursuant to a cost-sharing arrangement among the States, provided that no State shall be required to participate in cost-sharing unless it consents to doing so and appropriates funding pursuant to its fiscal laws and rules;
- F. Determination of whether a State’s laws, rules, policies, or actions are in compliance with this Agreement and the obligations of that State under the PDR; and,
- G. Any decision for which the Lead State Member deems appropriate or necessary to resolve by a vote.”



COLORADO  
SecureSavings



Vestwell

Additionally, the Lead State serves as the primary point of contact for managing the vendor relationship and enforcement of the terms and conditions of the Master Services Agreement. Lead State duties include:

“Procurement. Upon execution of this Agreement For each procurement the PDR Lead State shall:

- A. Create a Program implementation and/or transition schedule;
- B. Draft a request for proposal or similar solicitation designed to create a competitive bidding process in compliance with the laws of the PDR Lead State, to seek Vendor(s);
- C. Establish an evaluation team of interested eligible State Members. In order to be eligible to be on the evaluation team, the State Member must represent a State that has legal authority to enter into a contract with the Vendor(s); and
- D. Award one or more contracts to Vendor(s) based on a scoring process that is in compliance with the laws of the PDR Lead State and approved by the PDR.

At its own cost, the PDR Lead State may obtain the services of external advisors, including advisors to provide services to the PDR Lead State on the procurement of Vendor(s).

2. Contracts. The PDR Lead State is authorized and required to retain at least one Vendor to serve as a program administrator and at least one Vendor to serve as an investment manager. The PDR Lead State will enter into a Master Services Agreement with each Vendor. Each Master Services Agreement must set forth the Vendor’s scope of work and the general terms and conditions based on the advice and approval of the PDR. Each State shall within ninety (90) days of the execution of this Agreement enter into a separate contract (i.e., their Partner State Agreement) with all Vendors that sets forth the terms and conditions specific to such State. The form of this contract shall be substantially in the form contained in Exhibit B. In the event that the scope of work within any Master Services Agreement requires amendment, the PDR Lead State shall obtain the unanimous approval of the States before executing such amendment.

3. Master Service Agreement Maintenance & Vendor Oversight. The PDR Lead State shall devote adequate internal staffing and undertake good faith and reasonable efforts to monitor, oversee, and evaluate each Vendor’s performance under the terms of the applicable Master Service Agreement.”

Ultimately, the Lead State is responsible for evaluating vendor performance and grievances raised by Partner States, and determining the appropriate course of action to address grievances within the parameters set forth in the Interstate Adherence Agreement.

Partner States may recommend and pursue modifications to the Interstate Adherence Agreement according to the terms set forth in the agreement.





COLORADO  
SecureSavings



Vestwell

Finally, the Master Services Agreement and the Partnership Addendum outline each Partner State's relationship with Vestwell, to allow for individual Partner State program management without including the Lead State in day-to-day program management.

9. *What type of IRAs are offered as part of the program (e.g., Roth IRA, Traditional IRA, both)? If limited to only one choice, please explain the administrative and/or pricing advantages. Additionally, if limited to one choice, is the other a possibility for rollover IRAs?*

Vestwell can support both Roth IRAs and Traditional IRAs for program participants. Accounts are set up with a Roth IRA as the default account structure, but program participants can recharacterize their accounts to a Traditional IRA at any time. Rollovers into the programs are also supported.

10. *Describe the trust structure of the partnership. Are there separate trusts for each partner program, or is there one trust? Is the accounting separate for each state?*

Section 4.6 of the Master Services Agreement in **Appendix A** details the structure of the custodial account:

"4.6.1. Partner Program Assets in the Investment Options shall be maintained by Contractor in omnibus Custody Accounts held in the name of the Partnership. The Custody Accounts shall be established and held pursuant to this Master Agreement, and with respect to each Partner State, the applicable Partner State Addendum. Contractor warrants that assets will be legally segregated but operationally commingled so that assets are identifiable by Partner Program at the individual participant account level. Contractor shall preserve, invest, and expend the Partner Program Assets solely pursuant to and for the purposes of the Partner Program.

4.6.2. Partner Program Assets shall be held in omnibus Custody Accounts by investment option and will be uniquely assigned to an individual Program and record kept separately at the participant account level. Contractor must ensure assets of all programs can be separated and will be accounted for at the Partner Program level for supplementary audit disclosure and activity reporting to each Partner Program. Contractor warrants that this system of account maintenance will permit (i) timely and accurate accounting for individual IRAs and (ii) the orderly and efficient withdrawal of the Accounts of specific Partner States, if needed and (iii) meets all federal requirements.

Assets for every partnership state are held in omnibus custody accounts by investment option. Vestwell confirms that the assets are legally segregated but operationally commingled so that assets are identifiable by partner program at the individual participant account level. Assets of all programs can be separated at any time and will be accounted for at the partner program level for supplementary audit disclosure and activity reporting to each partner program.



COLORADO  
**SecureSavings**



**Vestwell**

11. *Describe the terms for exiting your partnership. Are there restrictions on exiting? Do NEST accounts stay with Nevada, or with the partnership?*

Exiting the partnership and partnership termination have been contemplated in several areas of the Master Services Agreement in **Appendix A**, as well as the Interstate Adherence Agreement in **Appendix B**.

Language for partnership termination in Section 5.15 of the Master Services Agreement is as follows:

**5.15. Partnership Termination** In the event this Master Agreement is terminated or is not renewed, Contractor will cooperate with the Partnership to facilitate an efficient, accurate, and timely transition of the Partner Programs to the Partner State or a new contractor (the "Transition") – whether at the end of the Term and all Renewal Terms, or upon the removal or termination of a Partner State's Program. In effecting the Transition, Contractor shall:

5.15.1. Use commercially reasonable efforts to efficiently, accurately, and timely facilitate the transfer of the Accounts, Partner Program Records, and the Services from Contractor to any entity designated by Lead State. In doing so, Contractor shall provide reasonable consideration for the best interests of the enrolled Savers or Persons, shall be protective of Lead State's obligations, and shall avoid the likelihood of an increase in economic loss, or the likelihood of resulting liability, to the Savers or Persons, Beneficiaries, or the Partner States;

5.15.2. Work with Lead State and Transitioning Partner States to develop plans for transitioning, such as the transfer of Accounts and Savers personal information when a Partner State leaves or is removed from the Program, including formalizing a plan in advance that examines how such transitions will be handled, how Accounts and Savers' personal information will transfer to any new service provider or program administrator, and the timing for Transition;

5.15.3. Continue to provide those services that the Partnership determines are necessary and appropriate to enable the Transition for the fees in effect at the effective date of termination, and shall not restrict any services or Partner Program features until the Transition is complete, unless otherwise approved in writing by Lead State;

5.15.4. Not impede or delay an orderly Transition, and shall not allow any of its employees, Affiliates, or Subcontractors to delay an orderly Transition;

5.15.5. Make all Partner Program Records and unredacted data readily accessible to the Partner States and the successor contractor at no charge, and in a sortable, accessible electronic form and format reasonably agreed upon by Lead State and Contractor, and



COLORADO  
SecureSavings



Vestwell

capable of migration to any successor contractor or other designated database of the Partner States; and

5.15.6. Take all commercially reasonable steps necessary to facilitate the orderly transfer of all files, data, information and assets of, or relating to, the Partner Programs, to the successor Contractor at no charge, and in a sortable, accessible electronic form and format approved by Lead State, including ensuring all data is transferred to a successor contractor or other designated database within ninety (90) days of the end of term or Partnership termination, whichever occurs earlier.”

Section IV(7) of the Interstate Adherence Agreement states the following with respect to Member States exiting the Partnership for a Dignified Retirement:

“Withdrawal from Agreement. A State may withdraw from this Agreement at any time prior to executing a Partner State Agreement. Following execution of a Partner State Agreement, a State may only withdraw from this Agreement upon termination of its Partner State Agreement. A State that (a) fails to execute a Partner State Agreement within ninety (90) days after full execution of a Master Services Agreement by the Lead State, or (b) terminates its Partner State Agreement with a Vendor shall be removed from this Agreement.

If the Lead State is removed from this Agreement, the PDR shall appoint a new Lead State, subject to approval of the each authorized Vendor, and the removed Lead State agrees to assign all Master Services Agreement between Vendor(s) and the removed Lead State to the new Lead State.”

Specific language detailing the status of accounts following a Member State exit was envisioned as a discussion item for Partner States once the Partnership for a Dignified Retirement was officially formed. Colorado is interested in the perspectives of Partner States on this matter, but should note, savers are ultimately owners of the accounts. The PDR does not intend to keep Partner State accounts in the event of a termination, but seeks to develop a process that ensures all states are held harmless during a termination process.

Finally, it is important to note that accounts are identifiable at the program level for Vestwell, and the ongoing discussion within the PDR is to ensure governance, risk management, and oversight are tended to should the case of a termination arise.

#### **Section B:**

*12. Discuss your fee structure, including applicable asset and account breakpoints. Include projections on how long it is anticipated before reaching these breakpoints.*

The fee structure for the Partnership for a Dignified Retirement can be found on page 35 of the Master Services Agreement in **Appendix A**. Member State programs will enjoy identical participant fees. The program administration fee structure is as follows:



COLORADO  
**SecureSavings**



**Vestwell**

*Asset Based Fees:*

According to the terms of the Master Services Agreement, Asset-Based fee reductions decrease according to total Partner Program Assets.

<b>TABLE 1 Asset-Based Fee</b>	
<b>Asset Level</b>	<b>Fee (%)</b>
\$0.0-2.0B	0.15%
\$2.0-4.0B	0.12%
\$4.0B+	0.10%

*Account-Based Fees:*

Account-Based Fees fee reductions decrease according to the total number of Accounts of all Partner States.

<b>TABLE 2 Account-Based Fee</b>	
<b>Account Level</b>	<b>Fee (\$)</b>
1-200K accounts	\$22.00 per account annually
200-350K accounts	\$20.00 per account annually
350K+ accounts	\$18.00 per account annually

Investment fees for each individual asset class are:



COLORADO  
SecureSavings



Vestwell

Investment Fees			
State Street Global Advisors			BlackRock Investments
Money Market	Target Date Series	Fixed Income	International Equity
12 bps	9 bps	2.5 bps	10 bps

Additionally, the Partnership for a Dignified Retirement will be adding a domestic asset class provided by BlackRock Investments. The new investment option will be the Total US Markets Index Fund (BKTSX), and will have a 2 bps net expense ratio. The new asset class will be available to savers in November of this year.

In terms of state fees, Nevada would be required to use the five basis point Asset Under Management state fee currently in use for the Partnership and based on Nevada's portion of the total partnership assets. Additionally, Nevada would have the option of charging additional dollar-based account fees from Nevada participants. Nevada would have the flexibility to work directly with Vestwell should such a fee be desired, as has been the case with our existing Partner States.

While it is challenging to estimate when we will reach the breakpoints in our contract, we can confidently say that the addition of Nevada should allow us to reach the first dollar based fee breakpoint at a minimum. The timeline for reaching this will depend primarily on the implementation structure designed by the NEST Trustees. The addition of more Partner States will also accelerate this timeline, and SecureSavings Program staff regularly meet with other potential states in order to expand the PDR. As noted in our response to Question 4, it will be some time before assets under management accrue to reach the asset based fee breakpoints. Importantly, like dollar based fees, the addition and implementation of new Partner States will accelerate this timeline.

Finally, Colorado understands the need to move towards self-sustaining programs, and anticipates discussing asset-based fees with the Partnership Advisory Committee at a later date to ensure all Partner States make progress towards self-sufficiency.

13. *What are the total annual fees a participant can expect to pay (please include any expenses that may not be captured in the standard AUM / BP calculations such as enrollment fees, minimum required deposit amounts, returned checks, copies of previous statements/reports, distribution/conversion, and/or any other transaction fees)? Would our participants pay the same fees as your state participants?*



COLORADO  
**SecureSavings**



**Vestwell**

Participants can expect to pay annual fees detailed in our response to Question 12. The annual fees described are uniform across all Partner States, and fee breaks apply to total funded accounts and assets under management for the PDR as a whole.

Additional fees can be found in Exhibit A (p. 37) of the Master Services Agreement (**Appendix A**), and are as follows:

### **C. Additional (Account Elective) Fees**

Contractor shall have the right to charge the following additional Account-specific fees for transactions and elections initiated by Savers.

#### **1) A Rollover Fee (\$50 one-time)**

In the event an Employee elects to transfer their account, or any portion of the account, to another IRA, Contractor may charge the Account fifty (\$50) dollars as a rollover/transfer fee.

#### **2) Paper Statement Fee (\$10 per annum)**

In the event an Employee elects to receive quarterly statements in hard-copy (paper) form, Contractor may charge the Account ten (\$10) dollars per annum.

#### **3) Paper Checks (\$5 per check)**

In the event an Employee seeks to deposit funds in their Account using paper checks, Contractor may charge the Account five (\$5) dollars per check deposited. In the event the Employee makes a withdrawal of the funds within the first ninety (90) days of the initial funding date of the Account, Contractor agrees to waive this fee.

*14. What fees would Nevada receive? Is there a difference in the amount of fees received by your state versus Nevada (if so, what is the breakdown)? How are all parties compensated?*

All PDR States receive asset based fees of 5 basis points. Partner States may adjust dollar based account fees for participants to receive additional revenue. To date, Maine, Delaware, and Vermont have all added additional dollar based fees to participant accounts in their respective states. Importantly, these fees are only collected on accounts opened via their respective state programs. Dollar based fees collected in one state are not remitted to another.

Vestwell charges account based fees on a quarterly basis and provides each Partner State with a summary of the administrative and state asset based fees and dollar based fees accrued that quarter. Once the state confirms the fees, Vestwell will remit the state asset based fees and dollar based fees to the state's designated account.





COLORADO  
SecureSavings



Vestwell

15. *Are there any costs associated with your partnership that would be charged to the State of Nevada? Specifically, has your Program Administrator confirmed whether it will charge any start-up or ongoing fees to new partner states? If so, list those expenses and describe whether any such payment is due in lump sum or can be made in installments.*

The Colorado SecureSavings Program and the Partnership for a Dignified Retirement explicitly prohibit incurring costs on Partner States unless approved by formal vote.

Vestwell requires a one-time, start-up fee of \$100,000 prior to the formal launch of the program. While the preference is that this fee be paid within 90 days of signing the partner addendum, the potential for installment payments can be discussed if needed.

Vestwell does not charge any ongoing fee to Partner States.

16. *Would pricing change if Nevada legislation doesn't include a mandate for employers to participate?*

The Master Services Agreement (**Appendix A**), and the Interstate Adherence Agreement (**Appendix B**) only contemplate Partner State programs with enforceable mandates. Consequently, the PDR and Vestwell are both in agreement that absent an enforceable mandate, we would be unwilling to facilitate a state program under this contractual and governance agreement.

17. *Discuss your investment lineup for participants. What are the participants' choices? How often do you review this lineup and consider changes? How open are you to modifying the existing investment lineup based on Nevada's input?*

At this time, savers have access to four asset classes: money market, target date suite of funds, fixed income, and international equity. Additionally, a domestic asset class will be added to the investment lineup in the next several months.

State Street Global Advisors is providing money market, target date fund, and fixed income asset classes.

BlackRock Investments is providing the international equity and domestic equity asset classes. Savers are defaulted into the money market account for the first 30 days, then into the suite of target-date funds based on their anticipated retirement date at age 65. Participants can choose at any time to invest some or all of their assets in the other investment options and can make unlimited investment changes.

Our investments are overseen in alignment with the Colorado SecureSavings Program Board's Investment Policy Statement, which can be found in **Appendix D**. Investment performance is



COLORADO  
SecureSavings



Vestwell

monitored monthly with the support of our investment consultant, and performance is publicly discussed at quarterly board meetings. The Investment Policy Statement is reviewed annually by the Colorado SecureSavings Program Board, and will be updated to reflect the removal of a balanced ESG option, and include the new domestic equity asset class at our Q4 2024 meeting in January 2025.

Additionally, the Investment Policy Statement details the tracking benchmarks, and processes for addressing underperformance.

The Interstate Adherence Agreement found in **Appendix B** allows Partner States to bring new business items to meetings for discussion. We are open to discussing modifications to the investment lineup in alignment with the established governance processes detailed in the Interstate Adherence Agreement.

To date, we have adhered to this governance arrangement, and can point to the example of Maine and Delaware raising the need for a domestic equity index fund as the source for expanding our investment lineup. In addition to raising the issue in the PDR Advisory Committee, Maine, Delaware, and Vermont played an active role in approving the procurement process, interviewing vendors, and obtaining board/fiduciary approval of the new asset class.

*18. Please identify the firm that serves as independent investment consultant. May the partner states rely upon this entity's monitoring and recommendations or is each partner state expected to engage its own, independent investment consultant?*

The Colorado SecureSavings Program has retained investment consultant services from Segal Marco Advisors. The Colorado SecureSavings Program Board has been under contract with Segal Marco Advisors since 2021.

Several of our Partner State programs are currently utilizing their own investment consultants. Maine has retained the services of Meketa Advisors, Delaware is leveraging their existing contract with CapTrust, and Vermont is utilizing its existing relationship with RVK.

Colorado's contract with Segal Marco Advisors will lapse on June 30, 2025, and the PDR is actively discussing a single engagement for investment consultant for all Partner States. Given the proposed NEST launch timeline, we would welcome Nevada's participation in pursuing investment consulting services for the PDR as whole in order to reduce costs, centralize performance benchmark analysis, and better align investment recommendations to oversight boards and fiduciaries.

*19. We assume that Nevada will have full access to data and contact lists for NEST account holders and employers, and that NEST will control the communications with these*





COLORADO  
SecureSavings



Vestwell

*groups. Please confirm or describe how your structure differs. What types of reports would be available to the NEST Board?*

Initially Nevada will be required to provide Vestwell with the list of Nevada employers that meet the State's criteria for the Program. Vestwell will provide Nevada with its own data and lists for the Nevada account holders and registered/ contributing employers, and will work with Nevada on a communications schedule and deadline schedule - unrelated to any lead state activity. Vestwell will provide Nevada with its own reporting on program activity/data etc., separate from other Partner States.

Importantly, each Partner State Addendum recognizes each Partner State's need to align with state specific data privacy requirements. Partner States have the flexibility to develop data sharing agreements with Vestwell and all relevant state agencies on an individual basis.

Finally, Vestwell will follow identical reporting practices as it does with all PDR member states. NEST professional staff would receive weekly updates detailing approximately 40 tracking variables, monthly updates that include geography specific data (county, zip code, etc.), and quarterly reports providing the full scope of registration, enrollment, and contribution information from the prior three months.

*20. Please describe the current user experience that would be offered to Nevada employers utilizing your program. What is the practice for employers to register utilizing your system? What is the practice for employers to integrate payroll when submitting a pay file (include details on the process for employers to upload the plan participant census, how often it is required, and what specific data points must be collected and included in the census?) Please specify if payroll process is manual, automated, or both and describe.*

### **Employer Enrollment:**

Vestwell works directly with the state to create a simple and straightforward enrollment process for employers. Vestwell will use the State employer data provided by Nevada to preload the targeted universe of employers into our system and send Program communications that provide the employer information about the program, when they will need to register and onboard employees, and how to exempt from the Program if they already offer (or begin offering) an employer-sponsored plan.

The employer enrollment or "onboarding" process includes two key steps - setting up their account and registering with the Program. The employer portal is designed to streamline this process and makes it incredibly easy and convenient. Employers will receive an invitation to register for the Program (either via email or hard copy mail). They can also access the employer portal directly through the Program's website. Employers will enter their FEIN and the access code provided in the Program invitation. Each employer user will be prompted to set up



COLORADO  
SecureSavings



Vestwell

individual login credentials for their access to the portal. Once in the employer portal, they will go through the step-by-step process for the following items:

- Company Information (entering basic information like name, address, phone number)
- Payroll Set-Up (providing any payroll system used and their payroll schedule)
- Payment Set-Up (How the Employer will fund contributions - i.e., ACH pull, check, etc.)
- Adding Employees (uploading a file or manually inputting the required employee information)

Employers have additional functionality throughout this process, including adding additional users (internal staff or external payroll/accounting partners), and will have access within the employer portal to step-by-step instructions, how-to videos, and direct assistance from our Client Services Team.

The onboarding process is a one-time experience for employers. Thereafter they will directly enter their employer account and can make contributions, see any employee changes, and maintain and make any updates to their company information. Given the need to provide specific employer information as well as a census file of employee information, Vestwell does not support a paper registration/enrollment process for employers.

An example of a registration help video can be found below. Vestwell creates this type of branded content for programs in the partnership and would expect to create similar materials for Nevada.

Colorado SecureSavings Registration video: <https://coloradosecuresavings.zendesk.com/hc/en-us/articles/10708369299351-Onboard-Your-Company-To-Colorado-SecureSavings>

### **Contributions & Payroll Integrations:**

Vestwell's Payroll integrations are available to any employer, regardless of industry or size. Existing payroll integrations are in use with employers with as few as one employee up to those with tens of thousands of employees.

Vestwell offers different types of integrations depending on how payroll companies are interested in partnering. With the 180 integrations, payroll contributions are passed directly to the Program through an employer's payroll system, either via Secure File Transfer (SFTP) or API. With the 360 integrations, payroll contributions continue to be passed to the Program, and additionally, the payroll service receives a direct notification for any deferral rate changes and eligibility status for employees from the Program. These integrations significantly reduce, and in some instances eliminate, the need for any manual effort from the employers after they are onboarded to the Program. Ultimately, Vestwell's goal is centered on automating the process for employers and limiting the scope of any new work to administer the program. Whether it is the employer, their staff-person, their accountant or bookkeeper, or their payroll provider, the more



COLORADO  
SecureSavings



Vestwell

functionality that we enable through the employer's existing payroll system, the less they have to visit the employer portal.

(To see the list of current integrations available to Colorado, visit [this help center article](#). These integrations would also be made available to Nevada.)

It is important to note that for those employers who do not have a payroll system, or who work with a system that is not yet integrated, the process for adding employees and processing contributions on the employer portal is simple and streamlined. Vestwell creates employee file templates, contribution file templates, and easy step by step instructions. We also have a proprietary tool for data validations that identifies potential anomalies and errors in payroll files. This tool helps employers catch mistakes in their data to avoid payroll errors and processing delays before the file is ingested into our system. Program success hinges on our systems being as easy as possible for any of the ways in which an employer runs and operates their payroll.

An example of how to submit contribution files in the portal is included below. Vestwell will make a similar video for Nevada.

Colorado SecureSavings Contributions Video:

<https://coloradosecuresavings.zendesk.com/hc/en-us/articles/12067781388695-Submitting-Contributions-To-Your-Colorado-SecureSavings-Portal>

*21. Please describe the current user experience that would be offered to Nevada employees utilizing your program. What would the steps or process be to allow employees to opt-out of automatic enrollment? What is the process for a distribution, including how distributions are requested?*

Once employers have added employees and invitations have been sent out, the Program's 30 day "opt-out" window begins. During this time, employees receive direct communications from the Program (either by email if it is available, or mail), and employees are listed as pending and no contributions are allowed. The opt-out window provides employees with time to receive their materials, learn more about the Program, make any changes to their default options, or opt-out. After the opt out window ends, employees are automatically enrolled into the Program if they haven't opted-out and will receive communications from the Program about their enrollment along with the necessary Program documents, including their IRA agreements and disclosures. Employees can make changes to their default options or opt-out of the Program anytime, even after the 30-day opt-out window.

During the opt-out window, and consistent with applicable law, Vestwell completes Know Your Customer (KYC) checks and Customer Identification Program (CIP) processes for all



COLORADO  
SecureSavings



Vestwell

employees to confirm that they can be auto-enrolled and that an account can be opened. If an employee fails the KYC or CIP process, we will send them a communication directly, indicating that they need to contact the Program to update the information that was provided by their employer. Employers will see employees maintain a “pending” or “ineligible” status in their portal until information is provided to the Program to confirm the CIP process.

Employees are automatically enrolled in the system using the default contribution and investment elections set by the Program. Employees can make changes to their account or elections by logging in to the Saver portal or calling the customer service number. Each Partner State Program has their own separate customer service number. The system is designed so that an employee does not have to do anything to be enrolled in the Program and begin saving. It allows for as much or as little interaction with the Program as an employee wants. Certain saver processes can be completed via paper forms, including changes to their account defaults, opting-out, adding beneficiaries, making withdrawals, requesting a distribution, or recharacterizing their IRA. These forms are located on the program websites for easy access by employees/savers. All of these actions are also supported directly through the saver portal accessible on the program website. (More information about distributions is provided in the response to question 22.)

*22) Briefly describe your program’s practices related to risk management. Describe your program’s security against fraud. What is the audit process, if any, used to determine the employer’s compliance with the program? What is the process to approve a distribution (e.g. does it require a third-party notary or medallion stamp)?*

The primary source of risk management and oversight is state professional staff, designated fiduciaries (including oversight boards), and the PDR advisory committee. The core governance framework of the PDR is designed to limit risk with respect to our fiduciary obligations, investment management practices, and program communications for all Partner States. The PDR and individual Partner State oversight maintains best practices for identifying, evaluating, and mitigating risk.

With respect to the day to day operations and technical aspects of risk management and compliance, Vestwell State Savings provides the following services in collaboration with Partner States:

#### **Risk Management & Oversight:**

Vestwell has had a Legal and Compliance Department even before we started any plan recordkeeping operations so that our platform would be built with security and compliance in mind. Our compliance and security policies and procedures are incorporated into our day-to-day business practices so that all our employees perform their duties with the highest legal and ethical standards. Vestwell employs a General Counsel and Chief Compliance Officer who oversees Vestwell’s policies, procedures and conducts ongoing employee compliance training



COLORADO  
SecureSavings



Vestwell

through a mix of automated, sampling, and manual solutions. Our Legal and Compliance Team helped design the requirements for many of our platform features as well. As we operate in a highly regulated industry, our compliance policies and activities incorporate guidance and updated rulings provided by the Department of Labor, the Internal Revenue Service, ERISA, and local State laws into its business practices.

All our key compliance and security policies, including business continuity, disaster recovery, incident response, data management, privacy, and numerous security related protocols are independently audited and tested throughout the year by independent experts and auditors. Vestwell also conducts penetration testing to verify that its systems are secured, and it undergoes an annual SOC 2 Type 2 audit by an independent third party approved by the American Institute of Certified Public Accountants. Thus far, all of Vestwell's SOC 2 Type 2 audits have resulted in an unqualified opinion without exceptions or deficiencies by the independent auditors, which translates to Vestwell's systems and risk controls operating at the highest standards. In addition to our SOC 2 audit, we will be undergoing a SOC 1 audit of our state savings business this year.

Additionally, risk management is also monitored by a centralized Risk Committee that reports to our senior management and Board of Directors and meets monthly to review fraud detection and regularly to review risks and controls across the organization. We are proud to have never had a reportable data breach, investigation, regulatory matter, or litigation of any kind since our inception.

#### **Enforcement/Compliance Audit:**

Vestwell does not oversee state enforcement or employer compliance but can support state efforts by providing detailed employer reporting as needed, including reports that document registration date, payroll dates (first payroll, last completed payroll, etc.), active employee count, number of added employees, etc. This information can be used by the state to determine whether employers have added employees (and added the expected number) and whether employers are regularly submitting payroll contributions. Since employers do not provide wage information as part of the registration process, Vestwell cannot provide data on whether employers are remitting appropriate contribution amounts.

Ultimately, assessments of employer compliance and enforcement actions belong to state agencies and oversight entities. In addition to the support provided by Vestwell, PDR states will be able to provide extensive feedback and support as Nevada determines what its enforcement structure will look like.

#### **Distributions:**

Distributions from a saver's account can be made online, by phone, or by mailing a completed distribution form to the Program. Distribution requests received in good order before the close of the NYSE on any Business Day are processed that day based on the Unit Values of the





COLORADO  
SecureSavings



Vestwell

Investment Options underlying the participants account calculated as of the close of the NYSE on that day. Requests received after the close of the NYSE are processed the next Business Day using the Unit Values calculated as of the close of the NYSE on that next Business Day. While most distributions are processed within one (1) Business Day, during periods of market volatility or at year-end, distribution requests may take up to three (3) Business Days to process. Saver plan documents notify savers that they should allow up to seven to ten (7-10) Business Days for the proceeds to reach them when processed via check or two to four (2-4) Business Days when processed electronically via ACH to their bank account.

For security purposes and to protect savers from potential fraud, Vestwell implements a hold time of nine (9) Business Days on distribution requests that include a change of address. We implement a hold time of fifteen (15) calendar days on distribution requests that include a change of banking information. In addition, contributed amounts made via an Employer payroll deduction are immediately available if not accompanied by a change of bank or address, however contributed amounts made via a personal check or a personal bank account are not available for withdrawal for seven (7) Business Days.

Vestwell also understands the importance of security in distributions, which are especially vulnerable to fraud. Our internal fraud detection team implemented a proprietary scoring method to evaluate risks associated with distributions against geolocation data, IP address, bank account verifications, prior distributions and account profile changes, and other relevant factors. This Team conducts direct outreach to savers to verify their distributions where appropriate and meets weekly to review Vestwell's distributions security review procedures and any changes needed to its risk scoring algorithm.

Non-Financial requests (change of address, adding or deleting a bank account, updating primary or contingent beneficiaries, changing deferral rate, or opting out of the program) can be made online, by phone, or by mailing a completed form to the Program. While most non-financial requests are processed within three (3) Business Days, during periods of market volatility or at year-end, non-financial requests may take up to five (5) Business Days to process. A saver can add a new bank by either using Plaid or manually inputting the information, which requires them to upload a copy of a check or bank statement for validation purposes.

*23. Are there systems in place to identify non-compliant contributions (e.g. how are late or missing deposits monitored, managed, and communicated)? What is the process for a correction (e.g. how many days are required to correct an erroneous contribution and what steps are taken to avoid a penalty by the IRS?)*

When an employer registers for the program they will provide information on their payroll schedule, including when they run it and how frequently. They will also set up the process by which they intend to submit the contributions (most traditionally, an ACH Pull by Vestwell after a



COLORADO  
SecureSavings



Vestwell

contribution file is submitted). The system will send automated reminders to employers four days before their scheduled payroll, reminding them to submit their contributions. If an employer misses a payroll cycle, the system will automatically send an email notice reminding them to take action. An employer's account also flags upcoming, missing, or incomplete payroll cycles - flagging them if an employer needs to take action. This information can also be passed onto the state at any time for further, escalated action.

*24. What support, if any, is available to Nevada in implementing and marketing, the program (e.g. marketing, outreach financial literacy, investment tools or resources) either from your state or the Program Administrator? What practices are in place for employer education regarding the retirement saving program? What is the specific support for launching the program to employers? What support, if any is for continuing outreach to employers after launch? What tools are available to help employees adopt into the program? Is your Program Administrator willing to assign an in-person field representative?*

The Partnership for a Dignified Retirement was envisioned, first and foremost, as a collaborative project for states to efficiently and effectively expand retirement savings coverage. Our support for NEST is anticipated to be in the following areas:

- **Contract and Vendor Support:** The primary role of the Lead State is to evaluate vendor performance, and manage grievance resolution. In this role, we anticipate supporting Nevada's efforts to build and maintain a relationship with Vestwell, as well as ensure all program goals are met within established timelines. Moreover, as programs grow and mature, we anticipate needing to discuss modifications, new strategies, and/or novel approaches reaching and supporting savers. To that end, Colorado coordinates with Partner States to identify needs, develop new ideas, and lead discussions with our vendors to develop mutually beneficial strategies for addressing needs and implementing new ideas.
- **Shared Best Practices:** As noted above, the Partnership for a Dignified Retirement is primarily a collaborative project. While directors from program states regularly meet, our goal is to provide a forum for deeper learning in an environment where programs are structured similarly, and to ensure all Partner States can effectively share and benefit from strategies currently in place, and leverage Partnership expertise to improve program outcomes for their savers. As the current governance structure and staffing for Colorado, Delaware, Maine, and Vermont demonstrate, there is a high level of background knowledge and experience to draw from as Nevada prepares to launch. Moreover, we have found that outreach and employer engagement presents the biggest challenge and opportunity for state programs, and our team has built proven strategies for ensuring high levels of engagement from employers. As noted above, we have



COLORADO  
**SecureSavings**



**Vestwell**

developed an outreach and marketing toolkit to support new Partner States from ideation to implementation and ongoing administration in their outreach and marketing efforts.

- **Marketing Support:** Colorado has had a very successful roll out, in part, as a result of our thoughtful marketing. Our strategy combined outreach, paid and earned media, as well as close coordination with our vendors. Central to our ability to build the strategy was a deep understanding of the state, its employers, and the varying perspectives potential savers have on their financial well-being. We view our processes and methods for marketing the SecureSavings Program as beneficial to all Partner States. To that end, we will share best practices with Nevada, as well as relevant material and will work with Nevada to understand the market and the tools that are most likely to efficiently reach that market. Samples of our marketing materials can be viewed in **Appendix E**.
- **Innovation:** State facilitated retirement programs are still in their infancy. While our research and experience shows that simple program design matched with high levels of on the ground engagement are best suited for implementation, we anticipate program needs will evolve over time. Additionally, federal and state policies to support retirement plan access is an active policy space. Consequently, we envision the Partnership for a Dignified Retirement becoming a key stakeholder and primary source for thought leadership in improving the long term financial health of savers across the country. A problem of this size requires strong relationships, pragmatic leadership, and a collaborative mindset, and we can confidently say these values have been woven into the framework of our governance structure.

Additionally, Vestwell provides a significant amount of marketing and communications support as part of its administrative services to partner states. From the development and management of the program website, to all the direct communications for employers and savers, to additional supportive materials that the state can use to promote the program, Vestwell creates marketing and educational materials using easy to understand language and clear directions. The sections below provide a more in-depth understanding of the services and materials provided.

Vestwell State Savings does not, at this time, provide on the ground personnel to support marketing and outreach efforts in any state within the Partnership for a Dignified Retirement. We would note that the experiences in Colorado, Delaware, and Maine have demonstrated the most valuable outreach and engagement for auto IRA programs comes directly from professional program staff.

Vestwell, in coordination with the NEST Program and PDR, provides the following services to support marketing, communication, and education:

### **Program Communications & Materials:**





COLORADO  
SecureSavings



Vestwell

Using the lead state website as the template for layout and content, Vestwell will build and manage a custom branded program website for Nevada. In addition to core content for savers and employers, we also create help content, financial resources, a news page, a contact us page, and three Spanish pages that include a summary of the main content found in other parts of the site. Vestwell also creates a full Employer Help Center that includes FAQs and dozens of help articles and videos for employers. The Help Center is made available on the program website, in the employer portal, and frequently linked to in program communications.

Vestwell will prepare and send all direct program communications to employers and employees/savers. Nevada will have the opportunity to review and approve this messaging before implementation. Employer program notices include:

- Program open notice - Sent to all employers when the program first opens, this notice captures early adopters who are excited and motivated to engage with the program.
- Using a notification schedule informed by time-based economic behavior principles, we'll communicate with employers on or about 45, 25, and 7 days prior to their deadline.
- Following the deadline, we'll remind employers of the need for action on or about 7 and 31 days past their deadline.
- As program rules allow, and where applicable, we'll also send a final reminder to take action before enforcement begins.

Saver/enrollee program notices include:

- Saver/enrollees receive a notification that their employer has added them to the program and explains their options to do nothing and start saving automatically, modify their savings elections to meet their needs, or opt out with the option to opt back in at any time.
- 10 days before they are automatically enrolled, the savers are sent a reminder.
- Finally, if the saver/enrollee takes no action we provide a confirmation of their automatic enrollment with the program that outlines the standard savings elections, including the required IRA application and disclosures and the Program Description Booklet.

We communicate with employers and savers electronically whenever possible as it has proven to be the best way to engage with the recipient and provide useful resources and tools, but will utilize hard copy methods if electronic is not available.

In addition to the initial employer and saver notices, Vestwell develops and sends a variety of administrative and operational communications for both employers and savers. These include: payroll contribution reminders and follow-ups, registration/onboarding completion reminders, auto-escalation notices, account maintenance reminders, payroll integration opportunities, etc. All our ongoing notices are intended to support employer and saver engagement with the program, increase adoption, and facilitate program growth.



COLORADO  
SecureSavings



Vestwell

### **Educational Materials & Tools:**

Vestwell provides core marketing services for each of our partner state programs. As part of our core product marketing materials for employers, we provide:

- Employer fact sheet which outlines facts about the program, eligibility requirements and registration deadlines, and the benefits of the program for the employer and their employees.
- Video tutorials that review the registration process, how to submit contributions, and how to enable payroll integrations.
- Registration checklist for employers to prepare and guide them through the process.
- Webinar decks which includes an introduction to the program as a whole, then provides details on employer eligibility, employee eligibility, registration deadlines, how the program contacts employees, payroll - including payroll integrations. The content has been informed and evolved based on frequently asked questions from live audiences.

These materials are included in program notices, and available on the program website and the Help Center, which can be also accessed from the saver or employer portals.

As part of our core product marketing materials for savers, Vestwell currently provides:

- Auto-enroll notice/Employee Information Packet that explains the employee's options for engaging with or opting out of the program. This piece also details the savings elections set by the program for employees who are auto-enrolled in the program as well as how to customize saving elections with information on available investment options.
- Saver fact sheet: outlines facts about the program, eligibility requirements, and the benefits of saving with the program.
- Retirement calculator tool: provided on the program website and targeted towards novice investors to help increase financial literacy.
- Video tutorial that provides step by step instructions for how to register as Saver and set-up your account.

While Vestwell does not provide for an in-person field representative, we do offer direct employer and saver engagement opportunities with interactive live webinars - to help employers learn about the program and begin making payroll contributions, and to increase employee understanding of how to participate and why it's important to save for retirement. In addition, our employer-focused client services team has the capacity to not only support inbound calls but will begin strategically experimenting with outbound calls to engage employers that may need additional assistance completing registration or beginning contributions.

(Example of the website webinar page with upcoming payroll webinars:  
<https://coloradosecuresavings.com/help-and-resources/webinars>)

## Colorado - Appendix A



**State of Colorado  
Department of the Treasury  
Master Agreement Terms and Conditions**

**Program Administration Services for the Partnership for a  
Dignified Retirement**

**Colorado Department of the Treasury  
200 E Colfax Ave., #140  
Denver, Co 80203**

**And**

**Vestwell State Savings, LLC  
1410 Broadway, 23<sup>rd</sup> Floor  
New York, NY 10018**

**Master Agreement Number: 178638**

**Amended and Restated Effective August 10, 2023**

## TABLE OF CONTENTS

1. COLORADO MASTER AGREEMENT OVERVIEW .....	4
1.1. Parties .....	4
1.2. Effective Date .....	4
1.3. Order of Precedence .....	4
1.4. Term .....	4
2. DEFINITIONS .....	5
3. PROGRAM PROVISIONS .....	7
3.1. Fees, Costs and Guarantee Period .....	7
3.2. Program Administration Services .....	8
3.3. Participants and Scope .....	8
3.4. Right to Publish .....	9
4. STATEMENT OF WORK .....	9
4.1. General Program-Related Duties and Provisions .....	9
4.2. Partner Program Support .....	9
4.3. Web-based IRA Platform .....	10
4.4. Public Program Website .....	11
4.5. Recordkeeping and Administration .....	11
4.6. Partner Program Assets .....	13
4.7. IRA Custodian Services .....	13
4.8. Account Establishment .....	14
4.9. Contributions .....	14
4.10. Withdrawals .....	14
4.11. Tax Reports .....	14
4.12. Partner Program Disclosures .....	15
4.13. Compliance and Oversight .....	15
4.14. Reporting .....	15
4.15. Partnership and Partner Program Marketing and Outreach .....	16
4.16. Program Materials .....	16
4.17. Customer Service .....	17
4.18. Client Services .....	18
5. GENERAL PROVISIONS .....	18
5.1. Insurance .....	18
5.2. Records Administration and Audit .....	20
5.3. Legal Compliance .....	21
5.4. Confidentiality, Non-Disclosure, and Injunctive Relief .....	21

5.5. Cybersecurity & Protection of Information.....	22
5.6. License of Pre-Existing Intellectual Property.....	23
5.7. Public Information.....	24
5.8. Assignment/Subcontracts.....	24
5.9. Changes in Contractor Representation .....	24
5.10. Independent Contractor .....	24
5.11. Use of Subcontractors .....	25
5.12. Contingency Programs .....	25
5.13. Force Majeure .....	25
5.14. Defaults and Remedies .....	25
5.15. Partnership Termination .....	27
5.16. Waiver of Breach .....	28
5.17. Debarment.....	28
5.18. Indemnification .....	28
5.19. Standard of Care & Limitations of Liability .....	29
5.20. No Waiver of Sovereign/Governmental Immunity.....	30
5.21. Governing Law and Venue .....	31
5.22. Limited Exception for Partner State Agreement Control.....	31
5.23. No Promises, Warranties or Guaranties .....	31
5.24. Limitation of Responsibilities .....	32
5.25. Entire Agreement .....	32
5.26. Partner State Participation Approval.....	32
5.27. Digital Signatures.....	32
5.28. Severability .....	32
5.29. Statutes, Regulations, Rules, and other Authority .....	32
5.30. Counterparts .....	33
5.31. Waiver.....	33
5.32. Lead State Procurement Code .....	33
5.33. Standard & Manner of Performance .....	33
5.34. No Third Party Beneficiaries.....	33
5.35. Authority .....	33
5.36. Survival .....	33
5.37. Binding Effect .....	33

## 1. COLORADO MASTER AGREEMENT OVERVIEW

### 1.1. Parties

This Master Agreement Terms and Conditions (this “Master Agreement”) is entered into by and between the State of Colorado, acting by and through the Colorado Secure Savings Plan Board (hereinafter, “Lead State”), and Vestwell State Savings, LLC (hereinafter, “Contractor”).

This Master Agreement governs the Program Administration Services for the Partnership for a Dignified Retirement (the “Partnership”) to facilitate automatic enrollment IRA programs within approved Partner States. This Master Agreement sets forth the minimum responsibilities of Contractor with respect to providing Program Administration Services.

In accordance with **§24-110-201, C.R.S.**, this Master Agreement is established as a cooperative purchasing agreement available for use by the Lead State and other States, which may encompass their local agencies and political subdivisions, including, but not limited to, city and county government entities, public utilities, public school districts and state institutions of higher education, under the terms, conditions and rates set forth in this Master Agreement. Each State utilizing the Services under this Master Agreement shall establish its own contract (“Partner State Addendum”), issue its own tax exemption certificate, and resolve any disputes arising from such contract, directly with Contractor.

Contractor and Lead State hereby agree to the following terms and conditions.

### 1.2. Effective Date

This Master Agreement shall not be effective or enforceable until the date on which it is approved and signed (hereinafter called the “Effective Date”) by the Colorado State Controller or designee and Contractor.

### 1.3. Order of Precedence

**1.3.1.** This Master Agreement, and its accompanying Exhibits and related contract documents, shall have the following order of precedence:

- a) This Master Agreement, including all exhibits and attachments;
- b) Memorandum of Cooperation between the Partner State and Lead State;
- c) Interstate Agreement between the Partner State and Lead State; and
- d) Partner State Addendum.

**1.3.2.** Except as specifically allowed elsewhere in this Master Agreement, any conflict among these documents shall be resolved by giving priority to these documents in the order listed above. Contractor terms and conditions that apply to this Master Agreement are only those that are expressly accepted by Lead State and shall be incorporated into this Master Agreement.

### 1.4. Term

**1.4.1. Initial Term.** The Parties’ respective performances under this Master Agreement shall commence on the Effective Date and shall terminate seven (7) years after the Effective Date (the “Initial Term”), unless terminated sooner pursuant to **Section 5.14 (Defaults and Remedies)**, or extended further as specified in **Section 1.4.2** below.

**1.4.2. Extension of Master Agreement.** Lead State, at its discretion, shall have the option to extend the term of this Master Agreement beyond the Initial Term for one additional period of two (2) years, and, thereafter, for one additional period of one (1) year (collectively, the “Extension Term(s)”) (Initial Term and Extension Term(s), collectively, the “Terms”). Any extension shall be on the same terms specified in this Master Agreement. The total term of the Master Agreement, including all

Extension Terms, shall not exceed ten (10) years. To exercise this option, Lead State shall deliver a written notice to Contractor no less than thirty (30) days prior to the end of the then current Term.

- 1.4.3. Amendments.** The terms of this Master Agreement shall not be waived, altered, modified, supplemented or amended in any manner whatsoever without prior written and signed approval of the Lead State and Contractor.

## 2. DEFINITIONS

The following terms shall be construed and interpreted as follows:

TERM	DESCRIPTION
<b>Account</b>	The IRA of an enrolled Employee or individual established and maintained under the Partner Program.
<b>Affiliate</b>	A person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person or entity specified.
<b>Applicable Law</b>	The provision of a law, regulation or rule which applies in a given context, including formal published guidance or policies issued by entities with legal authority to enforce, interpret or uphold those laws, regulations or rules.
<b>Beneficiary</b>	The individual(s), person(s), or entity(ies) entitled to receive the proceeds of an IRA upon the death of the IRA owner.
<b>Business Day</b>	Any day on which the New York Stock Exchange is open.
<b>Code</b>	The Internal Revenue Code and any regulations, rulings, announcements, or other guidance issued thereunder, as amended.
<b>Contractor</b>	The person or entity performing Services under the terms and conditions set forth in this Master Agreement.
<b>Custodial Agreement</b>	IRS Model 5305-RA contractual agreement that describes the Roth IRA's terms and conditions and meets the requirements of section 408A of the Internal Revenue Code.
<b>Disclosure Acknowledgement</b>	A nontechnical explanation of the statutory requirements relating to the IRA that meets the requirements of Treasury Regulations Section 1.408-6.
<b>Effective Date</b>	Is as defined in <b>Section 1.2</b> .
<b>Employee</b>	Any individual who is eighteen years or older, who is employed by an Employer and, if applicable, for the minimum period of time established by applicable law of the Partner State, and who earns wages subject to income tax.
<b>Employer</b>	A person or entity meeting the definition of an Employer or Covered Employer required to participate in the Program under the applicable State law.
<b>FINRA</b>	The Financial Industry Regulatory Authority.
<b>Independent Contractor</b>	A natural person, business, or corporation that provides Services to another entity under the terms specified in a contract. An employer-employee relationship does not exist.
<b>Individual Retirement Account (IRA)</b>	Individual retirement account or individual retirement annuity under Section 408(a), 408(b), or 408A of the Code.
<b>Intellectual Property</b>	Any and all patents, copyrights, service marks, trademarks, trade secrets, trade names, patentable inventions, or other similar proprietary rights, in tangible or intangible form, and all rights, title, and interest therein.



<b>Interstate Agreement (IA)</b>	An agreement between Partner States and the Lead State, which details expectations, duties, and governing arrangements for the Partnership for a Dignified Retirement. The agreement identifies areas of decision-making authority, participating in any governing bodies, as well as data sharing frameworks from Partner States.
<b>Investment Options</b>	Asset categories include, but are not limited to: short-term investments, fixed income investments, domestic equity investments, international equity investments, Global Equity investments, Balanced investments (including Target Date and Target Risk).
<b>IRA Requirements</b>	The applicable federal and state laws, rules and regulations that a provider, trustee, custodian, insurance company or administrator of an IRA must comply with for the IRA to constitute and IRA under Code sections 408 or 408A and otherwise satisfy all applicable federal and state tax, securities, privacy and other requirements.
<b>IRS</b>	The Internal Revenue Service.
<b>Lead State</b>	The state that is leading the procurement for the Partnership, which is the State of Colorado.
<b>Marketing Plan</b>	The annual plan for marketing and promotion approved by the Partnership.
<b>Master Agreement</b>	Means this Master Agreement, executed by and between the Lead State and Contractor, and such subsequent amendments as may be executed between Lead State and Contractor.
<b>Memorandum of Cooperation (MOC)</b>	A non-binding framework of collaboration between one or more State Boards of Directors (“Parties”) through with the Parties commit to exchanging information and liaising with stakeholders in order to explore whether to formalize a long-term legal relationship(s) to design, implement, and operate a joint Auto-IRA program.
<b>MSRB</b>	The Municipal Securities Rulemaking Board.
<b>Net Asset Value (NAV)</b>	A fund's or company's total assets less its liabilities.
<b>Normal Business Hours</b>	8:00 a.m. to 5:00 p.m., Monday through Friday (state holidays excluded), regardless of time zone.
<b>Partnership</b>	The Partnership for a Dignified Retirement, which is comprised of the approved Partner Programs as well as an advisory board consisting of the directors in each Partner State.
<b>Partner Program</b>	The automatic enrollment IRA program enacted by legislation for Employees and Savers in a Partner State, that adheres to the requirements of the Master Agreement, the MOC and the IA.
<b>Partner Program Assets</b>	The Accounts associated with the enrolled Savers of a Partner State.
<b>Partner Program Disclosure Booklet</b>	A technical document describing the Partner Program including important information about the investments, risks, fees, and features associated with the Partner Program.
<b>Partner Program Disclosure Statement</b>	A nontechnical explanation of the statutory requirements relating to the IRA that meets the requirements of Treasury Regulations Section 1.408-6.
<b>Partner Program Materials</b>	Logos, slogans, promotional items, educational items, and presentations designed for communicating with stakeholders, Employers and Savers.
<b>Partner Program Records</b>	Any and all Partner State data, information, and records regardless of physical form including, but not limited to, information subject to disclosure as Public Records.
<b>Partner State</b>	A U.S. state, which encompasses all government entities within that state, or the District of Columbia, or one of the territories of the United States, or any duly authorized agency or authority of that state that enters into a Partner State Addendum. Lead State is also a “Partner State.”
<b>Partner State Addendum</b>	A bilateral agreement executed by Contractor and a Partner State incorporating this Master Agreement and any other additional Partner State specific language or other

	Requirements substantially in the form attached hereto As Addendum A.
<b>Person</b>	A natural person and does not include such entities as a corporation, public agency, political subdivision or association.
<b>Program Administrator</b>	A Third-Party financial services entity that will assist the Partnership in carrying out its obligations in order to promote retirement savings for Savers in a convenient, low-cost, and portable manner.
<b>Program Administration Services (“Services”)</b>	The services provided by the Awarded Contractor which include: Partner Program support, creating a web-based IRA platform, public program website creation and administration, recordkeeping and administration, marketing and outreach, customer service, compliance and oversight, reporting and client services.
<b>Public Record</b>	All books and Public Records of a governmental entity, the contents of which are not otherwise declared by law to be confidential must be open to inspection by any person and may be fully copied or an abstract or memorandum may be prepared from those public books and Public Records.
<b>Saver(s)</b>	Any Employee or other individual who is eighteen years or older, who earns wages subject to income tax, and who owns an Account in a Partner Program, including (a) a Saver who owns an Account, but is no longer an Employee, or (b) the Beneficiary of a Saver.
<b>State Administrative Fee</b>	A portion of the basis point fees collected from Assets under management and/or the portion of an account fee collected from Savers’ Accounts associated with a Partner State and remitted to the associated Partner State.
<b>Subcontractor</b>	A Third-Party, if any, engaged by Contractor to aid in performance of the Services.
<b>Regulatory Body</b>	The MSRB, FINRA and any other State or federal entity or association that regulates the activities of Contractor.
<b>Solicitation</b>	A written offer or attempt to purchase Products and/or Services through an official Proposal, Evaluation, and Award process.
<b>Third Party</b>	Where capitalized, means someone who may be indirectly involved but is not a principal party to an arrangement, contract, deal, lawsuit or transaction.
<b>Trading Day</b>	Day that New York Stock Exchange is open, from 9:30am - 4:00pm Eastern Time.
<b>Withdrawal</b>	A removal of funds from an Account.

### 3. PROGRAM PROVISIONS

#### 3.1. Fees, Costs and Guarantee Period

##### 3.1.1. Contractor’s Fee

- a) Contractor shall be entitled to charge and collect a fee from Accounts, as specified in **Exhibit A**.
- b) In the event that Contractor breaches this Master Agreement or otherwise fails to meet performance standards, the State will provide written notice to the Contractor with sufficient detail to enable Contractor to understand the nature of the deficiency. Within 10 days of receiving the notice, the Parties will meet, promptly and in good faith, to discuss any alleged breaches and Contractor will be provided with at least 60 days, or other agreed upon time, to cure any deficiency. If Contractor has not remediated any deficiency within 60 days after receiving notice of it, the Partner States, at their option, may require that Contractor cease collecting its fees, or that Contractor place fees in escrow, pending cure of the breach.

##### 3.1.2. Limitations

- a) Except as specifically set forth in **Exhibit A**, Contractor shall bear all of its costs and expenses associated with this Master Agreement, the Partner State Addenda, the Partner Programs, and the Services, as well as its other obligations and responsibilities under this Master Agreement, including, but not limited to, as applicable, preparation of all offering materials for the Partner

Programs, including the Partner Program Disclosure Booklet or Summary Program Disclosure

Booklet. No such costs or expenses shall be paid from or reimbursed out of the Partner Programs or by Lead State.

- b) Neither Lead State, nor any Partner State, shall have any responsibility for any fees provided for under this Master Agreement. Any fees payable to Contractor shall be payable only from Accounts, and only as permitted by this Master Agreement and in the Partner Program Disclosure Booklet, unless otherwise agreed to in a Partner State Addendum and, only then, with such fees being the responsibility of only that Partner State.

### **3.1.3. State Administrative Fee**

Each Partner State may charge, and Contractor shall collect on the Partner State's behalf, a State Administrative Fee as specified in each Partner State's Addendum. Such State Administrative Fee shall apply only to those Accounts owned by Savers of that Partner State. The fee shall be remitted to the Partner State as separately agreed between the Contractor and the Partner State.

- 3.1.4. Contractor shall ensure that their program website contains the approved Fee Table, and will not post any updated Fee Tables without prior written authorization from the Partnership.

- 3.1.5. The fees listed in **Exhibit A** must be guaranteed throughout the term of this Master Agreement, including any Extension Terms; however, Lead State reserves the right to renegotiate the fees once per calendar year. Any revisions to the Fee Table shall be mutually agreed upon by Lead State and Contractor. In addition, Contractor may decrease its fees at any time. Lead State must be notified of any such decrease, and provided with a copy of the updated Fee Table.

## **3.2. Program Administration Services**

Contractor is only authorized to provide the Services that are awarded under this Master Agreement, as referenced in **Section 4 (Statement of Work)**.

## **3.3. Participants and Scope**

- 3.3.1. Contractor may not provide any Services under this Master Agreement to a Partner State until:

- a) A Memorandum of Cooperation (MOC) is executed between the Partner State and Lead State;
- b) An Interstate Agreement is executed between the Partner State and Lead State; and
- c) A mutually agreeable Partner State Addendum between the Partner State and Contractor is executed. This Master Agreement is applicable to any Partner State Addendum, except to the extent altered, modified, supplemented or amended by a Partner State Addendum. By way of illustration and not limitation, this authority may apply to confidentiality requirements, defaults and remedies, governing law and venue, indemnification, and insurance requirements. The expectation is that these alterations, modifications, supplements, or amendments shall be addressed in the Partner State Addendum. In addition, Partner States may limit:
  - i.) Available Services; and
  - ii.) Any additional items as deemed necessary by the Partner State.

- 3.3.2. Use of this Master Agreement by Partner States are subject to individual state's statutes.

- 3.3.3. Obligations under this Master Agreement are limited to those Partner States who have signed a Partner State Addendum.

- 3.3.4. Each Partner State must enter into its own Partner State Addendum with Contractor to establish and/or continue its receipt of Services from Contractor. The Partner State Addendum may contain details specific to each Partner State, or terms designed or required by that Partner State's laws and regulations.

- 3.3.5. A Partner State may not participate in the Partnership or receive Contractor's Services unless its

Partner State Addendum has received the prior written consent of the Lead State via bi-lateral signatures on the MOC and the IA between the Lead State and the Partner State.

### 3.4. Right to Publish

Throughout the duration of this Master Agreement, Contractor must secure from Lead State prior approval for the release of any information, including any written correspondence, which pertains to the potential work or activities covered by this Master Agreement. If Contractor is required to release information per state or federal law or regulations, Lead State's approval shall not be unreasonably withheld, delayed, or conditioned. Failure to adhere to this requirement may result in termination of this Master Agreement for cause.

## 4. STATEMENT OF WORK

### 4.1. General Program-Related Duties and Provisions

- 4.1.1. Upon execution of an agreement between Contractor and each Partner State pursuant to section 3.3.1(c), Contractor shall develop and implement each Partner Program as an automatic enrollment IRA program, shall serve as administrator of each Partner Program, and shall be responsible for all items outlined in this Statement of Work. Contractor shall fulfill the services detailed in **Exhibit B, Program Launch Timeline**, in accordance with the deadlines contained in **Exhibit B**, to ensure timely and efficient launch of the Partner Program.
- 4.1.2. Contractor shall cooperate with each Partner State and any consultants, advisors, auditors, or legal counsel designated by the Partner State to review, evaluate or otherwise provide advice regarding their Partner Program.
- 4.1.3. Contractor may not engage an Affiliate or a Third Party (including an approved Subcontractor) to do anything on its behalf that Contractor is prohibited from doing directly under this Master Agreement.
- 4.1.4. At all times, Contractor shall utilize approved, qualified personnel to perform the services. Contractor shall be responsible for any economic detriment caused by Contractor's failure to use such personnel.
- 4.1.5. Contractor shall have no right or title to or interest in the Accounts, assets held in the Accounts, Partner Program Assets, or any Partner Program Records.
- 4.1.6. Upon request, Contractor shall provide the Partner State with access to all of their Partner Program Records within a reasonable time and in a form mutually acceptable to the Partner State and the Contractor.

### 4.2. Partner Program Support

- 4.2.1. Contractor shall support Lead State in its efforts to leverage the infrastructure being built for the Partnership to serve similarly structured retirement initiatives of other states ("**Partner Programs**"), in order to maximize efficiencies and lower costs. In particular, Contractor shall design and provide the Services to facilitate Lead State's ability to add Partner Programs as part of the administration of the Partnership.
- 4.2.2. Contractor shall serve as Program Administrator for all Partner Programs.
- 4.2.3. Contractor shall not interfere with the contractual relationship between Lead State and any Partner State, and shall not solicit, directly or indirectly, Partner States to cease their relationship with the Partnership.
- 4.2.4. Contractor shall be able to accommodate Partner Programs as part of its Services. This shall entail offering customized branding for Partner Programs, as well as separate accounting and state-specific compliance, where necessary. Specific Services may include, but are not limited to:

- a) Managing separate websites for each Partner Program (while core content will remain the same across Partner websites, sites should be customizable with regard to Partner branding, URLs, logos, and State-specific information).
- b) Customizing statements, forms, correspondence, marketing material and other documents to display Partner Program branding and information.
- c) Providing separately branded Partner Program Disclosure Statements.
- d) Providing separate audited financial statements for each Partner Program's assets.
- e) Assisting Lead State to recruit additional states to join the Partnership.

#### **4.3. Web-based IRA Platform**

Contractor shall provide a modern, accessible, secure online IRA platform that allows Savers and Employers to easily perform all aspects of plan/account set-up and management. The IRA platform shall:

- 4.3.1.** Provide Employers and Savers with instructions and information regarding the facilitation of exemptions and enrollment for Employers, and opt-out for Savers.
- 4.3.2.** Allow Employers to easily perform all necessary administrative tasks, including, but not limited to:
  - a) Uploading and managing Employee rosters and data;
  - b) Inputting, changing, and otherwise managing payroll contributions for Savers;
  - c) Integrating with payroll providers; and
  - d) Designating authorized individuals to access the Employer portal.
- 4.3.3.** Allow Savers to easily and reliably perform all self-service account management and maintenance, including, but not limited to the following:
  - a) Change investment elections;
  - b) Change contribution levels;
  - c) Transfer invested monies between portfolios;
  - d) Request contributions and distributions (within Partner Program limits);
  - e) Update profile and demographic information;
  - f) Change Beneficiary designations/changes;
  - g) Update passwords;
  - h) View and download statements, confirmations, tax forms, and other pertinent documents; and
  - i) View account information (i.e., account balances, historical transactions, earnings, and performance data).
- 4.3.4.** Provide a secure Employee and Employer portal for users to upload documents and other forms.
- 4.3.5.** Utilize technology which incorporates industry-standard security procedures in addition to having a recovery plan for contingencies such as data breaches.
- 4.3.6.** Be mobile device-friendly.
- 4.3.7.** Compliance with the Americans with Disabilities Act by satisfying WCAG 2.1 A/AA or any , federal and state (as applicable) accessibility laws, regulations, or guidelines that are effective subsequent to the execution of this Agreement and applicable notification laws and regulations

governing notices that must be given to Savers concerning benefit eligibility.

**4.3.8.** Be available 24 hours a day, with exceptions for pre-planned maintenance down-time.

#### **4.4. Public Program Website**

**4.4.1.** Contractor shall provide each Partner Program's public-facing website. The website shall substantially conform to Contractor's sample webpage depictions, as shown in their proposal response to RFP-TRES-NP-22-001. The website shall provide all relevant program information to Employers and Savers and shall be mobile optimized, compatible with all major web browsers, and ADA compliant. Contractor's responsibilities shall include the following:

- a) Website design and build;
- b) Hosting and maintenance;
- c) Ongoing creation of site content including interactive features such as modeling tools and retirement calculators;
- d) Directing/linking users to pertinent actions (e.g., enrollment, login to Employer and Employee portals, etc.);
- e) Developing and updating FAQs based on Partner State feedback; and
- f) Hosting plan resources, forms, disclosures, and documents.

**4.4.2.** Contractor shall make the website available 24 hours a day, with exceptions for pre-planned maintenance down-time.

**4.4.3.** Contractor shall make reasonable updates and changes to website design and content within five (5) Business Days of a change request from the Partner State, provided that, if updates cannot be made within five (5) days due to permissions, legal analysis, or other complexities, Contractor agrees to (1) notify Lead State in writing with a statement that indicates why additional time is needed, and (2) work diligently and in good faith thereafter to implement the changes as expeditiously as possible.

**4.4.4.** Contractor consents to the Partnership requiring Contractor to generate robust website and webpage reporting, including, by way of example and not limitation, requiring that Contractor collect and report details concerning traffic to specific webpages, Account activity, user report generation, click-rates, time spent on pages.

**4.4.5.** To the extent the Partnership allows Partner States to specify the display of their names or logos on webpages, or to otherwise implement webpages that are unique to the Savers, Employers or Accounts of the Partner States, Contractor agrees to implement such state-specific requirements as directed by the Partnership.

**4.4.6.** Contractor further agrees to maintain in place and comply with its privacy policy, which it will review on a regular basis to confirm that it complies with Applicable Law. Partner States will be available, at the request of Contractor, or upon the request of any Partner State, to review Contractor's privacy policies for compliance with their state-specific privacy laws.

#### **4.5. Recordkeeping and Administration**

Contractor shall provide all recordkeeping and administrative services necessary to ensure the effective operation of the Partner Programs and in accordance with Applicable Law. These Services include the following:

**4.5.1.** Keeping secure and accurate records for each Employer and Employee account and for the Partner Program as a whole.

- 4.5.2.** Collecting State Administrative Fees and remitting them to Partner Programs.
- 4.5.3.** Processing account enrollments and account closures (including handling any operations necessary following the death of a participant).
- 4.5.4.** Conducting comprehensive “Know Your Customer” and Office of Foreign Assets Control screening during enrollment and on an ongoing basis, if required.
- 4.5.5.** Processing and recording the purchase, sale, and exchange of units in each Partner Program.
- 4.5.6.** Providing separate accounting for each participant including contributions, investment changes and distribution history, on a daily basis.
- 4.5.7.** Providing all custodial, fund accounting, and banking services necessary to support each Partner Program’s operations, such as:
  - a)** Custodianship of assets;
  - b)** Segregation of funds;
  - c)** Cash management;
  - d)** Automated clearing house (ACH) processing;
  - e)** Net Asset Value calculation; and
  - f)** Assessing and remitting Partner Program fees.
- 4.5.8.** Administering a default provision (with a holding period or at a set dollar amount, and designated default portfolios) for Savers who do not select investments.
- 4.5.9.** Processing contributions via ACH, payroll deduction, and check.
- 4.5.10.** Permitting Savers to contribute to multiple portfolios.
- 4.5.11.** Monitoring IRA contribution limits and preventing accounts from making excess contributions.
- 4.5.12.** Processing distributions via ACH and check.
- 4.5.13.** Enforcing hold times according to industry best practices, in order to prevent fraud and loss.
- 4.5.14.** Supporting decumulation strategies and options adopted by each Partner Program.
- 4.5.15.** Processing IRA rollovers to and from qualified retirement plans.
- 4.5.16.** Supporting the use of all Investment Options selected by the Partner Program.
- 4.5.17.** Creating all Partner Program forms necessary for account set-up, maintenance and transacting (mirroring the enrollment and self-service functions available on the web-based IRA platform).
- 4.5.18.** Timely handling all customer fulfillment requests for Partner Program literature, forms, or other information.
- 4.5.19.** Managing a P.O. Box or other central mailing address where participants can send in forms, documentation, or contributions.
- 4.5.20.** Processing all account transactions, forms, and other instructions accurately and in a timely manner.



- 4.5.21. Providing quarterly account statements according to the participant's preferred method of receipt (paper mail or electronic delivery).
- 4.5.22. Providing account confirmations and other correspondence to participants as necessary.
- 4.5.23. Completing and distributing all required IRS tax forms (e.g., 1099-R and Form 5498).
- 4.5.24. Establishing a data exchange with any necessary Partner States to intake information regarding eligible Employers.
- 4.5.25. Developing and distributing compliance notices to eligible Employers.
- 4.5.26. Assisting the Partner Program in administration of any current or future statutory grant programs to incentivize Employer compliance.
- 4.5.27. Distributing Partner Program Disclosures as dictated by law and industry best practice.
- 4.5.28. Collaborating with other Partnership stakeholders, such as Investment Managers, banking institutions and payroll providers.
- 4.5.29. Using industry best practices regarding data encryption, information security, backup processes and procedures, and system redundancy.

#### **4.6. Partner Program Assets**

- 4.6.1. Partner Program Assets in the Investment Options shall be maintained by Contractor in omnibus Custody Accounts held in the name of the Partnership. The Custody Accounts shall be established and held pursuant to this Master Agreement, and with respect to each Partner State, the applicable Partner State Addendum. Contractor warrants that assets will be legally segregated but operationally commingled so that assets are identifiable by Partner Program at the individual participant account level. Contractor shall preserve, invest, and expend the Partner Program Assets solely pursuant to and for the purposes of the Partner Program.
- 4.6.2. Partner Program Assets shall be held in omnibus Custody Accounts by investment option and will be uniquely assigned to an individual Program and record kept separately at the participant account level. Contractor must ensure assets of all programs can be separated and will be accounted for at the Partner Program level for supplementary audit disclosure and activity reporting to each Partner Program. Contractor warrants that this system of account maintenance will permit (i) timely and accurate accounting for individual IRAs and (ii) the orderly and efficient withdrawal of the Accounts of specific Partner States, if needed and (iii) meets all federal requirements.

#### **4.7. IRA Custodian Services**

- 4.7.1. Contractor shall either directory or through a Subcontractor serve as IRA custodian for the Partner Programs.
- 4.7.2. Contractor shall satisfy all laws contained in the Code and its implementing regulations and guidance, and all criteria established by the IRS to act as custodian of each IRA established under the Partner Programs. In the event that Contractor, at any time, fails to satisfy IRA criteria to act as custodian of the IRAs established under the Partner Programs, Contractor shall report to the Partnership in writing on the scope and nature of the discrepancy and Contractor's proposed remedial action.
- 4.7.3. Contractor shall perform its duties consistent with the IRA Custodial Account Agreement and IRA Disclosure Statement and the duties required under the IRA Requirements.

**4.8. Account Establishment**

**4.8.1.** Contractor shall establish an individual Account in each Partner Program for each enrolled Employee or Person, in accordance with the Disclosure Acknowledgement and Account application.

**4.8.2.** Contractor shall establish operational protocols designed to ensure that a Saver cannot open more than one account in the Partner Program.

**4.9. Contributions**

**4.9.1.** Contractor shall receive contributions to an Account made on behalf of the Employee or Person or by any Third Party in accordance with Applicable Law. Contractor shall receive contributions via all of the methods (e.g., ACH, payroll deduction, etc.) permitted by the Partner Program, or as otherwise agreed to by the applicable parties.

**4.9.2.** Contractor shall invest all contributions it receives in the Investment Option(s) designated by the Employee or Person, or, if the Employee or Person has not designated any Investment Option(s), then Contractor shall invest the contributions in a default option according to the Partner Program rules. Contractor shall credit each such contribution received in good order to the Account to which such contribution is made.

**4.9.3.** Contributions received in good order before the close of trading on the New York Stock Exchange (usually 4:00 P.M., Eastern Time) on any Trading Day shall be credited the same day to the Account to which the contribution is made. Contributions received in good order after the close of trading on the New York Stock Exchange on a Trading Day, or received in good order on a day other than a Trading Day, shall be credited to an Account on the next Trading Day.

**4.9.4.** Contractor will establish operational protocols that ensure compliance by Employee or Person with contribution limits under Code Section 408 and any other Applicable Law.

**4.9.5.** Contractor shall not enforce any minimum contribution requirements for Partner Programs unless otherwise stated in a Partner Program Addendum.

**4.10. Withdrawals**

Contractor shall process requests by Employee or Person for Withdrawals in accordance with the Employee or Person's directions, Applicable Law, and the Partner Program Disclosure Booklet. Contractor shall offer Withdrawals via all of the methods (e.g., ACH) permitted by the Partner Program, and as otherwise agreed to by the applicable parties.

**4.11. Tax Reports**

**4.11.1.** Contractor shall comply with all tax law reporting as is or may be required by a Program Administrator under Applicable Law, including without limitation the IRA Requirements, or any requirements of any Partner State Tax Department.

**4.11.2.** Contractor shall report to the IRS, Partner State Tax Department, an Employee or Person, Beneficiary or any other Person to the extent required of a Program Administrator by Applicable Law, if there are any Withdrawals from the Partner Program by any individual or for the benefit of any individual during a calendar year.

**4.11.3.** At the Partner State's request and to the extent consistent with the terms of any agreement between Contractor and the requesting Partner State, Contractor shall provide an annual listing, in a form approved by the Partner State, to the Partner State Tax Department of all Withdrawals to any individual with respect to an interest in an Account.

**4.11.4.** Contractor shall prepare and file statements and information relating to the Partner Program and the Accounts to the extent required of a Program Administrator by federal and Partner State tax law,

with written confirmation of such filing provided to the Partner State.

#### **4.12. Partner Program Disclosures**

- 4.12.1.** Contractor shall prepare the Partner Program Disclosure Booklet and Summary Program Disclosure Booklet, if applicable, in cooperation with, and to the satisfaction of, the Partner State. Contractor shall, at its own expense, distribute the Partner Program Disclosure Booklet in the method (i.e., via paper mail or electronic delivery) requested by the recipient.
- 4.12.2.** Contractor shall amend or supplement the Partner Program Disclosure Booklet and Summary Program Disclosure Booklet, if applicable, to take into consideration material developments subsequent to the preparation and delivery of the initial Partner Program Disclosure Booklet.
- 4.12.3.** Contractor shall promptly notify the Partner State of any Partner Program provisions that are no longer true or accurate, and promptly make any necessary revisions to the Partner Program Disclosure Booklet, and distribute the new Partner Program Disclosure Booklet to Employee or Person and others, as may be required.

#### **4.13. Compliance and Oversight**

Contractor shall be responsible for ensuring the Partner Programs have proper oversight, and compliance in accordance with Applicable Law and the duties of a Program Administrator. Contractor shall:

- 4.13.1.** Administer the Partner Programs and otherwise provide Services in compliance with all relevant statutes, regulations, and industry best practices.
- 4.13.2.** Monitor for legal and regulatory changes that may affect the Partner Programs, and report any necessary compliance-related changes to the Partnership.
- 4.13.3.** Secure any legal opinions or letters Contractor deems necessary or prudent for the purposes of ensuring its Services comply with applicable laws and regulations.
- 4.13.4.** Prepare and distribute a Partner Program Disclosure Statement, Summary Program Disclosure Booklet, and any supplements thereto, to Partner Program participants.
- 4.13.5.** Prepare and distribute the required IRA Disclosure Documentation and Custodial Agreement and any supplements thereto, to Partner Program Employers and/or Savers.
- 4.13.6.** Engage a third-party firm to prepare annual audited financial statements of the Partnership Trust with supplementary schedules of Partner Program assets for the Partner Programs.

#### **4.14. Reporting**

Contractor shall be responsible for generating and distributing reports regarding each Partner Program, in accordance with Applicable Law. These reports shall include, but not be limited to, the following:

- 4.14.1.** Monthly Tracking Metrics Report: This report shall include the Tracking Metrics as specified in **Exhibit C**.
- 4.14.2.** Quarterly Report: This report shall detail Employer compliance, exemptions, enrollments, Employee opt-out rates, contribution rates, investment options, customer service matters, call volumes, outcomes, and other relevant information.
- 4.14.3.** Ad-hoc Report: This report shall consist of any requested, and available information.
- 4.14.4.** Annual Report: This report shall consist of monthly and quarterly data, and any additional information as requested by the Partner States.

**4.14.5.** Any other reports required by the Partner States.

**4.15. Partnership and Partner Program Marketing and Outreach**

**4.15.1.** Contractor shall provide marketing and outreach services to all Partner States in order to reach and educate the broadest audience. These Services shall include the following:

- a) Supporting annual Marketing Plan development and execution;
- b) Designing logos and developing slogans for Partner Programs;
- c) Creating and producing promotional materials for Partner Programs;
- d) Creating and producing educational materials for Employers, Savers, and stakeholders;
- e) Supporting Partner State efforts to develop a financial literacy curriculum designed to help Employers and Savers understand the Partner Program and maximize its benefits;
- f) Delivering presentations and otherwise supporting/assisting Partner States through creation of communication documentation to be distributed by Partner States to their respective stakeholders, Employers, and Savers;
- g) Tracking and analyzing Partner Program SEO and site analytics; and
- h) Assisting in the planning and execution of public launch events for Partner Programs.

**4.15.2.** Contractor shall also assist Lead State with marketing and outreach efforts including:

- a) Social media accounts and marketing campaigns;
- b) Digital and print marketing campaigns;
- c) Designing logos and developing slogans for the Partnership;
- d) Creating and producing promotional materials for the Partnership; and
- e) Working with any marketing firms Lead State may retain.

**4.15.3.** Contractor must obtain the prior written consent of Partner States prior to using their name, logo, seal, trademark, or brand name on any Partner Program Material or on any other advertising, publicity, or promotion material.

**4.15.4.** Contractor and the Partnership may work together to create marketing performance standards that are designed to evaluate Contractor's marketing efforts, and that Contractor shall thereafter participate in providing information, data, reports and such other materials as may be requested by the Partnership to understand and evaluate Contractor's marketing efforts. Contractor agrees these marketing performance standards may include requirements that Contractor reach specific percentages of eligible participants (both Employers and Savers), as well as other related stakeholders, advocates, interest groups, partners, and providers.

**4.15.5.** Contractor shall provide Lead State and all Partner States with regular updates on:

- a) Marketing efforts;
- b) Marketing expenditures; and
- c) The results (effectiveness) of marketing efforts.

**4.16. Program Materials**

**4.16.1.** All Partner Program Materials shall be approved by the Partner State prior to use. If, at any time, the

Partner State requests changes to any Partner Program Materials, Contractor shall revise the relevant materials and provide an updated copy of the materials to the Partner State within thirty (30) days of the Partner State's request. For any revision or updates that may take longer than 30 days, Contractor must notify and receive approval from program staff of the Lead State.

- 4.16.2.** All Partner Program Materials shall display the Partner Program's name, logo and other identifying marks in a manner and at a level acceptable to the Partner State.
- 4.16.3.** Partner Program Materials shall comply with all Applicable Law regarding disclosures for Individual Retirement Accounts and state-administered retirement programs, including generalized disclosure on (a) the investment objectives, risks, charges and expenses associated with the Partner Program, (b) availability of and the need to read carefully the Partner Program Disclosure Booklet, and (c) the provision that neither the principal contributed nor the investment return, if any, of the Partner Program is guaranteed by Lead State, the Partner States, Contractor, or any of their respective Affiliates, the federal government or any agency thereof, or any other Person. All Partner Program Materials shall reference the Partnership.

#### **4.17. Customer Service**

- 4.17.1.** Contractor shall provide best-in-class customer service necessary to ensure efficient, supportive Partner Program operation. Contractor shall perform all necessary customer service for each Partner Program, as outlined in herein and as otherwise may be reasonably necessary to operate the Partner Program. This includes, but is not limited to:
  - a)** Providing phone and email support from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding state holidays.
  - b)** Providing callers with a voice messaging system during times that the call center is unavailable.
  - c)** Utilizing a customer authentication protocol to prevent unauthorized account access.
  - d)** Providing multilingual staff who can communicate at a minimum in English and Spanish.
  - e)** Providing training for all customer service representatives to ensure staff has ample knowledge of each Partner Program.
  - f)** Adhering to customer service support standards mutually agreed upon by the Partnership and Contractor.
  - g)** Establishing an escalation protocol, to be approved by the Partnership, for the quick resolution of customer complaints and difficult issues.
  - h)** Recording and regularly reviewing calls and emails with Employers and Account holders for quality control purposes, and making such recordings available to Lead State and/or any Partner State upon request.
  - i)** Performing post-service satisfaction surveys and reporting results monthly to Lead State and/or Partner States.
- 4.17.2.** All customer service representatives shall be knowledgeable about the Partnership, the Partner Program Disclosure Booklet, the Partner Program Materials, and Partner Program policies and procedures, and shall engage in polite, responsive conversation. For each Partner Program, Contractor will apply the same performance and evaluation criteria for the Lead Program to measure and evaluate Contractor's customer service quality, including, by way of example and not limitation, criteria that requires Contractor to solicit feedback or satisfaction surveys from Savers, Employers, Beneficiaries, or other Persons who interact with Contractor, or that requires Contractor to track or collect data related to its customer service interactions.

**4.18. Client Services**

Contractor shall inform and consult with each Partner State regarding the following:

**4.18.1.** Partner Program performance and operations.

**4.18.2.** Attending meetings and providing Partner Program information, as requested.

**4.18.3.** Being available via phone and/or email between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, State Holidays excluded.

**4.18.4.** Key Personnel

a) Contractor shall designate a dedicated team of Key Personnel to serve each Partner State. The team shall include:

- i.) The overall business head responsible for Contractor's engagement with the Partner State;
- ii.) The day-to-day manager;
- iii.) The senior-most investment professional;
- iv.) The senior-most marketing professional; and
- v.) The senior-most professional(s) responsible for operations, recordkeeping and customer service.

b) Changes in Control, Organization or Key Personnel

- i.) In the event of any change in the majority ownership, control, or business structure of Contractor, or of any other material change in Contractor's business, partnership or corporate organization, Contractor shall immediately notify Lead State of such change in writing. Contractor agrees to promptly provide Lead State with such additional reasonable and relevant information as may be requested.
- ii.) Contractor shall notify each applicable Partner State of any proposed changes to Key Personnel prior to implementing such changes. Contractor will notify each Partner State in writing that changes have been made, within two calendar days after implementing such changes.
- iii.) In the event of any changes to Key Personnel, Contractor shall immediately designate interim Key Personnel reasonably acceptable to the Partner State and, within six months, shall designate permanent Key Personnel.

**4.18.5.** Providing Partner Program files, records, documents and data to the appropriate Partner State, that are in Contractor's possession and control, upon request.

**4.19.** Partner State Relationship with Contractor. Each Partner State will work directly with the Vendors on matters related to the day-to-day administration of the Program in that Partner State. Such items include by example and not as a limitation: Concerns raised by Employers or Savers participating in that State's Partner Program, administration of and deposits to IRAs for Savers in that State's Partner Program, State-specific marketing materials and outreach for that State's Partner Program, Operation and content of the website operated for that State's Partner Program; matters relating to the Partner State's State Administrative Fee, Contractor presentations and reporting to the Partner State.

**5. GENERAL PROVISIONS****5.1. Insurance**

**5.1.1.** Unless otherwise agreed in a Partner State Addendum, Contractor shall, during the term of this Master Agreement, maintain in full force and effect, the insurance described in this section. Contractor will also confirm, on an annual basis, that Bank of NY Mellon has maintained insurance

consistent with the terms of this Agreement. Contractor shall acquire such insurance from an insurance carrier or carriers licensed to conduct business in each Partner State and having a rating of A-, Class VII or better, in the most recently published edition of Best's Reports. Failure to buy and maintain the required insurance may result in this Master Agreement's termination or, at a Partner State's option; result in termination of its Partner State Addendum.

**5.1.2.** overage shall be written on an occurrence basis. The minimum acceptable limits shall be as indicated below, with a reasonable deductible for each of the following categories:

- a) Commercial General Liability insurance** covering premises operations, Independent Contractors, completed operations, blanket contractual liability, personal injury (including death), advertising liability, and property damage, with a limit of not less than \$1 million per occurrence, \$2 million general aggregate, \$2 million completed operations aggregate and \$50,000 for any one fire. If any aggregate limit is reduced below \$2,000,000 because of claims made or paid, Contractor shall immediately obtain additional insurance to restore the full aggregate limit and furnish to the Partner State a certificate or other document satisfactory to the Partner State, showing compliance with this provision.
- b) Professional Liability insurance** covering any damages caused by an error, omission or any negligent act with minimum limits as follows: (i) \$1,000,000 each occurrence, and (ii) \$2,000,000 general aggregate. The policy, including claims made forms, shall remain in effect for the duration of this Master Agreement and for at least one year beyond the completion and acceptance of the work under this Master Agreement, or, alternatively, a two-year extended reporting period if market conditions allow. Contractor named in this Master Agreement shall be responsible for all claims, damages, losses or expenses, including attorney's fees, arising out of or resulting from Contractor's performance of professional services under the Contract.
- c) Cyber Liability / Protected Information insurance** covering claims and losses with respect to network, internet (Cloud) or other data disclosure risks (such as data breaches, releases of Confidential Information, unauthorized access/use of information, and identity theft) with minimum limits of not less than \$10,000,000 per occurrence and \$15,000,000 general aggregate. Such insurance must cover risk of loss associated with personally identifying information, protected health information tax information PCI, CJI, and claims based on alleged violations of privacy rights through improper use or disclosure of protected information. Contractor's coverage must include: (i) failure to protect data, including unauthorized disclosure, use or access; Security failure or privacy breach; (ii) failure to disclose such breaches as required by law, regulation or contract; (iii) costs associated with notifications, public relations, crisis management advice and expenses, credit monitoring, postage, advertising, forensic examinations to determine cause and scope of data breach, Board risk mitigation services, and other services to assist in managing and mitigating a cyber-incident; (iv) interruptions of business operations; RTO expenses; (v) network security failure; (vi) cyber-extortion; (vii) cyber-terrorism; (viii) failure to comply with HIPAA, Family Educational Rights and Privacy Act (FERPA), PCI Data Security Standard, or Graham Leach Bliley Act; and, (ix) other cyber-liability or cyber-crime expenses.
- d) Crime insurance** coverage with minimum limits as follows: (i) \$5,000,000 each occurrence, and (ii) \$10,000,000 general aggregate. Such insurance must include employee dishonesty coverage.
- e) Automobile Liability insurance** covering any auto (including owned, hired and non-owned), with a minimum limit of \$1,000,000 each accident combined single limit.
- f) Contractor must comply with any applicable State Workers Compensation or Employers Liability Insurance requirements.**

**5.1.3.** All insurance coverage shall be primary over any insurance or self-insurance program carried by Contractor.

**5.1.4.** Except for Crime insurance and Professional Liability insurance, all insurance policies secured or maintained by Contractor or its Subcontractors in relation to this Master Agreement shall include clauses stating that each carrier shall waive all rights of recovery under subrogation or otherwise

against Contractor or the Partner States, their agencies, institutions, organizations, officers, agents, employees, board, and volunteers.

- 5.1.5.** Contractor shall pay premiums on all insurance policies and will notify the Program if such policies are canceled, not renewed, or change in any material way, have a condition that then not be revoked or cancelled by the insurer until thirty (30) calendar days after notice of intended revocation or cancellation thereof shall have been given to Contractor, and Contractor shall forward such notice to the Partner States within seven (7) days of Contractor's receipt of such notice.
- 5.1.6.** Prior to commencement of performance, and at any time during the Term upon the request by Lead State, Contractor shall provide to Lead State a certificate of insurance or any other evidence that is satisfactory to Lead State:
  - a)** Shows Lead State and the Partner States as additional insureds, and;
  - b)** Provides that Contractor's liability insurance policy shall be primary for any covered losses. Unless otherwise agreed in any Partner State Addendum, the Partner State's rights and Contractor's obligations are the same as those specified in the first sentence of this subsection. Before performance of any Services performed after execution of a Partner State Addendum authorizing it, Contractor shall provide to a Partner State who requests it the same information described in this subsection.
- 5.1.7.** Contractor shall furnish to Lead State and Partner State, on request, copies of certificates of all required insurance within seven (7) calendar days of the execution of this Master Agreement, and the execution of a Partner State Addenda's effective date and prior to performing any Services. The insurance certificate shall provide the following information: the name and address of the insured; name, address, telephone number and signature of the authorized agent; name of the insurance company; a description of coverage in detailed standard terminology (including policy period, policy number, limits of liability, exclusions and endorsements); and an acknowledgment of the requirement for notice of cancellation. Copies of renewal certificates of all required insurance shall be furnished within fifteen (15) days after any renewal date. These certificates of insurance must expressly indicate compliance with each and every insurance requirement specified in this section. Failure to provide evidence of coverage may, at sole option of Lead State, or any Partner State, result in this Master Agreement's termination or the termination of any Partner State Addendum.
- 5.1.8.** Coverage and limits shall not limit Contractor's liability and obligations under this Master Agreement or any Partner Addendum.

## **5.2. Records Administration and Audit**

Contractor shall maintain books, records, documents, SOC-1 and SOC-2 reports (including any such reports of its Subcontractors), and other evidence pertaining to this Master Agreement to the extent and in such detail as shall adequately reflect performance and administration of the Partnership. Contractor shall permit Lead State, a Partner State, the federal government (including its grant awarding entities and the U.S. Comptroller General), and any other duly authorized agent of a governmental agency, to audit, inspect, examine, copy and/or transcribe Contractor's books, documents, papers, SOC-1/SOC-2 reports and records directly pertinent to this Master Agreement for the purpose of making audits, examinations, excerpts, and transcriptions. This right shall survive for a period of five (5) years following termination of this Master Agreement to assure compliance with the terms hereof or to evaluate performance hereunder. Notwithstanding the prior two (2) sentences, neither Contractor nor its Subcontractors shall be required to provide access to any systems or data or records that do not directly concern the provision of Services under this Master Agreement or Contractor's adherence to its performance obligations hereunder, and in no event shall such reviews include any systems, data or other information relating to other clients of Contractor or its Subcontractors, or any proprietary or confidential information of Contractor or its Subcontractors, or require Contractor or its Subcontractors to disclose any information that would or might result in the waiver of any attorney-client privilege. Lead State and any Partner State, as applicable, shall ensure that any such review does not interfere with the Contractor's or its Subcontractors' ability to perform the Services or otherwise with the operations of their business. As a condition to accessing confidential or proprietary records, Lead State and any Partner State, as applicable, and its internal and external professional advisors, if any, shall be required to comply with Contractor's and its



Subcontractors' reasonable security requirements. Upon Contractor's reasonable request, prior to access to Contractor's or its Subcontractors' personnel, agents, consultants, contractors, subcontractors, data, facilities and systems, each such person shall be required to sign a confidentiality agreement with Contractor or a Subcontractor, as applicable, that requires such person to meet the reasonable confidentiality requirements of Contractor or a Subcontractor, as applicable. Contractor, on behalf of itself and its Subcontractors, if any, agrees that, for avoidance of doubt, and not by means of limitation, the following data types are not subject to withholding by Contractor from Lead State on grounds that such data is "proprietary," "confidential," or "owned" by Contractor or its Subcontractors: (1) personally identifiable information submitted by Savers, Employers, or Beneficiaries; and (2) data submitted by Savers, Employers, or Beneficiaries as part of participation in the Program.

- 5.2.1.** The rights and obligations herein exist in addition to any quality assurance obligation in this Master Agreement requiring Contractor to self-audit Master Agreement obligations and that permits Lead State to review compliance with those obligations.

### **5.3. Legal Compliance**

- 5.3.1.** Contractor, and/or their Subcontractors, shall provide the Services in accordance with all applicable RFP requirements, this Master Agreement, and Applicable Law.
- 5.3.2.** Contractor will monitor for legal and regulatory changes that may materially affect Contractor's respective Services to Beneficiaries and the Partner Programs. In the event any such legal or regulatory changes occur, Contractor will make recommendations for amendments or supplements to the Partner Program processes and Partner Program Materials as needed.
- 5.3.3.** Contractor shall adhere to each Partner State's Applicable Law governing protection of persons with disabilities, as well as applicable standards and policies, as and when adopted by the Partner State. Further, Contractor shall comply with the Americans with Disabilities Act ("ADA") for any disclosures, plan descriptions, Disclosures Acknowledgements and Partner Program forms, and websites.
- 5.3.4.** To the extent Contractor retains Subcontractors or has personnel performing Services under this Master Agreement who are located outside the United States of America, Contractor agrees to create and submit a disclosure form documenting such out-of-country performance.

### **5.4. Confidentiality, Non-Disclosure, and Injunctive Relief**

- 5.4.1. Confidentiality.** Contractor acknowledges that it and its employees may, in the course of providing Services under this Master Agreement, be exposed to or acquire information that is confidential to Partner State clients. Any and all information of any form that is marked as confidential or would by its nature be deemed confidential obtained by Contractor or its employees in the performance of this Master Agreement, including, but not necessarily limited to:
- a)** Any Partner State records;
  - b)** Personnel records;
  - c)** Any reports or other documents or items (including software) that result from the use of the Confidential Information by Contractor shall be treated in the same manner as the Confidential Information. "Confidential Information" does not include information that:
    - i)** Is or becomes (other than by disclosure by Contractor) publicly known;
    - ii)** Is furnished by a Partner State to others without restrictions similar to those imposed by this Master Agreement;
    - iii)** Is rightfully in Contractor's possession without the obligation of nondisclosure prior to the time of its disclosure under this Master Agreement;

- iv) Is obtained from a source other than a Partner State without the obligation of confidentiality;
- v) Is disclosed with the written consent of a Partner State; or
- vi) Is independently developed by employees, or subcontractors of Contractor who can be shown to have had no access to the Confidential Information.

**5.4.2. Non-Disclosure.** Contractor shall hold Confidential Information in confidence, using at least the industry standard of confidentiality, and shall not copy, reproduce, sell, assign, license, market, transfer or otherwise dispose of, give, or disclose Confidential Information to third parties or use Confidential Information for any purposes whatsoever other than what is necessary to the performance under this Master Agreement. Contractor shall advise each of its employees and of their obligations to keep Confidential Information confidential. Contractor shall use commercially reasonable efforts to assist a Partner State in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the generality of the foregoing, Contractor shall advise the Partner State immediately if Contractor learns that any Person who has had access to Confidential Information has violated the terms of this Master Agreement, and Contractor shall at its expense cooperate with the Partner State in seeking injunctive or other equitable relief in the name of the Partner State or Contractor against any such Person. Except as directed by the Partner State, Contractor will not at any time during or after the term of this Master Agreement disclose, directly or indirectly, any Confidential Information to any Person or entity, except in accordance with this Master Agreement, and that upon termination of this Master Agreement or at a Partner State's request, Contractor shall turn over all documents, papers, and other matter in Contractor's possession that embody Confidential Information. Notwithstanding the foregoing, Contractor may keep one copy of such Confidential Information necessary for quality assurance, audits and evidence of the performance of this Master Agreement.

**5.4.3. Injunctive Relief.** Contractor acknowledges that breach of this section, including disclosure of any Confidential Information, will cause irreparable injury to a Partner State that is inadequately compensable in damages. Accordingly, a Partner State may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies that may be available. Contractor acknowledges and agrees that the covenants contained herein are necessary for the protection of the legitimate business interests of the Partner State and are reasonable in scope and content.

**5.4.4. Partner State Law.** The provisions of this **Section 5.4** shall be applicable only to the extent they are not in conflict with the applicable laws of any Partner State; in which case these provisions shall apply to such Partner State only to the extent they do not conflict with such Partner State's conflicting laws, but shall continue to apply to all other Partner States as written.

**5.4.5.** The rights granted to a Partner State, and Contractor obligations under this section shall also extend to the cooperative's Confidential Information, defined to include Partner State Addenda, as well as transaction data under this Master Agreement. This provision does not apply to disclosure to Lead State, or a Partner State exercising an audit, inspection, or examination pursuant to **Section 5.2** (Records Administration and Audit). To the extent permitted by law, Contractor shall notify Lead State of any entity seeking access to the Confidential Information described in this subsection.

## **5.5. Cybersecurity & Protection of Information**

**5.5.1.** Contractor represents, warrants, and covenants, on behalf of itself and its Subcontractors, that it will maintain an information security program designed to protect the information, data, and records of Savers, Employers and Beneficiaries, including all of their personal identifiable information ("Participant Information"). Contractor's program shall include, at a minimum, administrative, technical, and physical safeguards to ensure the security and confidentiality of all customer information, to protect Participant Information against anticipated threats or hazards to the security or integrity of such customer information, and to protect against unauthorized access to or use of the

information pertaining to Savers, Employers, Beneficiaries, and their accounts. Contractor agrees to have a SOC-2 report prepared annually by one or more qualified independent auditors and agrees to confirm on an annual basis that BNY Mellon has prepared a SOC 1 report. Contractor agrees that any Partner State may, upon reasonable advance request by such Partner State, (i) require that Contractor produce documentation, reports, or other information concerning its cybersecurity practices, protocols, safeguards and records; and/or (ii) inspect and monitor access or use of Participant Information from the Partner State, subject to Contractor's reasonable security requirements, for the purpose of evaluating security controls. Contractor shall adhere to such request(s). Contractor agrees the safeguarding of Participant Information is of critical importance to each of the Partner States.

- 5.5.2. Contractor shall provide for the security of Participant Information that, at a minimum: (i) meets the most recently promulgated IRS Publication 1075 requirements for all tax information and is in accordance with "safeguarding requirements" applicable to federal tax information under that law; and, (ii) complies with the most recently updated PCI Data Security Standard from the PCI Security Standards Council for all PCI, as applicable.
- 5.5.3. Contractor is responsible for ensuring all Subcontractors who will have access to Participant Information adhere to these Cybersecurity & Protection of Information terms.
- 5.5.4. Contractor shall use, hold, and maintain the Participant Information in compliance with any and all Applicable Laws, and only in facilities located in the United States. Contractor shall maintain a secure environment that ensures confidentiality of all Participant Information, wherever located.
- 5.5.5. Upon expiration or termination of this Master Agreement, Contractor shall return or destroy all Participant Information for any Partner State which is no longer participating in the Partnership. If requested by any Partnering State, Contractor shall certify that the return or destruction has occurred, including the dates of occurrence and the methods used to return or destroy Participant Information. If Contractor is prevented by law or regulation from returning or destroying Participant Information, Contractor warrants it will guarantee the confidentiality of, and cease to use, such Protected Information, unless such continued use is specifically required by law or regulation and, even then, only as is required to comply with such law or regulation.
- 5.5.6. If Contractor becomes aware of any accidental or deliberate event that results in or constitutes an imminent threat of the unauthorized access, loss, disclosure, modification, disruption, or destruction of any Participant Information (an "Incident"), Contractor shall at its sole expense: notify the Partner State(s) of the affected Savers, Employers, or Beneficiaries. Contractor shall, thereafter, work with the affected Partner States to develop and implement a remediation plan designed to evaluate the reason for the Incident and reduce the risk of future comparable Incidents and coordinate a notice campaign that complies with Applicable Law, to be paid for by Contractor at its sole expense. Contractor shall ensure its Subcontractors agree to terms that require the reporting in accordance with this **Section 5.5.6** for any Incident. Contractor shall pay for its proportionate share of the costs and expenses associated with notification and remediation of the Incident depending on the cause of the Incident.
- 5.5.7. Partner States may condition access they provide to any Participant Information, or any other data or records of Partner States, upon Contractor entering into data sharing agreements or comparable agreements with the Partner States.

## **5.6. License of Pre-Existing Intellectual Property**

Throughout the term of this Agreement, any renewal term, and any transition period Contractor grants to the Partner State a license to use, modify, or dispose of the Intellectual Property and its derivatives, used or delivered under this Master Agreement, but not created under it ("Pre-existing Intellectual Property"). The license shall be subject to any Third Party rights in the Pre-existing Intellectual Property. Contractor shall

obtain, at its own expense, on behalf of the Partner State, written consent of the owner for the licensed Pre-existing Intellectual Property.

### **5.7. Public Information**

This Master Agreement and all related documents are subject to disclosure pursuant to Lead State's public information laws.

### **5.8. Assignment/Subcontracts**

Neither Party may, without the other Party's prior written consent (which will not be unreasonably withheld, conditioned, or delayed), assign any of its rights or delegate any of its duties under this Agreement (whether by change of control, operation of law or otherwise); provided, however that:

- a) Contractor or its Subcontractors may, without the prior written consent of Lead State, assign this Agreement or any of its rights, or delegate any of its duties hereunder: (a) to any Contractor Affiliate or Subcontractor Affiliate; (b) to any successor to the business of Contractor or Subcontractor to which this Agreement relates, subject to the requirement that the assignee or delegee is registered with the Securities and Exchange Commission and is otherwise legally qualified to provide the services required hereunder, including services capable of supporting the services of the type, nature, size, and extent needed to serve the Program, in which event Contractor agrees to provide notice of such successor to Lead State and Lead State shall have the option to terminate this Master Agreement if it determines, in its sole discretion, that the successor is performing inadequately, or (c) as otherwise permitted in this Agreement.
- b) Any purported assignment or delegation by a Party in violation of this provision will be voidable at the option of the other Party. This Agreement will be binding upon, and inure to the benefit of, the Parties and their respective permitted successors and assigns.

Notwithstanding the paragraphs above in this **Section 5.8**, Lead State may without the prior written consent of Contractor, assign this Agreement to any Partner State if either (1) that Partner State succeeds to the role of "Lead State" pursuant to processes contained in the Interstate Agreement by and among Lead State and all other Partner States, or (2) in the event Lead State is prohibited, by operation of law, from participating in the auto-IRA program, continuing its participation in the Partnership, or serving as Lead State in the Partnership. In either event, and as an additional condition of any assignment, the Partner State must agree to be bound by all terms of this Agreement and Contractor will have the option within 30 days of receiving notice of any proposed assignment to terminate this Agreement.

### **5.9. Changes in Contractor Representation**

Contractor must notify Lead State of changes in Contractor's key personnel, in writing within ten (10) calendar days of the change. Contractor agrees to propose replacement key personnel having substantially equal or better education, training, or experience as possessed by the key person proposed in Contractor's original Proposal.

### **5.10. Independent Contractor**

- 5.10.1.** Contractor shall perform duties as an Independent Contractor, and not as an employee. Neither Contractor nor any employee of Contractor, shall be or deemed to be an employee of Lead State, and/or any Partner State.
- 5.10.2.** Contractor acknowledges that its employees are not entitled to unemployment insurance benefits unless Contractor or a Third-Party provides such coverage, and that Lead State, and any Partner State does not pay for or otherwise provide such coverage.
- 5.10.3.** Contractor shall have no authority to bind Lead State and any Partner State to any agreements, liability, or understanding except as may be expressly set forth in this Master Agreement or Partner State Addendum.

## **5.11. Use of Subcontractors**

- 5.11.1.** Lead State authorizes Contractor to subcontract with the following individuals/entities: (a) The Bank of New York Mellon; (b) BNY Mellon Investment Servicing US Inc.; (c) BNY Mellon Investment Servicing Trust Company.
- 5.11.2.** In addition to the Subcontractors referenced in **Section 5.11.1** above, Contractor may otherwise subcontract the performance of any of the Services only with the prior written consent of the Partnership.
- 5.11.3.** No delegation or subcontract by Contractor shall relieve Contractor of its respective responsibilities hereunder, and Contractor shall be responsible for the performance of its respective Subcontractors and shall remain obligated hereunder as if no subcontract had been made.
- 5.11.4.** Each subcontract shall be a written agreement providing, in a form satisfactory to the Partnership, (and unless waived in whole or in part by Lead State) that:
- a)** The Subcontractor agrees to discharge the Services and perform the obligations of a Contractor to which such subcontract applies in accordance with the applicable provisions of this Master Agreement;
  - b)** Lead State and each Partner State are third-party beneficiaries of such subcontract with the right to enforce such subcontract directly against the Subcontractor;
  - c)** The Subcontractor shall in no event have: **(i)** any right to payment from or to impose a lien on the Partner Program Assets, or **(ii)** any right to payment from any other asset of the Partner State; and,
  - d)** Such other requirements as the Partnership may reasonably request.
- 5.11.5.** Contractor warrants that all delegates and Subcontractors engaged in performing the Services shall be properly licensed and otherwise authorized to perform Services under Applicable Law, and Contractor agrees that it shall enforce the performance obligations of each respective Subcontractor or, at the option of Lead State, shall assist Lead State in enforcing such obligations and provisions.
- 5.11.6.** Contractor warrants and represents that at all times during the Term or any Extension Term of this Master Agreement, the subcontract agreements with its Subcontractors will contain the language required by **Section 5.11.4(a), (b), and (c)**.

## **5.12. Contingency Programs**

Contractor shall at all times have a contingency program reasonably designed to ensure that Partner Program operations will continue in the event of business disruptions, including, but not limited to, natural disasters, pandemics, technical disasters, and internal and external malicious activity (including cyber-attacks that affect systems and/or business networks).

## **5.13. Force Majeure**

Neither party to this Master Agreement shall be held responsible for delay or default caused by fire, riot, acts of God and/or war which is beyond that party's reasonable control. Lead State may terminate this Master Agreement after determining such delay or default will reasonably prevent successful performance of this Master Agreement. For purposes of this Master Agreement, the COVID-19 pandemic and its related health and supply-chain issues shall not constitute a force majeure event.

## **5.14. Defaults and Remedies**

- 5.14.1.** The occurrence of any of the following events shall be an event of default under this Master Agreement:
- a)** Material nonperformance of contractual requirements; or

- b) A material breach of any term or condition of this Master Agreement and a failure to cure within the period set forth in this Agreement; or
- c) Any certification, representation or warranty by Contractor in this Master Agreement that proves to be untrue or materially misleading; or
- d) Institution of proceedings under any bankruptcy, insolvency, reorganization or similar law, by or against Contractor, or the appointment of a receiver or similar officer for Contractor or any of its property, which is not vacated or fully stayed within thirty (30) calendar days after the institution or occurrence thereof; or
- e) Any default specified in another section of this Master Agreement.

**5.14.2.** Upon the occurrence of an event of default under this Master Agreement, Lead State shall issue a written notice of default, identifying the nature of the default, and providing a period of sixty (60) calendar days in which Contractor shall have an opportunity to cure the default, if such default is capable of being cured. Lead State shall not be required to provide advance written notice or a cure period and may immediately terminate this Master Agreement in whole or in part, if Lead State, in its sole discretion, determines that it is reasonably necessary with no other alternative reasonably available to preserve public safety, stop, prevent or mitigate public harm, or protect the best interests of Savers.

**5.14.3.** If Contractor is afforded an opportunity to cure and fails to cure the default within the period specified in the written notice of default, or other agreed upon time, Contractor shall be in breach of its obligations under this Master Agreement and Lead State shall have the right to exercise any or all of the following remedies:

- a) Exercise any remedy provided by law;
- b) Terminate this Master Agreement and any related contracts or portions thereof;
- c) Suspend Contractor from being able to respond to future Solicitations; and/or
- d) Suspend Contractor's performance.

**5.14.4.** Unless otherwise specified in a Partner State Addendum, in the event of a default under a Partner State Addendum, a Partner State shall provide a written notice of default as described in this section and have all of the rights and remedies under this **Section 5.14** regarding its participation in this Master Agreement, in addition to those set forth in its Partner State Addendum.

**5.14.5.** The Lead State or a Partner State shall be in default under this Agreement if:

- a) Lead State or a Partner State fails or refuses to timely authorize Contractor to withdraw the fees permitted under this Agreement from Accounts, and where such failure or refusal to authorize persists for a period of sixty (60) calendar days;
- b) Lead State or a Partner State commits any material breach or default of any covenant, warranty, or obligation under this Agreement, and such breach or default is not cured within sixty (60) calendar days after Contractor's notice or such longer period as the Lead State or a Partner State, acting with due diligence, shall reasonably require to cure such breach or default; or
- c) If there is a change in Applicable Law which has a Material Adverse Effect on the ability of Contractor to fulfill its duties and obligations under this Agreement or in the event funding from State, federal, or other sources is withdrawn, reduced, or limited in any way after the Effective Date and prior to the Final Termination Date to the extent such would cause a Material Adverse Effect and require cessation of the Program, the Lead State and any affected Partner State will be considered in default and the Parties agree to meet promptly and in good faith to renegotiate the terms of this Agreement or, at Contractor's discretion, the Agreement may be considered to

be terminated even if that termination is prior to the expiration of any term or renewal term. The remedy available to Contractor for a default under this subsection “c”, **Section 5.14.5** shall be limited to Contractor’s right to terminate this Agreement if re-negotiation fails.

The non-performance of any Partner State shall constitute a default with respect to that Partner State only.

- 5.14.6.** In the event the Lead State is in default under **Section 5.14.5**, Contractor may, at its option, terminate this Agreement. Contractor shall be entitled to collect fees accrued up to the date of termination, calculated in accordance with this Agreement, from the Accounts upon termination. There shall be no other remedies.
- 5.14.7.** In the event the Lead State terminates this Agreement under subsection “c” of **Section 5.14.5**, or in the event the Lead State or a Partner State is in default under **Section 5.14.5** and whether or not the Contractor elects to exercise its right to terminate the Agreement under this **Section 5.14.6**, the Contractor’s sole remedy shall be to collect fees from Accounts due for Services provided prior to such termination. In no event shall the Lead State or a Partner State be liable to the Contractor for any expenses arising out of or related to termination of this Agreement or for anticipated profits.
- 5.14.8.** In the event a Partner State is in default under **Section 5.14.5**, Contractor may, at its option, terminate this Agreement with respect to Partner State. Contractor’s sole monetary remedy shall be to collect from Partner State for fees due for Services provided prior to such termination.
- 5.14.9.** In no event shall the Lead State or a Partner State be liable to the Contractor for any indirect, incidental, consequential, exemplary, punitive or special damages, or damages for lost profits or loss of business opportunity, whether or not such damages are foreseeable and even if Contractor has been advised of the possibility of such damages.

## **5.15. Partnership Termination**

In the event this Master Agreement is terminated or is not renewed, Contractor will cooperate with the Partnership to facilitate an efficient, accurate, and timely transition of the Partner Programs to the Partner State or a new contractor (the “Transition”) – whether at the end of the Term and all Renewal Terms, or upon the removal or termination of a Partner State’s Program. In effecting the Transition, Contractor shall:

- 5.15.1.** Use commercially reasonable efforts to efficiently, accurately, and timely facilitate the transfer of the Accounts, Partner Program Records, and the Services from Contractor to any entity designated by Lead State. In doing so, Contractor shall provide reasonable consideration for the best interests of the enrolled Savers or Persons, shall be protective of Lead State’s obligations, and shall avoid the likelihood of an increase in economic loss, or the likelihood of resulting liability, to the Savers or Persons, Beneficiaries, or the Partner States;
- 5.15.2.** Work with Lead State and Transitioning Partner States to develop plans for transitioning, such as the transfer of Accounts and Savers personal information when a Partner State leaves or is removed from the Program, including formalizing a plan in advance that examines how such transitions will be handled, how Accounts and Savers’ personal information will transfer to any new service provider or program administrator, and the timing for Transition;
- 5.15.3.** Continue to provide those services that the Partnership determines are necessary and appropriate to enable the Transition for the fees in effect at the effective date of termination, and shall not restrict any services or Partner Program features until the Transition is complete, unless otherwise approved in writing by Lead State;
- 5.15.4.** Not impede or delay an orderly Transition, and shall not allow any of its employees, Affiliates, or

Subcontractors to delay an orderly Transition;

**5.15.5.** Make all Partner Program Records and unredacted data readily accessible to the Partner States and the successor contractor at no charge, and in a sortable, accessible electronic form and format reasonably agreed upon by Lead State and Contractor, and capable of migration to any successor contractor or other designated database of the Partner States; and

**5.15.6.** Take all commercially reasonable steps necessary to facilitate the orderly transfer of all files, data, information and assets of, or relating to, the Partner Programs, to the successor Contractor at no charge, and in a sortable, accessible electronic form and format approved by Lead State, including ensuring all data is transferred to a successor contractor or other designated database within ninety (90) days of the end of term or Partnership termination, whichever occurs earlier.

## **5.16. Waiver of Breach**

Failure of Lead State or any Partner State to declare a default or enforce any rights and remedies shall not operate as a waiver under this Master Agreement or Partner State Addendum. Any waiver by Lead State or any Partner State must be in writing. Waiver by Lead State or Partner State of any default, right or remedy under this Master Agreement or Partner State Addendum, or breach of any terms or requirements of this Master Agreement, or a Partner State Addendum, shall not be construed or operate as a waiver of any subsequent default or breach of such term or requirement, or of any other term or requirement under this Master Agreement or Partner State Addendum.

## **5.17. Debarment**

Contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction (Contract) by any governmental department or agency. This certification represents a recurring certification made at the time any Services are provided under this Master Agreement.

## **5.18. Indemnification**

**5.18.1.** Contractor shall defend, indemnify and hold harmless Lead State, and Partner States, along with their officers, agents, and employees as well as any person or entity for which they may be liable, from and against claims, damages or causes of action including reasonable attorneys' fees and related costs for any death, injury, or damage to property arising from act(s), error(s), or omission(s) of Contractor, its employees or Subcontractors or volunteers, at any tier, relating to the performance under this Master Agreement.

**5.18.2. Indemnification – Intellectual Property.** Contractor shall defend, indemnify and hold harmless Lead State, and Partner States, along with their officers, agents, and employees as well as any person or entity for which they may be liable ("Indemnified Party"), from and against claims, damages or causes of action including reasonable attorneys' fees and related costs arising out of the claim that the Contractor's technology or services used in connection with the Program, infringes Intellectual Property rights ("Intellectual Property Claim").

**5.18.3.** The Indemnified Party shall notify Contractor within a reasonable time after receiving notice of an Intellectual Property Claim. Even if the Indemnified Party fails to provide reasonable notice, Contractor shall not be relieved from its obligations unless Contractor can demonstrate that it was prejudiced in defending the Intellectual Property Claim resulting in increased expenses or loss to Contractor. If Contractor promptly and reasonably investigates and defends any Intellectual Property Claim, it shall have control over the defense and settlement of it. However, the Indemnified Party must consent in writing for any money damages or obligations for which it may be responsible. The Indemnified Party shall furnish, at Contractor's reasonable request and expense, information and assistance necessary for such defense. If Contractor fails to vigorously pursue the defense or settlement of the Intellectual Property Claim, the Indemnified Party may assume the defense or settlement of it and Contractor shall be liable for all costs and expenses, including reasonable



attorneys' fees and related costs, incurred by the Indemnified Party in the pursuit of the Intellectual Property Claim. Unless otherwise agreed in writing, this section is not subject to any limitations of liability in this Master Agreement or in any other document executed in conjunction with this Master Agreement.

## **5.19. Standard of Care & Limitations of Liability**

- 5.19.1.** Subject to the terms of this **Section 5.19**, Contractor shall be liable to the Lead State or any Partner State (or any Person or Employer claiming through the Lead State or any Partner State) for Losses (as defined below) only to the extent (1) the acts or omissions of Contractor, Contractor's officers, directors, employees, subcontractors or agents, result in willful misconduct, bad faith, negligence, or (2) Contractor fails in its obligations and duties under this Master Services Agreement, or (3) Contractor fails to adhere to standards and requirements imposed by Applicable Law (collectively, the "Standard of Care"). "Loss" or "Losses" means direct damages, excluding, for the avoidance of doubt, indirect, incidental, exemplary, punitive or special damages, or damages for lost profits or loss of business opportunity, whether or not such damages are foreseeable and even if the Party responsible for such damages has been advised of the possibility of such damages.
- 5.19.2.** Contractor will perform the Services, and discharge its responsibilities, duties and obligations under this Agreement, in a manner that is consistent with Applicable Law and consistent with the terms herein. Lead State acknowledges that Contractor (i) is not a fiduciary under ERISA Sections 3(21) or 3(38), or under Code Section 4975; (ii) is not undertaking to provide impartial investment advice or to give advice in a fiduciary capacity; and (iii) does not receive compensation for providing investment advice. Contractor will perform its Services, and discharge its responsibilities, duties and obligations under this Agreement with the same degree of care and skill under the circumstances then prevailing that a prudent Person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
- 5.19.3.** Except as otherwise expressly set forth in this Agreement, Contractor's liability under this Agreement shall be subject to the following limitations:
1. The Contractor's liability shall be limited solely to those direct damages that are caused by Contractor's failure to perform its obligations under this Agreement in accordance with the Standard of Care.
  2. Notwithstanding anything in this Agreement to the contrary, in no event shall Contractor be liable under this Agreement for any indirect, incidental, consequential, exemplary, punitive or special damages, or damages for lost profits or loss of business opportunity, whether or not such damages are foreseeable and even if Contractor has been advised of the possibility of such damages.
  3. Contractor will have no liability under this Agreement for any action taken or not taken pursuant to and in accordance with written instructions received from Lead State or any Partner State or from any Person reasonably believed by Contractor to be a Person identified by Lead State or a Partner State as its authorized agent or representative, where such written instruction directs Contractor to take any action outside the scope of this Contract and Contractor objects to such direction in writing, or where such written instruction directs Contractor to undertake any action or not take any action and Contractor has objected to such direction in writing.
  4. With respect to custody services provided by Contractor's Authorized Subcontractor under this Agreement, in no event shall Contractor or such Authorized Subcontractor be liable for any Losses arising out of any of the following:
    - a. Lead State's or a Partner State's decision to invest in or hold Program assets in any particular country, including any Losses arising out of or relating to: (A) the financial infrastructure of a country and unrelated to the duties and performance of the Contractor; (B) a country's prevailing custody and settlement practices; (C) nationalization, expropriation or other

governmental actions; (D) a country's regulation of the banking or securities industry; (E) currency and exchange controls, restrictions, devaluations, redenominations, fluctuations or asset freezes; (F) laws, rules or regulations or orders that at any time prohibit or impose burdens or costs on the transfer of assets to, by or for the account of the Program; or (G) market conditions which affect the orderly execution of securities transactions or affect the value of securities; or

- b. The insolvency of any Person, other than Contractor or an Authorized Subcontractor, including but not limited to any depository, broker, bank or counterparty to the settlement of a transaction or to a foreign exchange transaction.

**5.19.4.** Nothing in this **Section 5.19** shall be deemed to protect or purport to protect Contractor against any liability to any Saver, Employer, Beneficiary, or other Person to which Contractor would otherwise be subject by reason of willful misconduct, bad faith, negligence or reckless disregard of obligations or duties imposed hereunder or imposed by Contractor's failure to follow law or regulation. By this Master Agreement, neither Lead State nor any Partner State claims to waive or release any right, privilege, or protection of any Person who is not a Party to this Master Agreement, including, by way of example and not limitation, any Saver, Employer, or Beneficiary. Contractor legal duties and obligations to Savers, Beneficiaries, and other Persons for which Contractor has duties imposed by law by virtue of its custody services remain unaltered by this Master Agreement.

**5.19.5.** Notwithstanding any provision to the contrary in this Section, no limitation on Contractor or Authorized Subcontractor's liability under this Section shall limit or affect:

- a) The liability and responsibilities imposed by law or regulation upon Contractor or Authorized Subcontractor by virtue of their rendering of the custodial services; or
- b) Any claims, losses, or damages for which coverage is mandated or available under any insurance required under this Master Agreement; or
- c) Any claims or damages arising out of bodily injury, including death, or damage to tangible property of the Lead State; or
- d) Any claims or damages resulting from the disclosure of personally identifying information, confidential information or data loss (e.g., cybersecurity breaches or disclosure or theft of data of Savers, Employers, Beneficiaries, or other Persons under is maintained by Contractor).

With respect to "b" in this **Section 5.19.5**, the limitations set forth in this **Section 5.19** in no way limit, alter or affect the "Insurance" provisions contained in **Section 5.1**. The "Insurance" provisions in **Section 5.1** remain independent obligations of Contractor and its insurers, and nothing in this **Section 5.19** shall be construed to limit, alter, or affect the insurance provisions and broad insurance requirements contained in **Section 5.1**.

**5.19.6.** Contractor will have no liability under this Agreement for any Losses in connection with the Program that arise out of, or relate to, fraud, theft, or other unauthorized establishment and/or maintenance of, contributions to, or withdrawals from, an Account so long as Contractor complied in material respects with its security procedures and Contractor was not responsible for such fraud, theft, or unauthorized establishment and/or maintenance of, contributions to, or withdrawals from an Account.

**5.19.7.** This "Limitations of Liability" in this **Section 5.19** have no bearing on Contractor's indemnification and defense obligations contained elsewhere in this Master Agreement, including, specifically **Section 5.18**.

## **5.20. No Waiver of Sovereign/Governmental Immunity**

**5.20.1.** In no event shall this Master Agreement, or any Partner State Addendum issued thereunder, or any

act of a Lead State, or a Partner State be a waiver of any form of defense or immunity, whether sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the Constitution of the United States or otherwise, from any claim or from the jurisdiction of any court. Lead State and all Partner States specifically reserve all rights to raise sovereign/governmental immunity as a defense to any claim or action, as well as any similar defenses permitted under Partner State law for such Partner State under such Partner State's law.

- 5.20.2.** This section applies to a claim brought against the Partner State only to the extent Congress has appropriately abrogated the Partner State's sovereign immunity and is not consent by the Partner State to be sued in federal court. This section is also not a waiver by the Partner State of any form of immunity, including but not limited to sovereign immunity and immunity based on the Eleventh Amendment to the Constitution of the United States.

## **5.21. Governing Law and Venue**

- 5.21.1.** The construction and effect of this Master Agreement shall be governed by the laws of Lead State. Venue for any administrative or judicial action relating to this Master Agreement shall be in the City and County of Denver, Colorado.
- 5.21.2.** The construction and effect of any Partner State Addendum issued against this Master Agreement shall be governed by and construed in accordance with the laws of the Partner State.
- 5.21.3.** If a claim is brought in a federal forum, then it must be brought and adjudicated solely and exclusively within the United States District Court for (in decreasing order of priority): ( 1 ) Lead State for claims relating to the procurement, evaluation, award, or Master Agreement performance or administration if Lead State is a party; or (2) the Partner State if (a) the Partner State is a named party and (b) Lead State is not a party.

## **5.22. Limited Exception for Partner State Agreement Control**

The provisions of this Master Agreement control over the terms of any Partner State Addendum. However, as between a specific Partner State and Contractor, the conflicting terms in a Partner State Addendum shall control over the terms of this Master Agreement if, and only if, the following elements are met: (1) the terms are contained in a separate attachment to the Partner State Addendum so that the Lead State can easily review which precise terms Partner State believes conflict with terms of this Master Agreement; (2) the separate attachment references the exact section (or sections) of the Master Agreement with which the attachment's proposed language conflicts; (3) Lead State determines, in its sole discretion, that such conflict does not materially impact Contractor's Services or pricing to other Partner States, or, if there is a material impact, that the Partner State Addendum between the Partner State and Contractor adequately minimizes such impact; and, (4) Lead State issues a written notice to Partner State that appears on Lead State letterhead and states the Lead State approves the conflicting term(s). The intent of this provision is to allow specific Partner State Addendum to control with respect to Partner State Addendum with Contractor, but only if the Lead State approves, following this process.

## **5.23. No Promises, Warranties or Guaranties**

Although Partner State's may make promises, warranties, or guaranties in their Partner State Addendums – which, for avoidance of doubt, are enforceable only with respect to the promising, warranting, or guaranteeing Partner State and Contractor – Contractor acknowledges and agrees that Contractor is not relying and has not relied upon any promises, warranties or guaranties except for those specifically stated in this Master Agreement. Specifically, by way of example and not limitation, as of the Effective Date of this Master Agreement, neither Lead State nor any Partner State has made any promises, warranties, or guaranties concerning: (a) a minimum number of Accounts; (b) a minimum number of participating Employers and Savers; (c) a minimum number of states served by this program (i.e., the number of Partner States); (d) the value of assets held in Accounts; or (e) the total value of assets under management. Contractor accepts the risk that any of the aforementioned categories will not match what is or was projected or anticipated by any party.

## **5.24. Limitation of Responsibilities**

- 5.24.1.** No Partner State, including Lead State, is responsible for the acts, errors, or omissions of any other Partner States, and each Partner States. Each Partner State is solely responsible for their respective obligations that arise pursuant to this Master Agreement and their Partner State Addendum.
- 5.24.2.** Lead State, Partner States, and Contractor agree that all Partner State Addendum set forth only those rights and responsibilities by and between Contractor and the Partner State, and no Partner State Addendum creates any promises, obligations, rights or guarantees of any non-party Partner State (including Lead State) to that addendum.
- 5.24.3.** Lead State assumes no liability for the acts or omissions of Contractor. Nothing in this Master Agreement may be construed to require Lead State to declare breach, bring suit, or otherwise take any form of enforcement action against Contractor on behalf of any Partner State (though terms contained in the Interstate Agreements may require as much). Contractor agrees that nothing in this Master Agreement shall require Lead State to participate in any action, litigation, or dispute that may arise between Contractor and Lead State. The terms of this Master Agreement are independently enforceable by any Partner State against Contractor.

## **5.25. Entire Agreement**

This Master Agreement, including its exhibits, represent the complete integration of all understandings between the Lead State and Contractor related to the Partnership, the programming described herein, and Contractor's Services under this Master Agreement. All prior representations and understandings related to the services, oral or written, are merged into this Master Agreement. Prior or contemporaneous additions, deletions, or other changes to this Master Agreement shall not have any force or effect whatsoever, unless embodied herein. While the Partner State Addendum may expand upon, add to, or, in strict accordance with the process described herein, modify these terms with respect to a given Partner State's relationship with Contractor, the entirety of the terms for this Master Agreement are contained within the four corners of this document and its exhibits.

## **5.26. Partner State Participation Approval**

Contractor acknowledges that the signature of Partner State Addendum is principally designed to ensure Partner States can insert any State-specific terms that are unique to those States and required by their laws and regulations. While there may be good grounds for a Partner State not to participate in the Program by virtue of its State-specific terms, Contractor agrees to act in good faith in allowing State's to become Partner States, make reasonable efforts to accommodate Partner States' unique terms and requirements, and, if Contractor is unable or unwilling to agree to terms requested by a Partner State, to bring the issue to Lead State for further discussion and consideration.

## **5.27. Digital Signatures**

This Master Agreement may be executed in counterparts which, when taken together, will be deemed an original and constitute one and the same document. Digital signature through agreement management applications or by hard-copy signature that is subsequently scanned and e-mailed will be sufficient to bind the executing party.

## **5.28. Severability**

The invalidity or unenforceability of any provision of this Master Agreement shall not affect the validity or enforceability of any other provision of this Master Agreement, which shall remain in full force and effect, provided that the signing parties can continue to perform their obligations under this Master Agreement in accordance with its intent.

## **5.29. Statutes, Regulations, Rules, and other Authority**

Any reference in this Master Agreement to a statute, regulation, rule or other authority shall be interpreted to refer to such authority then current, as may have been changed or amended since the Effective Date of this Master Agreement.

**5.30. Counterparts**

The invalidity or unenforceability of any provision of this Master Agreement shall not affect the validity or enforceability of any other provision of this Master Agreement, which shall remain in full force and effect, provided that the parties can continue to perform their obligations under this Master Agreement in accordance with its intent.

**5.31. Waiver**

A party's failure or delay in exercising any right, power, or privilege under this Master Agreement, whether explicit or by lack of enforcement, shall not operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege preclude any other or further exercise of such right, power, or privilege.

**5.32. Lead State Procurement Code**

As between Contractor and Lead State, nothing herein shall be construed as a limitation, whole or partial waiver, or release of any terms or provisions of the Lead State's laws and rules governing procurement. Lead State specifically preserves all protections and rights applicable to procurements by Lead State.

**5.33. Standard & Manner of Performance**

Subject to the specific performance standards for Contractor stated herein, Contractor shall perform its obligations under this Master Agreement in accordance with the highest standards of care, skill and diligence in Contractor's industry, trade, or profession.

**5.34. No Third Party Beneficiaries**

Except for the parties' valid respective successors and assigns, this Master Agreement does not and is not intended to confer any rights or remedies upon any person or entity other than the parties hereto and the Partner States. Enforcement of this Master Agreement and all rights and obligations hereunder are reserved solely to Lead State, the Partner States, and Contractor. Any services or benefits which third parties receive as a result of this Master Agreement are incidental to this Master Agreement, and do not create any rights for such third parties.

**5.35. Authority**

Each party hereto represents and warrants to the other that the execution and delivery of this Master Agreement and the performance of such party's obligations have been duly authorized.

**5.36. Survival**

Any provision of this Master Agreement that imposes an obligation on a party after termination or expiration of this Master Agreement shall survive the termination or expiration of this Master Agreement and shall be enforceable by the other party.

**5.37. Binding Effect**

All provisions of this Master Agreement, including the benefits and burdens, shall extend to and be binding upon the parties' respective successors and assigns.

SIGNATURE PAGE

THE PARTIES HERETO HAVE EXECUTED THIS MASTER AGREEMENT

Each person signing this Contract represents and warrants that the signer is duly authorized to execute this Contract and to bind the Party authorizing such signature.

<p><b>CONTRACTOR</b> <b>Vestwell State Savings, LLC</b> Douglas Magnolia, President</p> <p>By: <u>Douglas Magnolia</u> Douglas Magnolia, President</p> <p>Date: <u>8/10/2023   5:13 PM EDT</u></p>	<p><b>STATE OF COLORADO</b> <b>Jared S. Polis, Governor</b> Department of the Treasury David L. Young, Treasurer</p> <p>By: <u>David L. Young</u> David L. Young, Treasurer</p> <p>Date: <u>8/10/2023   10:25 PM MDT</u></p>
--	--

ALL CONTRACTS REQUIRE APPROVAL BY THE STATE CONTROLLER

In accordance with §24-30-202, C.R.S., this Contract is not valid until signed and dated below by the State Controller or an authorized delegate.

<p><b>STATE CONTROLLER</b> <b>Robert Jaros, CPA, MBA, JD</b></p> <p>By: <u>Nathan Manley</u> Nathan Manley, Controller Delegate</p> <p>Effective Date: <u>8/14/2023   7:24 AM PDT</u></p>
---

**EXHIBIT A, FEE TABLE AND TERMS****I. Allowable Fees**

In accordance with, and subject to the terms contained in, **Section 3** of the main body of this Master Agreement, Contractor shall be entitled to charge to Accounts the following fees. All fees shall be charged directly to the Accounts.

**A. Asset-Based Fee**

- 1) Contractor may charge an Asset-Based Fee of no more than 15 bps per annum, with such Asset-Based Fee decreasing as total assets under management increase according to the following table:

<b>TABLE 1 Asset-Based Fee</b>	
<b>Asset Level</b>	<b>Fee (%)</b>
\$0.0-2.0B	0.15%
\$2.0-4.0B	0.12%
\$4.0B+	0.10%

- 2) These Asset-Based Fees shall be charged across all Accounts based upon the total Partner Program Assets.
- 3) As soon as the combined assets of the Partner Program Assets exceeds \$2 billion, the Asset-Based Fee for all Accounts shall drop to 0.12% (and shall drop again upon meeting the \$4 billion threshold). This is designed to be a flat fee on all assets, charged according to the current value of total Partner Program Assets, such that all Savers realize the fee drop produced by scaling across the Partner Programs.

**B. Account-Based Fee**

<b>TABLE 2 Account-Based Fee</b>	
<b>Account Level</b>	<b>Fee (\$)</b>
1-200K accounts	\$22.00 per account annually
200-350K accounts	\$20.00 per account annually
350K+ accounts	\$18.00 per account annually

Account-Based Fees fee reductions decrease according to the total number of Accounts of all Partner States.

**C. Additional (Account Elective) Fees**

Contractor shall have the right to charge the following additional Account-specific fees for transactions and elections initiated by Savers.

**1) A Rollover Fee (\$50 one-time)**

In the event an Employee elects to transfer their account, or any portion of the account, to another IRA, Contractor may charge the Account fifty (\$50) dollars as a rollover/transfer fee.

**2) Paper Statement Fee (\$10 per annum)**

In the event an Employee elects to receive quarterly statements in hard-copy (paper) form, Contractor may charge the Account ten (\$10) dollars per annum.

**3) Paper Checks (\$5 per check)**

In the event an Employee seeks to deposit funds in their Account using paper checks, Contractor may charge the Account five (\$5) dollars per check deposited. In the event the Employee makes a withdrawal of the funds within the first ninety (90) days of the initial funding date of the Account, Contractor agrees to waive this fee.

**II. Additional Fee Terms**

- A.** Under no circumstances will the fees charged by Contractor exceed the terms contained in this Exhibit A.
- B.** Contractor's fees in this Exhibit A do not include fees that may be charged by any investment manager in accordance with the terms agreed to between Lead State and such investment manager in a separate written and signed agreement. Neither Contractor's fees nor the investment management fees include the State Administrative Fee. Contractor's fees and the State Administrative Fees are ongoing, paid out of Account proceeds by Account adjustment, and billed quarterly in arrears. Depending upon the end structure of the investments, they will be accounted and accrued either in determining the daily investment share/unit-value or NAV.



**EXHIBIT B, PROGRAM LAUNCH TIMELINE**

This *Program Launch Timeline* sets forth the terms and deadlines for the initial launch of the of Contractor's duties at Program Administrator.

Extension Authorized. Lead State shall have the right, in its sole discretion, to extend any deadline identified in this Exhibit B, provided that, in the event of such extension, all subsequent deadlines in this *Program Launch Timeline* are extended by the same number of days as Lead State's extension. To exercise this right, Lead State shall issue a written notice to Contractor, appearing on State letterhead, that explains an extension of the Program Launch Timeline is being issued and which provides the new Program Launch Timeline as an exhibit. A written and signed amendment is not required for Lead State to extend these deadlines. Any extension authorized in accordance with this paragraph shall serve to completely delete and replace the below *Program Launch Timeline*, including, if there are multiple extensions, any amended timeline pursuant to this paragraph, with the timeline attached in the exhibit to the Lead State's written notice.

Task	Description	Start Date	End Date	Lead Org	Comments
<b>Launch Pilot Program on or by October 31, 2022</b>					
<b>Employer Marketing &amp; Outreach</b>					
Pilot Employer List	identify employers	April	October 31, 2022	Lead State	Engaging with stakeholder groups; following up with employers who connected through the existing program website; ER identification crucial to pilot launch (fairly time intensive)
Pre-Pilot Engagement	meetings, webinars, prep work with each employer	May	October 31, 2022	Lead State & Contractor	Once employers are committed, both Contractor and the Lead State will work with employers to ensure they are prepped for their onboarding and complete registration and first payrolls (includes meetings, onboarding sessions, webinars, and data integration)
Finalize branding			July 31, 2022	Lead State	Branding will be used across multiple work streams and is needed to finalize program documents, the program website, both portals, and various outreach materials

Develop and finalize marketing strategy & tasks		May	August 31, 2022	Lead State & Contractor	Create marketing strategy around pilot (outreach, any press for pilot launch, etc.) and pre-plan for formal launch activities
<b>Program Oversight</b>					
<b><i>Program Documents</i></b>					
Draft and Finalize Program Description		June	September 30, 2022	Contractor & Lead State	Drafted by Contractor with Lead State Final Approval. Requires information on investment line-up, certain program feature, etc.
Draft & Finalize IRA Custodial Agreement & Forms		June	September 30, 2022	Contractor & Lead State	Drafted by Contractor with Lead State Final Approval
<b><i>Rules and Program Policies</i></b>					
Program Rules/Regulations		April	June 30, 2022	Lead State	Draft and finalize program administrative rules. State to determine timing should the rules need to be in place by pilot launch vs Program launch. (Specifics from rules are often used to draft website content and FAQ materials.)
<b>Recordkeeping &amp; Operations</b>					
Call Center Setup & Training		August	October 31, 2022	BNY Mellon	Ensuring proper staffing and training of team on all CO Program items
Recordkeeping System Set-up		June	October 31, 2022	BNY Mellon	Operational processes to prepare for recordkeeping services on the BNY Mellon system
<b>Investments</b>					
Finalize fund line-up		April	June 30, 2022	Lead State	Ensure specific fund line-up is finalized and approved (if-needed). Fund information needed for website, PD, and other fact sheets, etc.

Meetings/Materials from Investment Managers		July	September 30, 2022	Contractor	Contractor team will hold meetings as needed with each investment manager and will get the necessary materials for Program documents and the Program website
Open and seed funds			September 30, 2022	All parties	Will require work from investment managers, CO staff, and Contractor
Program Website & Communications					
Pilot Landing Page	design, copy, and development	May	June 30, 2022	Contractor	We'll design a landing page that can go live before the full Program website to help with the early employer recruitment.
Full Program website	design, copy, and development	June	September 30, 2022	Contractor	Development of the full Program website to be ready for pilot launch - this process will include the development and approval of content, layout, etc. by the Lead State
Employee/Saver Fact Sheet	design & copy	June	September 30, 2022	Contractor	Use for pilot recruitment and then ongoing saver education (with review/approval from Lead State)
Employer Fact Sheet	design & copy		September 30, 2022	Contractor	Use for pilot recruitment and then ongoing employer outreach (with review/approval from Lead State)
EE enrollment notices	design & copy		August 31, 2022	Contractor	Communications will be developed to send to employers participating in the pilot. (Will be created by Contractor team with review and approval from the Lead State.) Note - these are only the communications required for pilot, additional Employer and Saver Communications will be developed for full launch.
EE enrollment reminders	design & copy		August 31, 2022	Contractor	
EE auto-enrollment notices	design & copy		August 31, 2022	Contractor	
ER enrollment communications	design & copy		August 31, 2022	Contractor	
ER contribution reminders	design & copy		August 31, 2022	Contractor	
Saver & Employer Portals					

Configure Saver Portal	design, copy, and development	June	September 30, 2022	Contractor	Portal will need to be developed and configured specific to CO Program needs, including branding, specific program features and content
Configure Employer Portal	design, copy, and development	June	September 30, 2022	Contractor	Portal will need to be configured to specific CO Program needs, including branding, program design elements, etc.
Portal Testing		July	October 31, 2022	All parties	

**EXHIBIT C, TRACKING METRICS**

	<b>Metric</b>	<b>Description</b>	<b>Reporting Party</b>
<b>Account Data</b>	Total Open Accounts	Number of accounts currently open, regardless of funded status	Program Administrator
	Total Funded Accounts	Number of open accounts carrying more than a \$0 balance	Program Administrator
	Monthly Accounts Opened	Number of new accounts opened in past month	Program Administrator
	Monthly Accounts Closed	Number of accounts closed in past month	Program Administrator
	Total Accounts Making Payroll Contributions	Number of accounts contributing via payroll deduction	Program Administrator
	Multiple Employer Accounts	Number of accounts receiving contributions from more than one employer	Program Administrator
	Opt-out Rate	Percentage of employees opting out of the Program	Program Administrator
<b>Asset and Transactional Data</b>	Total Assets	Total assets under management ("AUM")	Program Administrator
	Assets by Investment Option	A breakdown of total AUM in each portfolio	Program Administrator
	Total Contributions (\$)	Total dollar contributions made since Program inception	Program Administrator
	Monthly Contributions (\$)	Total dollar contributions made during past month	Program Administrator

Metric	Description	Reporting Party
Average Contribution (\$)	Size of the average contribution since Program inception	Program Administrator
Average Monthly Contribution (\$)	Size of the average contribution made during past month	Program Administrator
Average Deferral Rate	Average percentage of wages employees deduct from their paycheck and contribute to the Program	Program Administrator
Average Funded Account Balance	Average account size, excluding accounts with \$0 balance	Program Administrator
Balance Ranges	<p>Number of accounts in pre-determined balance ranges</p> <p><i>E.g., ## accounts with between \$.01 and \$500, ## accounts with between \$500.01 and \$1,000, ## accounts with between \$1,000.01 and \$5,000, etc. [The Board can determine the ranges it desires.]</i></p>	Program Administrator
Accounts with Maximum Contribution	<p>Number of accounts that have made the maximum contribution for the year</p> <p><i>(Since the contribution limit is a yearly one, you will measure this to determine how many/what percentage of accounts max out each year. The year-end number will be the most important one.)</i></p>	Program Administrator
Total Withdrawals (\$)	Total dollar amount of withdrawals made since Program inception	Program Administrator
Monthly Withdrawals (\$)	Total dollar amount of contributions made during past month	Program Administrator
Accounts that Made a Withdrawal	Number of accounts that had a withdrawal in past month	Program Administrator



	Metric	Description	Reporting Party
Employee Demographic Data	Geographic Region	<i>If the Board is able to identify/define Regions of interest and provide zip codes for each region, Program Administrator may be able to track # of accounts by Region – dependent on your Program Administrator's data reporting abilities.</i>	Program Administrator
	Average Age	Age of average account holder	Program Administrator
	Age Ranges	Number of account holders in pre-determined age ranges  <i>E.g., XX participants between 18-25; XX participants between 26-35...etc. [The Board can define the ranges it is interested in]. This tends to give you a better idea of who your typical saver is, more so than Average Age, which is just a single number that can be skewed by outliers in the data set. It will also help the Program identify the most common age range.</i>	Program Administrator
Employer Data	Total Registered Employers	Number of businesses that have registered	Program Administrator
	Employers That Have Added Employee Data	Number of registered businesses that have contributed their employee data	Program Administrator
	Employers Submitting Payroll Contributions	Number of registered businesses submitting contributions via payroll	Program Administrator
	Total Exempt Employers	Number of businesses that do not meet eligibility criteria to participate	Program Administrator

## Colorado - Appendix B



**Establishment of the  
PARTNERSHIP FOR A  
DIGNIFIED RETIREMENT  
*and*  
INTERSTATE ADHERENCE  
AGREEMENT**

WHEREAS, many states have formed partnerships for the benefit of providing cost-effective, tax-advantaged investment programs for people with disabilities;

WHEREAS, State-run retirement investment programs dedicated to increasing access to workplace retirement savings in the private sector would similarly benefit participants in such programs through collaboration and resource-pooling across States;

WHEREAS, Colorado, acting by and through its Department of Treasury, has invested resources towards creating, researching, implementing, administering and maintaining a private sector auto-enrollment payroll deduction program for the eligible citizens of Colorado;

WHEREAS, Colorado believes that this work will allow its constituents access to an affordable auto-enrollment payroll deduction IRA, program and that there are substantial economies of scale, efficiencies, and resource advantages that can be realized if, multiple states work with Colorado in furtherance of its creation, implementation, administration and maintenance of a private sector auto-enrollment payroll deduction IRA program

WHEREAS, Colorado has determined that several States agree that a multi-state auto enrollment payroll deduction IRA program will create cost efficiencies, and will ultimately benefit participating states and all their program participants;

NOW THEREFORE BE IT RESOLVED THAT, the “Partnership for a Dignified Retirement,” is established as a multi-state consortium operating a private sector auto-enrollment payroll deduction IRA Program and

NOW THEREFORE BE IT FURTHER RESOLVED THAT the Partnership for a Dignified Retirement shall be operated pursuant to the terms provided below in the Interstate Adherence Agreement, and upon its execution participating States may collaborate, share resources and expertise, and efficiently retain, evaluate and monitor vendors that operate the Program through contracts authorized and executed in accordance with the terms of this Agreement.

**PARTNERSHIP FOR A DIGNIFIED RETIREMENT**

## INTERSTATE ADHERENCE AGREEMENT

For and in consideration of the mutual promises and covenants contained in this Interstate Adherence Agreement (“this Agreement”) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the participating States each agree as follows:

### I. DEFINITIONS:

As used in this Agreement:

“**IRA**” means a Roth individual retirement account authorized pursuant to Section 408A of the Internal Revenue Code or a traditional individual retirement account pursuant to Section 408 of the Internal Revenue Code.

“**PDR Lead State**” means the State designated by the PDR to solicit, retain, supervise, and monitor the Vendor(s).

“**Lead State Member**” means the natural person designated by Lead State to serve as Member on its behalf.

“**Master Services Agreement**” means the contract entered into between a Vendor and the Lead State that governs the Vendor’s performance and the delivery of Vendor’s services, and upon which participating States sign on via execution of a Partner State Agreement with said Vendor, including the anticipated agreements between Lead State and a program administrator and investment managers.

“**State Member**” means each participating State’s natural person designated to serve on the PDR and represent their State’s interests in the PDR, the Program, and this Agreement.

“**Members**” means the Lead State Member and each State Member, collectively.

“**Partnership for a Dignified Retirement**” or “**PDR**” means the consortium by the States under this Agreement to facilitate collaboration, communication, and decision-making with respect to the Program and this Agreement.

“**Program**” means the auto-enrollment payroll deduction IRA program operated as the PDR, and as specified in, and subject to, this Agreement and the Master Services Agreement(s).

“**Saver**” mean Employee or other individual who is eighteen years or older, who owns an Account in a Partner Program, including (a) a Saver who owns an Account, but is no longer an Employee, or (b) the Beneficiary of a deceased Saver.

“**Signature Page**” means the Interstate Adherence Agreement Signature Page (Exhibit A) used to execute this Agreement by each State and in so doing authorizing the State to participate in the PDR in strict accordance with the terms of this Agreement.

“**State**” means a duly authorized state government body executing the Signature Page and participating in the PDR.

“**States**” means the collective of all States that are parties to this Agreement via their execution of the Signature Page, which pledges the State to participation in the PDR.

“**Vendor**” means a third-party independent contractor retained to provide services to the Program, including program administrator and one or more investment managers.

## **II. OVERVIEW OF THE PDR CONSORTIUM.**

1. Establishment. Through this Agreement the States hereby participate in the PDR.
2. Purpose. The purpose of the PDR is for the States to participate in the ongoing administration of the Program and make Program recommendations. To fulfill this purpose the States participating in the PDR will:
  - A. Appoint a “Lead State Member” to perform the responsibilities as set forth in Article V, below;
  - B. Support the Lead State in its assessment and evaluation of each of the Vendors, and create processes for monitoring the Vendors;
  - C. Identify shared expenses to be incurred by the States and the manner in which such expenses may be apportioned;
  - D. Share documentation relating to Vendor performance, including performance statistics, audit documents; and,
  - E. Form and participate in committees or working groups delegated to address significant planning, Vendor performance monitoring, and Program strategies, modifications and implementation
  - F. Ensure equitable treatment of Members under the Master Services Agreements and any Partnership Addendum.
- ~~3.~~ Expenditures. The PDR shall not authorize the expenditure of monies by any State.
4. PDR Eligibility & Approval. Only duly authorized state government bodies are permitted to participate in the PDR. A State may participate in the PDR only upon application and upon approval of a majority of current Members. To participate a State must execute each Partner State Agreement with all authorized Vendors.

## **III. PDR STRUCTURE AND PROCESSES.**

1. Meetings. The PDR will meet regularly by video conference, phone and/or in-person to discuss implementation and maintenance of the Program, and to receive updates from Lead State. The PDR shall at a minimum hold regularly scheduled meetings each quarter.
2. Meeting Agendas. An agenda will be set for each meeting. The agenda will be prepared by the Chair and/or the Secretary and will be circulated in advance of the meeting. Each agenda will include updates from the Lead State which may include information regarding Vendor performance, reporting, results and statistics, and any other information, topic or presentation deemed appropriate. Prior to release of an agenda, the Chair or Secretary will solicit agenda items from Members. Members may

request that the Chair and Secretary add a specific agenda item.

3. Attendance. Members or their designees should make good faith efforts to attend all scheduled meetings.
4. Chair & Secretary. The PDR meetings shall be chaired by either the Lead State Member or their designee. Meetings shall be conducted in an informal manner that approximately follows the Robert's Rules of Order for matters concerning motions and voting.

The Chair shall appoint as Secretary a State Member or a staff person affiliated with any State. The Secretary shall be responsible for sending meeting invitations, preparing brief minutes of the discussions of each meeting, and circulating draft meeting minutes for approval by the PDR at subsequent meetings.

The Chair and the Secretary will coordinate the agenda items for meetings.

5. Special Meetings. Upon not less than 24-hours of written notice, the Chair may call a special meeting to discuss or take formal action on a specific item of business. Special Meetings may also be called at the request of a majority of the Members.
6. Notices. A meeting notice shall be deemed properly delivered if sent via e-mail to the e-mail address on file for each Member.
7. Voting. All action taken by the PDR shall be made by a majority vote of the Members in attendance at the meeting. Each State Member shall have one vote. A vote is required for each of the following decisions:
  - A. Appointment or replacement of a Lead State;
  - B. Amendment or modification of any portion of any Master Services Agreement, with any such amendment or modification being subject to veto by the Lead State and consent of the countersigning Vendor;
  - C. Amendment or modification of this Agreement;
  - D. Removal of a State from the PDR;
  - E. Approval or retention of Vendors pursuant to a cost-sharing arrangement among the States, provided that no State shall be required to participate in cost-sharing unless it consents to doing so and commits funding pursuant to its laws and rules;
  - F. Determination of whether a State's laws, rules, policies, or actions are in compliance with this Agreement and the obligations of that State under the PDR; and,
  - G. Any decision the Lead State Member deems appropriate or necessary to resolve by a vote.
8. Quorum. A quorum is required for any formal action taken by a vote of the Members. A quorum exists if two-thirds of the Members are in attendance.

9. Subcommittees. The PDR may establish subcommittees or working groups consisting of Members, as well as staff appointed by States to represent Members or provide advice, information or expertise.
10. Vendor Grievance. A grievance by a State asserting a Vendor's failure to satisfactorily perform a contract obligation shall be noticed and resolved in accordance with this section.

A. Lead State Identification of Vendor Issues. In the event the Lead State determines that a Vendor may have or has materially failed to perform a Vendor contract obligation, in whole or in part, the Lead State shall take such action as it deems necessary or prudent to gather information and assess and evaluate the Vendor's performance.

- i. If, after gathering information and evaluation, the Lead State determines that it is more likely than not that the Vendor has failed or is failing to perform a contract obligation in whole or in part, the Lead State shall provide a written notice regarding that determination to all Members. The written notice shall, in separately numbered paragraphs, specify each Vendor contract obligation performance failure that has or may have occurred and upon the Lead State's information and belief: (1) identify each specific Vendor contract obligation that has been, may have been or is being violated; (2) if applicable, identify each specific law, regulation, rule, or other required policies, guidance, or requirements the Lead State believes may have been violated or are being violated; and (3) state precisely what action or inaction is needed of the Vendor to cure or avoid the violation ("1," "2," and "3", collectively, the "Grievance Notice Requirements").
- ii. Thereafter, the Members shall meet to discuss each contract performance obligation violation and collaborate on possible actions the Lead State may take to manage Vendor performance.

B. Non-Lead State Identification of Vendor Issues. In the event that a State other than the Lead State determines that a Vendor has or may have materially failed to perform a contract obligation in whole or in part, the State must report such possible performance failure to the Lead State Member in writing (for purposes of this Section "10", such State is hereafter the "Reporting State").

Upon the Lead State's receipt of the writing the Lead State Member and the Reporting State Member shall meet to discuss the issue. Together the Lead State Member and Reporting State Member shall work in good faith and reasonable diligence to assess the Vendor's potential failed contract obligation performance and determine whether the Lead State Member and the Reporting State Member agree regarding whether a Vendor has, failed or is failing to perform any contract obligation or violated any provision of law.

- i. In the event the Lead State Member and the Reporting State Member determine that a Vendor has materially failed in its contract obligation

performance the Lead State shall (A) provide a written notice to the Members that complies with the Grievance Notice Requirements; and (B) commence the Lead State's enforcement duties.

ii. In the event that:

- a) the Lead State Member and Reporting State member do not agree that the Vendor has materially failed in its contract performance obligations, in whole or in part the Lead State Member shall make a determination regarding the potential failed contract performance obligation;
- b) the Lead State declines to pursue any action against the Vendor, including any further investigatory action or the exercise of any contractual rights or remedies, the Lead State Member shall determine, in their sole discretion, whether the issue concerns solely or substantially the Reporting State, and not all States,
- c) After action by the Lead State, if the Reporting State Member determines, in its sole discretion, that the Vendor continues to fail performance of its contract obligations in whole or in part, the Reporting State shall issue a written notice to all Members. The written notice must comply with the Grievance Notice Requirements, except all averments shall be on the Reporting State's behalf, only.

- iii. Thereafter, the Reporting State has the right, subject to the terms of the Master Services Agreement, and solely on behalf of itself and its Savers (if applicable), to conduct such independent investigation, demands, declarations, and enforcement permitted under the Master Services Agreement, and to seek any claims or remedies against the Vendor allowed under the Master Services Agreement or allowed under its Partner State Agreement; provided that no such remedies of Reporting State may seek to, or result in, the termination, invalidation, revocation, alteration, modification, or amendment of the Master Services Agreement or this Agreement. No action, claims, or relief sought of or by any Reporting State, may reduce, alter, modify, or materially impact the rights of the other States. Any action, claims, or relief sought by the Reporting State shall only pertain to the Reporting State and its Savers. The Reporting State may not materially impact the rights of other States or their Savers.

- C. Lead State's Enforcement. The Lead State may take such actions and may exercise all such rights as are permitted or required by the Master Services Agreement with regard to the Vendor. The States agree such action may include, but may not be limited to, discussions with the Vendor, exercising of contractual rights of the Lead State to audit and monitor the Vendor, declaration of breach, and pursuit of legal remedies in court; provided that no such action may include the signing or execution of any settlement agreement, amendment,

modification, or any other document that seeks to modify the Master Service Agreement unless the document is approved by the States pursuant to a vote. *See* (III)(7)(D). Nothing in this Section “10” shall prevent the Lead State from initiating any action or claim to enforce the rights of the Lead State and, by extension, the States, immediately if the Lead State deems doing so is prudent to protect the rights of the Lead State or the States; provided that the Lead State shall inform all other States of any formal claim or dispute and satisfy the Grievance Notice Requirements within a reasonable time after taking action or commencing any claim.

- D. Vendors May Not Rely Upon PDR Grievance Process. For avoidance of doubt, no Vendor may raise a claim or defense surrounding any purported failure to adhere to the internal processes prescribed by this (III)(10). With respect to any dispute between a Vendor and the Reporting State, the Reporting State’s written notice required by this section are preliminary in nature only, and shall not serve to bar, estop, waive, or in any way prevent the Reporting State from raising additional or different claims, revising claims, or making additional or different factual or legal determinations in subsequent proceedings against a Vendor.

#### IV. STATE RESPONSIBILITIES.

Each participating State shall be responsible for the following:

##### 1. Membership & Designees.

- A. Appointment of “State Member.” Each State must designate a person who will actively participate on the State’s behalf as a “State Member.” The State Member, or their authorized designee, should attend all PDR meetings.
- B. Authorized Designees. Each State Member may designate a person who is authorized to attend PDR meetings and, in the State Member’s absence to, vote on matters in the State Member’s stead. To designate such person, the State Member must notify the Chair, the Secretary, and the Lead State Member via an e-mail that states substantially as follows:
- “I State member \_\_\_\_\_ hereby designate \_\_\_\_\_ as my State Member Designee. In the event I am not in attendance at a PDR meeting, I authorize my State member Designee to represent my State and vote on my behalf as State Member for the State of \_\_\_\_\_. A vote cast by my State Member Designee shall have the same force and effect pursuant to the terms of this Agreement as if I had cast the vote.”
- C. Changes in State Member or State Member Designee In the event a State Member or State Member Designee leaves their State employment, ceases to have authority to serve or otherwise no longer serves as State Member or State Member Designee, the State shall immediately notify the Chair and the Secretary.

2. State Maintenance Duties. Each State agrees, throughout the duration of their participation in the PDR, to adhere to the following requirements.

A. Mandatory Participation. Participation by Required Employers from each State must be mandated by that State's laws. The mandate must include automatic enrollment of the employees of each Required Employer into an IRA with the opportunity for an Employee to opt out.

Required Employers at a minimum include all of a State's private employers who have been in business for at least twenty-four consecutive months, who do not offer a qualified retirement plan and who employ five or more employees

B. Outreach. Each State must provide resources to conduct outreach and marketing efforts to promote the Program within their State.

C. Staffing. Each State agrees to employ at least one full-time staff person for the purposes of carrying out the State PDR requirements and all other Partner State responsibilities.

D. Laws, Rules & Continued Legal Authority. Each State shall, at all times, maintain full legal authority to participate in the Program without material conflict between that State's laws, regulations, rules, or policies and the Program. Each State agrees that cost-efficiency and scalability is a material benefit to the State's participation in the PDR and, accordingly, each State shall avoid implementing laws, regulations, rules, policies or any other form of requirement that will or could raise cost on other States.

E. Investment Policy Statement. Each State agrees to ensure any Investment Policy Statement adopted by that State which directly concerns or relates to the Program is substantially consistent with the Lead State's Investment Policy Statement. Each State consents to the Lead State's determination of investment options line-up, investment strategy, and investment election offerings for the duration of the State's PDR and Program participation. Pursuant to Section III.2, State Members may suggest investment performance and potential modifications in or additions to investment options as a topic of discussion for the PDR.

3. Vendor Performance Monitoring. Each State agrees to participate in Meetings and assist the Lead State in the evaluation and monitoring of Vendor performance contract obligations, both under the Master Services Agreement and applicable laws, regulations and rules.

4. Partner State Agreements. Each State shall execute and enter into a Partner State Agreement with all authorized Vendors that are subject to a Master Services Agreement with the Lead State. Each State must ensure their Partner State Agreement conforms with that State's laws, as well as any other applicable laws, regulations, rules, or official guidance. The Partner State Agreement must be substantially in the form provided at Exhibit B.

5. Master Services Agreement. Each State must review and understand the Master Services Agreement prior to executing any Partner State Agreement with an authorized



Vendor. Each State must review the Master Services Agreement with all Vendors to understand the terms of those services and ensure their State's participation in the PDR and the Program will not result in a violation of any applicable law, rule or regulation. By entering into this Agreement, each State consents to those terms, rights, conditions, and limitations in the Master Services Agreement applicable to "Partner States."

6. Compliance with Law. Each State is charged with ensuring its participation in the Program and the PDR comports with its own laws, regulations, rules, and requirements of any kind.

7. Withdrawal from Agreement. A State may only withdraw from this Agreement upon termination of its Partner State Agreement. A State that (a) fails to execute a Partner State Agreement in accordance with Section V.3 within ninety (90) days after full execution of a Master Services Agreement by the Lead State, or (b) terminates its Partner State Agreement with a Vendor shall be removed from the PDR.

If the Lead State is removed from the PDR, the PDR shall appoint a new PDR Lead State, subject to approval of each authorized Vendor, and the removed PDR Lead State agrees to assign all Master Services Agreement between Vendor(s) and the removed Lead State to the new Lead State.

## **V. LEAD STATE RESPONSIBILITIES.**

1. Initial Lead State – Colorado. Colorado will serve as the PDR Lead State for so long as it remains contracted as "Lead State" with the program administrator and investment manager vendors selected during calendar year 2022. The States anticipate this responsibility to continue from the effective date of the contracts with those Vendor(s) until the termination of those contracts.

Thereafter, the PDR shall vote to appoint a PDR Lead State.

2. Procurement. For each procurement the PDR Lead State shall:
  - A. Create a Program implementation and/or transition schedule;
  - B. Draft a request for proposal or similar solicitation designed to create a competitive bidding process in compliance with the laws of the PDR Lead State, to seek Vendor(s);
  - C. Establish an evaluation team comprised of interested eligible State Members. In order to be eligible to be on the evaluation team, the State Member must represent a State that has legal authority to enter into a contract with the Vendor(s); and
  - D. Award one or more contracts to Vendor(s) based on a scoring process that is in compliance with the laws of the PDR Lead State and approved by the PDR.

At its own cost, the PDR Lead State may obtain the services of external advisors, including advisors to provide services to the PDR Lead State on the procurement of Vendor(s).

3. Contracts. The PDR Lead State is authorized and required to retain at least one Vendor to serve as a program administrator and at least one Vendor to serve as an investment manager. The PDR Lead State will enter into a Master Services Agreement with each Vendor. Each Master Services Agreement must set forth the Vendor's scope of work and the general terms and conditions based on the advice and approval of the PDR. Each State shall within ninety (90) days of the execution of this Agreement enter into a separate contract (i.e., their Partner State Agreement) with all Vendors that sets forth the terms and conditions specific to such State. The form of this contract shall be substantially in the form contained in Exhibit B. In the event that the scope of work within any Master Services Agreement requires amendment, the PDR Lead State shall obtain the unanimous approval of the States before executing such amendment.
4. Master Service Agreement Maintenance & Vendor Oversight. The PDR Lead State shall devote adequate internal staffing and undertake good faith and reasonable efforts to monitor, oversee, and evaluate each Vendor's performance under the terms of the applicable Master Service Agreement.

## **VI. EXPLICIT UNDERSTANDINGS OF STATE RIGHTS.**

All rights of the States surrounding the Program and each State are expressly reserved to those States to the extent those rights do not conflict with this Agreement or any Master Services Agreement. Nonetheless, for avoidance of doubt, each State has the right and authority to:

1. Grievances with Vendors. Conduct independent assessments, evaluations, and other actions necessary to evaluate Vendors' qualifications and performance; provided however, that grievances by States must adhere to the processes established in (III)(10), above.
2. Consultants & Other Non-PDR Contractors. Retain additional consultants or other third parties it deems necessary or prudent to evaluate the performance of a Vendor or assure compliance with the terms of any Partner State Agreement. States remain free to undertake all such actions they deem necessary or prudent to effectuate their rights or the rights of their Savers. This Agreement is intended as a vehicle for collaboration and realization of cost-efficiencies, and not as a barrier to independent enforcement of any State's rights or privileges.
3. Cost-Sharing for Additional Services. The States may vote to retain consultants or other experts to assist the PDR in carrying out its monitoring and evaluation of Vendors. In doing so, the States may agree on sharing costs associated with the consultants or other experts; provided, however, that no State shall be required to remit any portion of monies towards any cost-sharing, even if all other States vote in approval and are willing to contribute their proportionate share of costs. Consultants or other experts shall be retained only by one of the States – and not the PDR – pursuant to an agreement between the State and the consultant or vendor.
4. No Vendor Performance Guarantees By the PDR Lead State. The States agree that

the PDR Lead State, does not guarantee and is not responsible for any given Vendor's performance or compliance with the terms of any Master Services Agreement.

Nothing in this Agreement shall be construed as empowering the PDR to exercise any power or function properly residing with any State, including, without limitation, the ability of a State to independently select and contract with a vendor of its own choosing, at its own costs, and outside of the rights, privileges, duties and responsibilities of the PDR structure.

## **VII. OTHER TERMS.**

1. Advisory in Nature. Except for the determinations expressly set forth herein, the intent of this Agreement is to make the PDR advisory in nature, only. The States agree that delegation of control and oversight to the PDR Lead State reduces the resources required of the other States and reduces costs by requiring that Vendors will be retained pursuant to a cooperative procurement and consult primarily with and take direction from the PDR Lead State with regard to the overall administration of the Master Services Agreement for the PDR. The States further agree that each State will have direct communication with the Vendors on matters related to the day-to-day implementation and administration of the Program in that State that are not applicable to the Partnership as a whole. Such items include by example and not as a limitation: Implementation, concerns raised by individuals participating in that State's Program; administration of IRAs for Employees of the Partner State, marketing materials and outreach for that State's Program; communications with Employers and Employees in that, operation and content of the website operated for the Partner State's program; matters regarding State Administrative Fees; and Vendor reports and presentations to the State.
2. Disagreements Among States. In the event of disagreements among States the States mutually agree to engage in informal mediation.
3. Ex-Officio Status. The PDR may have as many Ex-Officio Members as the Members deem necessary or prudent for purposes of carrying on the business of the Board or supporting the Program or the PDR. Ex-Officio Members shall not vote, and shall only attend meetings and participate at the discretion of the Board. Each Vendor is presumptively an Ex-Officio Member, subject to any determination otherwise by the Board. Ex-Officio membership does not confer a right to attend or participate in all meetings and, for avoidance of doubt, the Members and the PDR are expressly authorized to convene without Ex-Officio Members present and without notice to the Ex-Officio Members.
4. Limitation of Liability.
  - A. By and through this Agreement, no State accepts liability or responsibility for the acts, errors or omissions of any other State.
  - B. No commissioner, officer, agent, board member, or employee of any State or State itself shall be charged with any liability or held liable under any term or provision of this Agreement, or because of its execution or because of any breach hereof. Nothing in this Agreement is intended to nor shall be construed to require

any State to defend, hold harmless, and/or indemnify any other State or vendor.

- C. Although the States agree this Agreement provides no or very limited action, to the extent any claim could arise out of any State's, including the PDR Lead State's obligations under this Agreement and each State hereby agrees that such action is expressly limited to the requirement of specific performance of another State's duties and obligations. No State may seek or claim against any other State any financial remuneration of any kind, such as damages, costs, fees, or expenses. The sole remedy for each State arising out of this Agreement is for an order requiring specific performance of any other State.
  - D. Each State retains its independent fiduciary duty to the Savers located within that State. No State is entitled to rely upon any other State in the exercise of their fiduciary obligations with respect to their State's Savers.
5. Independence of States. Nothing in this Agreement shall be deemed to create a partnership, joint venture, and/or principal and agent relationship between the States and/or their respective counsel. No State shall become liable for any representations, acts or omissions of one of the other States contrary to the provisions hereof.
6. Confidentiality & Public Disclosure. This Agreement, along with all of the Signature Pages incorporated as a part of this Agreement, and all documents sent or received by the PDR and its Members in relation to this Agreement or created by the PDR under this Agreement (e.g., agendas; meeting minutes), are public records subject to disclosure under each State's open records and disclosure laws without prior notice to any other State. This general statement of public disclosure is limited by the following three exceptions:
- A. Individual State Laws. The States will continue to apply their State's public disclosure and open records laws if doing so results in the withholding or additional protection of records or information, as permitted or required by that State's laws, including restrictions on disclosure of personally identifying information;
  - B. Federal Laws. The States will not disclosure any records or materials for which the disclosure would cause a State to violate any federal law or regulation; and,
  - C. PDR Confirmation of Non-Disclosure. The States recognize and agree that there may be instances where the States agree that records created or received by the PDR or its States are not disclosable under law. The States anticipate that these may include, but are not necessarily limited to: (1) examinations and records surrounding Vendor cybersecurity compliance and practices; (2) records concerning litigation or litigation strategy that may affect the performance or ongoing participation in the Program of the PDR Lead State, the performance or ongoing participation in the Program of any Partner State, or pre-litigation claims or dispute resolution with Vendors, to the extent the PDR deems confidentiality of such records necessary to implement the rights of the States with respect to those Vendors; and (3) records subject to heightened protection,

frequently by operation of law, due to the nature of their content, such as protected health information and personally identifiable information. In such instances, the States and their respective Members agree to: (A) avoid disclosing such records; (B) to segregate such records from non-confidential records; (C) endeavor to clearly label all records containing protected information as “Confidential”; and, if disclosure must be made pursuant to law or court order; and (D) redact, de-identify or aggregate information whenever possible to avoid the disclosure of confidential information to the greatest extent legally permitted.

7. Entire Agreement. This Agreement and to the extent incorporated herein, any related Master Services Agreement and Partnership Addendum, constitutes the entire agreement between the States with regard to the matters contained herein, and it supersedes all oral or written communications, representations, understandings, undertakings, or agreements between the States relating to the Contract and this Agreement. Each State is executing this Agreement wholly upon its own volition, individual judgment, belief, and knowledge, upon the advice of counsel, and this Agreement is made without reliance upon any statement or representation of any other State, except those representations and warranties expressed in this Agreement.
8. The parties intend that the PDF Program, related Partner State Programs, as well as the Master Service Agreement, are authorized procurement activities within the scope of state authority and do not relate to any employee benefit plan governed by The Employee Retirement Income Security Act, 29 U.S.C. 1001, et seq. (“ERISA”). The agreements shall be interpreted to give effect to that intention, including the application of the severability clause under Section VII (12) severability provisions if necessary
9. Amendments & Modifications. This Agreement cannot be amended or modified except by a written instrument, signed by each State, following a unanimous vote of the States to amend.
10. Order of Precedence. In the event any term in this Agreement or a Partner State Agreement conflicts with the terms of any Master Services Agreement, the Master Services Agreement shall control provided, however that no term in the Master Services Agreement may diminish the rights of any State hereunder.
11. No Third-Party Beneficiaries. This Agreement has no third-party beneficiaries. No Vendor, consultant, or other party retained by any State is a third-party beneficiary to this Agreement, and a Vendor cannot enforce any provision in this Agreement. Vendors and the States shall continue to adhere to their Partner State Agreements.
12. Severability. If any provision of this Agreement is deemed invalid, illegal, or unenforceable, the balance of the Agreement shall remain in full force and effect to the greatest extent allowed by law. Upon a determination by a court of competent jurisdiction that any provision is invalid, illegal, or unenforceable, the court may modify this Agreement to affect the original intent of the States as closely as

possible in order that the agreement contemplated hereby be consummated as originally contemplated to the greatest extent possible.

13. Survival. Any provision of this Agreement which, either by its terms or to give effect to its meaning, shall survive, including but not limited to those terms which contain limitations of liability and protect or allow the protection of records and preservation of confidentiality survive termination of this Agreement, whether in whole or with respect to any State.
14. Preservation of Rights. No State has waived any defense, right, immunity or other protection under law, including any statutory provision, by entering into this Agreement.
15. Authority. Each State represents that it has legal authority to participate in the PDR enter into this Agreement and be bound by the terms herein. Each State shall maintain lawful authority to participate in the Program according to its terms, processes, Master Services Agreement(s), and this Agreement. If it is determined that such representations are (or have become) incorrect, such State shall immediately notify the other States and either remedy the issue or withdraw from the PDR. A State that breaches this Section, may be removed from the PDR under Section IV.2.D.
16. Scanned Counterparts Acceptable. This Agreement may be executed in counterparts, and the States agree that any signed and scanned Signature Page (e.g., a PDF) shall be treated as though it was an original signature by the signing State.
17. Effective Date. This Agreement shall be binding upon both (1) the signing State executing the “Adherence Agreement Signature Page” contained in Exhibit A, and (B) the signing State and Vendor entering into a “Partner State Agreement” with all Vendors in substantially the form contained at Exhibit B.

**SIGNATURE PAGES FOLLOW**

**THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK**

**EXHIBIT A****Adherence Agreement Signature Page**

The State of Colorado (the "Signing State"), hereby elects to participate in the Partnership for a Dignified Retirement (the "PDR") and, in doing so, represents and agrees as follows:

1. The Signing State has reviewed the Interstate Adherence Agreement, has reviewed all applicable Master Services Agreement(s), and hereby elects to become a "State" pursuant to the Interstate Adherence Agreement, and subject to the terms therein.
2. The undersigning individual has authority to bind the Signing State to the terms contained in the Interstate Adherence Agreement.
3. The Signing State designates the following individual employee of State to serve as its "Member" for purposes of the Interstate Adherence Agreement:

**Name:** William Hunter Railey  
**Title:** Executive Director  
**E-mail:** william.railey@state.co.us

**Or:**

The person, whomsoever they may be, who now or hereafter serves in the role of \_\_\_\_\_ (name), within the \_\_\_\_\_ (department or agency name) unless and until changed otherwise by our State.

**FOR SIGNING STATE:**

William Railey  
 Signed  
 William Hunter Railey

Date: 8/11/2023 | 1:51 PM MDT

\_\_\_\_\_  
 Name  
 Executive Director

\_\_\_\_\_  
 Title

Colorado Department of the Treasury, SecureSavings Program Division

\_\_\_\_\_  
 Agency / Department

### Adherence Agreement Signature Page

The State of Maine (the "Signing State"), hereby elects to participate in the Partnership for a Dignified Retirement (the "PDR") and, in doing so, represents and agrees as follows:

1. The Signing State has reviewed the Interstate Adherence Agreement, has reviewed all applicable Master Services Agreement(s), and hereby elects to become a "State" pursuant to the Interstate Adherence Agreement, and subject to the terms therein.
2. The undersigning individual has authority to bind the Signing State to the terms contained in the Interstate Adherence Agreement.
3. The Signing State will, within 90 days of execution of this Signature Page, enter into a Partner State Agreement with all Vendors in the form approved by the PDR and, in doing so, agrees to be bound to those terms that apply to Partner States as part of the Master Services Agreement for such Vendor.
4. The Signing State designates the following individual employee of State to serve as its "Member" for purposes of the Interstate Adherence Agreement:

**Name:** Elizabeth Bordowitz

**Title:** Executive Director

**E-mail:** elizabeth.bordowitz@mainesaves.org

**Or:**

The person, whomsoever they may be, who now or hereafter serves in the role of \_\_\_\_\_ (name), within the \_\_\_\_\_ (department or agency name) unless and until changed otherwise by our State.

#### FOR SIGNING STATE:

Elizabeth Bordowitz  
Signed

Elizabeth Bordowitz

Name

Executive Director

Title

Maine Retirement Investment Trust

Agency / Department

Date: 8/11/2023 | 5:28 PM MDT



### Adherence Agreement Signature Page

The State of Delaware (the "Signing State"), hereby elects to participate in the Partnership for a Dignified Retirement (the "PDR") and, in doing so, represents and agrees as follows:

1. The Signing State has reviewed the Interstate Adherence Agreement, has reviewed all applicable Master Services Agreement(s), and hereby elects to become a "State" pursuant to the Interstate Adherence Agreement, and subject to the terms therein.
2. The undersigning individual has authority to bind the Signing State to the terms contained in the Interstate Adherence Agreement.
3. The Signing State will, within 90 days of execution of this Signature Page, enter into a Partner State Agreement with all Vendors in the form approved by the PDR and, in doing so, agrees to be bound to those terms that apply to Partner States as part of the Master Services Agreement for such Vendor.
4. The Signing State designates the following individual employee of State to serve as its "Member" for purposes of the Interstate Adherence Agreement:

**Name:** Ted Griffith  
**Title:** Executive Director  
**E-mail:** Ted.Griffith@delaware.gov

**Or:**

The person, whomsoever they may be, who now or hereafter serves in the role of: \_\_\_\_\_ (name), within the \_\_\_\_\_ (department or agency name) unless and until changed otherwise by our State.

#### FOR SIGNING STATE:

Ted Griffith  
Signed  
Ted Griffith  
\_\_\_\_\_  
Name  
Executive Director  
\_\_\_\_\_  
Title  
Delaware Department of the Treasury  
\_\_\_\_\_  
Agency / Department

Date: 12/22/2023 | 6:33 AM PST

### Adherence Agreement Signature Page

The State of Maine (the “Signing State”), hereby elects to participate in the Partnership for a Dignified Retirement (the “PDR”) and, in doing so, represents and agrees as follows:

1. The Signing State has reviewed the Interstate Adherence Agreement, has reviewed all applicable Master Services Agreement(s), and hereby elects to become a “State” pursuant to the Interstate Adherence Agreement, and subject to the terms therein.
2. The undersigning individual has authority to bind the Signing State to the terms contained in the Interstate Adherence Agreement.
3. The Signing State will, within 90 days of execution of this Signature Page, enter into a Partner State Agreement with all Vendors in the form approved by the PDR and, in doing so, agrees to be bound to those terms that apply to Partner States as part of the Master Services Agreement for such Vendor.
4. The Signing State designates the following individual employee of State to serve as its “Member” for purposes of the Interstate Adherence Agreement:

**Name:** Rebecca Wasserman  
**Title:** Director of Economic Empowerment  
**E-mail:** Becky.Wasserman@vermont.gov

**Or:**

The person, whomsoever they may be, who now or hereafter serves in the role of: \_\_\_\_\_ (name), within the \_\_\_\_\_ (department or agency name) unless and until changed otherwise by our State.

#### FOR SIGNING STATE:

Rebecca Wasserman  
Signed  
Rebecca Wasserman  
Name  
Director of Economic Empowerment  
Title  
Vermont Department of the Treasury  
Agency / Department

Date: 6/27/2024 | 2:10 PM EDT

**EXHIBIT B**

**Form of Partner State Agreement**

**Partner State Agreement**  
**PARTNERSHIP FOR A DIGNIFIED RETIREMENT**

This Partner State Agreement (this “Agreement”) is entered into between \_\_\_\_\_ (“Undersigned Partner State”) and \_\_\_\_\_ (“Vendor”) for purposes of Undersigned Partner State’s receipt of services under the Partnership for a Dignified Retirement (“PDR”). This Agreement relates to the master services agreement known as \_\_\_\_\_, and effective as of \_\_\_\_\_ (the “Master Services Agreement”), between the State of Colorado (“Lead State”) and Vendor.

WHEREAS, Undersigned Partner State is participating in the PDR and has executed the Adherence Agreement Signature page of the Interstate Adherence Agreement by and between the participating states;

WHEREAS, Vendor has signed the Master Services Agreement with Lead State; and,

WHEREAS, Undersigned Partner State hereby seeks to enter into a Partner State Agreement with Vendor in order to receive the benefit of Vendor’s services to the PDR and its partner state members.

NOW THEREFORE, Vendor and Undersigned Partner State agree as follows:

1. Agreement to be Bound.

The Master Services Agreement is hereby incorporated into and made a part of this Agreement. By and through such incorporation, and subject to the terms of the Master Services Agreement, Undersigned Partner State hereby agrees to be bound by those terms made applicable to “Partner States” as part of the Master Services Agreement, and Vendor hereby agrees to allow such rights and provide such benefits to Undersigned Partner State as though it is a “Partner State” under the Master Services Agreement.

2. Additional Terms.

Undersigned Partner State and Vendor agree, as by and between them, to the following additional terms:

**[To be completed by Undersigned Partner State and Vendor]**

3. Other Terms.

A. Effective Date. This Agreement is effective on the date of the last signing party below.

B. Term & Termination. This Agreement shall continue in effect until the earlier of: (a) termination, expiration or other cessation of the Master Services Agreement between Lead State and Vendor; (b) the parties hereto enter into a written and signed Amendment that terminates this Agreement; or (c) the

Master Services Agreement or this Agreement is determined by a court of law of competent jurisdiction to be terminated, expired, invalid, void, or otherwise unenforceable with respect to one or both of the parties hereto.

- C. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect, provided that the parties can continue to perform their obligations under this Agreement in accordance with the intent of this Agreement.
- D. Vendor / Jurisdiction. In the event of a dispute between Undersigned Partner State and Vendor where such dispute resolution is not lead by Lead State on behalf of the partner states, Undersigned Partner State and Vendor agree that jurisdiction for such dispute shall reside solely in the State of \_\_\_\_\_, with exclusive venue in \_\_\_\_\_.
- E. No Third-Party Beneficiaries. Except for the parties' valid respective successors and assigns, this Agreement does not and is not intended to confer any rights or remedies upon any person or entity, including enforcement of this Agreement, other than the rights and obligations hereunder are reserved solely to the Lead State, the Partner States, and Contractor. Any services or benefits which third parties who are not Parties to this Agreement receive as a result of this Agreement are incidental to this Agreement, and do not create any rights or ability to enforce the terms of this Agreement for such third parties.
- F. Authority. Each party hereto represents and warrants to the other that the execution and delivery of this Agreement and the performance of such party's obligations have been duly authorized.
- G. Separate Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered an original and all of which shall constitute a single instrument. The parties agree that a fax or electronically transmitted valid and authorized original signature shall be deemed an original, provided the original copies are promptly delivered.

## Colorado - Appendix C

## **Appendix C: Key Personnel**

### *Colorado SecureSavings Program Board*

#### **Keshia Allen Horner**

As Founder and Principal of Mariposa Analytics, Keshia Allen Horner directs a human-centered management consulting firm that specializes in organizational development and operational strategies for nonprofits, government entities, and small businesses. Before founding Mariposa Analytics, Keshia served as non-profit leader for almost, where she drove initiatives to expand operational capacity and optimize service delivery through robust business strategies, well-designed processes, and sound financial and human resource allocation.

Keshia's extensive background includes more than 13 years in government auditing. She spent five years with the City and County of Denver Auditor's Office, where she led audits covering various city operations, including city planning, public safety, and economic development. Keshia also dedicated over eight years at the U.S. Government Accountability Office (GAO) in Washington, D.C., where she managed audits focused on domestic and international tax policy, employer-sponsored pension plan oversight, and small business lending.

Keshia holds a Master's degree in Public Administration and Bachelor of Arts degrees in Political Science and Public and Urban Affairs from Virginia Polytechnic Institute and State University (Virginia Tech).

#### **James Martin**

Jim Martin was President and CEO of Denver based Kroenke Sports & Entertainment from November 2010 through December 2019. KSE owns and operates the Denver Nuggets, Colorado Avalanche, Ball Arena and various other sports, entertainment and media assets. Martin first joined Kroenke Sports in 2004 as President of Altitude Sports & Entertainment. He previously held executive and management positions with Fox Sports and Liberty Media Corporation, and before that practiced corporate law in Denver and Phoenix. He is a graduate of the University of Wyoming and the University of Notre Dame Law School. He currently also serves on the Gold Crown Foundation and the Denver Police Foundation Board of Directors, and previously served on the Visit Denver Board and the Denver Scientific and Cultural Facilities District Board.

#### **Toby Nuber**

Toby Nuber has more than 20 years of investment banking, corporate finance and operations experience. Since 2014, he has served as the Chief Operating Officer and Chief Financial Officer of Good Chemistry. Headquartered in Colorado, with additional operations and licenses in Massachusetts and Nevada, Good Chemistry is a successful, responsible and philanthropic cannabis company. Prior to joining Good Chemistry, Nuber successfully applied his corporate finance skills at several investment banks in New York and San Francisco, including the Royal Bank of Canada (RBC Capital Markets) and UBS. In this capacity, Nuber completed more than 40 transactions including initial public offerings, debt and equity capital raises, and buy/sell side mergers or acquisitions for a diverse set of technology and healthcare clients.

**Carolyn Paul**

Carolyn Paul is a high-energy and confident executive with broad-based experience in financial services, retail and non-profit boards. An analytical problem solver with excellent communication skills, Paul has extensive experience working with regulators and has served both on a privately held corporate board and numerous non-profit boards. She brings over three decades of experience in financial services and has held leadership roles for ANB Bank, Bank of the West, Charles Schwab, and Wells Fargo. Paul is active in the community currently serving on the Komen Colorado Board and Wise Women Advisory Board (past president).

**Colorado State Treasurer Dave Young, Board Chair**

A native Coloradoan, Dave Young is honored to serve as Colorado State Treasurer. Dave served as a Colorado Representative from House District 50 for eight years. While in the legislature, Dave served on the Joint Budget Committee and as the Chair of the House Appropriations Committee. In January 2019, he was sworn in as Colorado State Treasurer. As State Treasurer, Dave has advocated for legislation that centers economic justice, including college savings accounts, small business loan funding, and championed the creation of the Colorado SecureSavings Program.

**Kara Woolley**

Kara leads the Inclusive Saving and Investing Initiative at the Aspen Institute Financial Security Program. There she supports a community of policy and market leaders in pursuit of a lifelong inclusive savings and investing system.

Prior to joining Aspen, Kara led the Funding Our Future Coalition on retirement security at the Bipartisan Policy Center. Additionally, her background includes policy and advocacy work, campaign organizing, as well as experience working on Capitol Hill.

Kara earned her BA from the University of Wisconsin-Madison with a double major in Political Science and Latin American Studies with a certificate in Spanish.

**Jennifer Luce**

Jennifer Luce is the Executive VP for FirstBank leading the South Market. Founded in 1963, FirstBank is the second largest financial institution in Colorado with over \$20 billion in assets and 2,500 employees. It operates 114 locations in Colorado, along with ten in Arizona and five in California. During her 20 year career at FirstBank, Jennifer has served in a variety of positions that include: developing and leading the Business Lending Group central to the bank's 250 lending officers; responsible for growing loans annually over \$40 million and deposits over \$6 million; manage and mentor a team of 21 officers that oversee the daily operations of our 10 branch market; responsible for the growth, profitability and operations of a \$1 billion bank with ten branches and 100+ employees; founded and chaired FirstBank's Advocacy Program working with state and federal legislators.

**Kelly Stecklein**

Kelly Stecklein is the Founder and President of Wealth Evolution Group. She has worked in the financial planning field for over 20 years at organizations such as Charles Schwab, Wells Fargo Investments, and Penn Mutual. Kelly began Wealth Evolution Group in 2009 to offer a comprehensive financial coaching



process based on honest and objective guidance. Kelly specializes in comprehensive financial planning and coaching for affluent individuals, families, and business owners, and supports her clients in the areas of investment management, retirement planning, risk management, and tax and estate planning. Kelly received her BA in International Business and French from Fort Lewis College, and holds an MBA and MS in Finance from the University of Colorado at Denver. Additionally, she is a Certified Financial Planner.

#### *Colorado SecureSavings Program Professional Staff*

#### **Hunter Railey, Chair of Partnership for a Dignified Retirement Advisory Committee**

As director of the Colorado SecureSavings Program, Hunter Railey works with his board to oversee all aspects of the Program, including design, structure, governance, operations, investment management, partnerships, and marketing. He spearheaded the development of a multistate governance framework that is now the Partnership for a Dignified Retirement, and serves as its founding chairman.

Before joining the Colorado Department of the Treasury, Mr. Railey served as the Colorado Director for Small Business Majority, a small business advocacy and research nonprofit, where he managed a network of business owners, developed and implemented a policy agenda, and provided technical assistance and resource navigation services. His work experience also include policy analysis, campaign management, and polling.

Mr. Railey currently sits on the boards of CEDS Finance and Startup Colorado, and is a graduate of the University of Denver, and the School of Public Affairs at American University.

#### **Anna Stevens**

Anna Stevens is the Program Manager for the Colorado SecureSavings Program. In this role, Anna manages day to day operations and processes for the Program, and supports the director in overseeing investment performance, policy, and relationship management functions. Additionally, she has served as strategic advisor to the Partnership for a Dignified Retirement, and staffs the Advisory Committee.

Prior to being the Program Manager for the SecureSavings Program, she served as one of the first Outreach Specialists for the Program and designed the initial marketing and outreach approach.

Before joining the Colorado Department of the Treasury, Anna worked as the Colorado Outreach Manager for Small Business Majority, building out a comprehensive outreach strategy for rural business owners.

Anna has a BA and MA in Political Science from the University of Colorado, and is currently an MBA candidate in Finance.

#### **Daniela Leibovici**

Daniela Leibovici joined the Colorado Department of the Treasury as an Outreach Specialist for the SecureSavings Program, and has since advanced to the role of Communications Manager. In her position, she oversees two outreach employees, develops and implements the Program's communication strategy, and coordinates marketing and outreach communications with the Department Communications Director.

Prior to joining the Colorado Department of the Treasury, she worked for the Boulder County Assessor's Office, and held various positions on political campaigns throughout Colorado.

Daniela has a BA from Miami University of Ohio.

### **Darius West**

Darius West is an Outreach Specialist for the SecureSavings Program. He assists with strategy development and execution of digital marketing and outreach strategies. Additionally, he educates business owners and employees on the value of the SecureSavings Program, and manages an extensive network of key stakeholders throughout the state.

His previous roles include serving as an Operations Manager, and Community Engagement Manager for multiple nonprofits in the Denver Metro area. His passion is in creating resilient operations by improving workflow efficiency, and expanding the reach of organizations that support community members.

Darius earned his BA in Political Science from Howard University, as well as his MA in Environmental Management from Western State University.

### **Anthony Baker**

Anthony Baker is an Outreach Specialist for the SecureSavings Program. He assists with strategy and content development, manages stakeholder relationships, and works to educate employers across the state on the benefits of the Program. A new member to the SecureSavings team, Anthony is working to deepen the Program's relationships with partner state and local agencies to ensure employers can find Program information through engagement with public entities beyond the Colorado Department of the Treasury.

Prior to joining the Program, Anthony held a variety of marketing and administrative roles in industries such as higher education, electronics, and veterinary healthcare. He also served in the United States Air Force as an Aerospace Medical Technician.

Anthony holds a BS in Media Production and Leadership from Metropolitan State University, Denver, as well as an MBA and MS in Marketing from the University of Colorado, Denver. He is currently working on his MS in Historical Preservation as well.

*Partnership for a Dignified Retirement – Advisory Committee*

### **Beth Bordowitz – Executive Director, Maine**

Beth Bordowitz is the Executive Director of the Maine Retirement Savings Board. She is responsible for standing up the Maine Retirement Savings Board as an Independent Agency of the State of Maine, as well as implementing and administering the Maine Retirement Savings Program. Beth served as the CEO of the Finance Authority of Maine (FAME) for seven years after serving as the General Counsel to FAME. While at FAME, Beth was instrumental in the development and implementation of numerous small business and education finance programs, college savings and financial education initiatives.

She previously served as the Vice President, Legal and Administration for the Forman S. Acton Educational Foundation from its inception in 2014 through 2018. She is a certified mediator on the Maine Courts family matters roster. Beth served as a Community Development Volunteer with the

Peace Corps in North Macedonia from 2018 to 2020. Beth currently is a member of the Board of Directors of the Maine Health Access Foundation. She has served and held leadership roles on the numerous nonprofit and governmental boards of directors including the Portland Public Library, Alfond Scholarship Foundation, Maine Development Foundation, Portland Zoning Board of Appeals, and Family Crisis Shelter.

A New Jersey native, Beth earned a Bachelor's degree from Rutgers College, a Master's degree in Public Policy from the Eagleton Institute of Politics of Rutgers University, and a Juris Doctor from Rutgers School of Law-Camden.

#### **Ted Griffith – Executive Director, Delaware**

Ted brings to this role within the Delaware Office of the State Treasurer extensive experience in financial planning, as well as marketing and communications. A Certified Financial Planner, Ted worked for 16 years at the global investment company Vanguard. Most recently, he was a high net-worth financial advisor, and helped oversee \$100 million in client assets. He was also a marketing and communications manager with responsibility for fund reports and other content distributed to millions of investors.

Before his career in financial services, Ted was an award winning journalist for a variety of outlets, including CBS MarketWatch and The News Journal. He is an active volunteer in his community for organizations including the Beau Biden Foundation for the Protection of Children, and the Down Syndrome Association of Delaware. From 2019 to 2024, he was the Treasurer for the Down Syndrome Association of Delaware.

#### **Becky Wasserman – Executive Director, Vermont**

Becky Wasserman is the Director of Economic Empowerment in the Office of the Vermont State Treasurer where she oversees several initiatives, including the launch and implementation of the Vermont Saves Program. She previously served as an attorney in the Office of Legislative Counsel for the Vermont General Assembly where she focused on budget, tax, and public financing-related legislation. Prior to that, she worked in the financial regulatory practice at a private law firm.

Becky is currently the Founder and Board Chair of the Vermont Asylum Assistance Project, and a member of the Board of Girls on the Run Vermont.

A native New Yorker, Becky earned a Bachelor's degree from the University of Pennsylvania, a Master's degree from the London School of Economics and Political Science, and a Juris Doctor from Brooklyn Law School. She is licensed to practice in New York and Vermont.

#### *Vestwell State Savings – Relationship Management Team*

#### **Courtney Eccles – VP, State Relationship Management**

Courtney serves as a VP on the Vestwell State Savings team, engaging with new and existing state partners in the auto-IRA space. She works directly on the implementation and administration of state retirement programs, as well as monitoring legislation and program development for future states. She joined Vestwell in November of 2021.

Previously, Courtney spent six years as the Executive Director of IL Secure Choice, Illinois' state-administered auto-IRA program. She was responsible for all aspects of program implementation,

ongoing operations, board engagement, and overseeing relationships with industry stakeholders, advocates, and state agencies. Prior to joining the Illinois Treasurer's Office, Courtney served as the VP of Policy for Woodstock Institute, a Chicago-based research and advocacy non-profit. She was responsible for the organization's state and federal policy initiatives in the areas of wealth creation and asset building, fair lending, and financial systems reform.

Courtney received both her B.S. in Social Policy and Master's in Public Policy from Northwestern University.

#### **Matt Golden – SVP, State Retirement**

Matt Golden leads the Vestwell State Savings Team that is responsible for program management and administration of state sponsored auto IRA retirement programs.

Matt has over 30 years of experience in financial services, focused on retirement savings, and investment product management, as well as saving for college. Most notably, he led both the conversion of the OregonSaves program to Vestwell, and the initial launch and ongoing administration of the first two State sponsored auto IRA programs, the OregonSaves and Illinois Secure Choice Programs, as the lead relationship manager with Ascensus.

Prior to joining Ascensus to lead the launch of OregonSaves and Illinois Secure Choice, Matt held various client relationship and product management roles over a 28-year career at Fidelity Investments.

## Colorado - Appendix D

## **COLORADO SECURE SAVINGS PROGRAM**

### **Statement of Investment Policy**

---

#### **Introduction**

The Colorado Secure Savings Program Board (“Board”) hereby adopts this Statement of Investment Policy for the State’s Secure Savings Program (“Program”).

#### **Purpose of the Statement of Investment Policy**

This Statement of Investment Policy ("Policy") defines the investment structure, responsibilities and monitoring guidelines of the Program by establishing policies and procedures for the Board to follow in maintaining the Program. This Policy is consistent with other state-facilitated automatic enrollment IRA plans, established guidelines for equivalent defined contribution programs and governing rules, regulations and standards adopted by the marketplace. The Policy serves the following purposes:

- Outlining the Board’s investment philosophy;
- Delineating the ongoing supervision of Program including roles and responsibilities;
- Establishing an investment structure that will allow the Program’s participants the opportunity to structure an investment strategy that meets their individual return objectives and risk tolerances;
- Defining the selection process of investment managers to satisfy the investment categories;
- Defining the investment categories offered by the Program;
- Establishing investment objectives and performance standards for each investment category offered as well as appropriate benchmarks and peer groups for each investment option offered;
- Establishing a procedure for monitoring and reviewing the Program’s investment options; and
- Providing a process for decisions regarding additions, replacements or elimination of the actual investment choices offered.

To fulfill their role as fiduciaries of the Program, the Board is obligated to make decisions with the level of judgment and care then prevailing that a person of prudence, discretion and intelligence would exercise in the management of their own affairs.

The Board may deviate from this Policy as it deems appropriate, including on a case-by-case basis with respect to any investment manager appointed by the Board. However, no investment manager is permitted to deviate from these policies without prior written Board approval.

This Policy describes objectives, guidelines and constraints for the investment of the Program’s assets and is to be used in developing an appropriate investment structure. This Policy will also be used as the basis for future investment performance measurement and evaluation. In general, this Policy is intended to provide sufficient flexibility to accommodate current and future economic and market conditions and changes in

## **COLORADO SECURE SAVINGS PROGRAM**

### **Statement of Investment Policy**

---

applicable accounting, regulatory and statutory requirements. This Policy should be reviewed on at least an annual basis but can be amended by the Board at any time.

This is the official Policy of the Program. Deviation from this Policy is not permitted without prior, explicit, written permission from the Board.

### **Establishment and Authority of Entity**

Colorado Revised Statute 24-54.3, established the Colorado Secure Savings Program as an automatic enrollment payroll deduction IRA program and established the Board to create and implement the Program. The Program should promote greater retirement savings for private sector employees in a convenient, low-cost and portable manner.

### **Investment Philosophy**

The Board has adopted a long-term strategy for the Program and its investments. Since each participant in the Program will be able to direct their own investments, the Board will ensure that a broad range of investment options is offered across the risk, return spectrum.

If an individual is enrolled in the Program without making an investment election, their contributions will be directed to the Short-term investment for the first thirty (30) days. After 30 days, their account balance and future contributions will be directed to the age-appropriate vintage (based on retirement at age 65) in the target date series.

The Board will review the Program's investment options at least quarterly to ensure they continue to meet the Policy standards. At least annually, the Board will review the level of diversification offered by the Program's investment categories, and based on the results of these reviews and recommendations of the Investment Consultant, may add or delete investment categories

The Board may choose, but is not required, to offer investment options in any of the following broad asset categories:

- A. Short-Term Investments;
- B. Fixed Income Investments;
- C. Domestic Equity Investments
- D. International Equity Investments
- E. Global Equity Investments
- F. Balanced Investments (including target date and target risk)

## **COLORADO SECURE SAVINGS PROGRAM**

### **Statement of Investment Policy**

---

The specific investments being offered at any time are identified in Appendix A, which should be updated with any changes to the Program's investment structure.

Where applicable, the Board shall endeavor to integrate environmental, social and governance (ESG) factors as components of investment due diligence and decision making.

### **Fee/Cost Objectives**

The Board will monitor the overall costs of the Program and work to minimize total annual fees. For the first five years of operation, the Program total annual fees shall not exceed 1.0% of total assets. In the sixth and subsequent years, the total annual fees shall not exceed 0.75% of total assets.

**Investment options** - The Board will review the fee structure of the investment managers and the investment options at least annually. Expenses for each of the investment options should be appropriate and competitive versus asset class peers. The peer groups for each investment option are identified in Appendix A. Where several share classes of an investment fund are available, the Board will seek to offer the most cost-effective class available to the Program.

**Administration** - The Board will review the administrator's required revenue and any additional fees periodically but no less than bi-annually. Fees and expenses for the recordkeeping and administrative services and participant fees should be reasonable and appropriate for the market at that time.

All associated fees will be disclosed to eligible employees upon enrollment into the Program and at least annually thereafter.

### **Program Objectives**

The overall objective of the Program is to increase the retirement savings of Colorado residents in a convenient, low-cost and portable manner. This shall be achieved through a state-facilitated, automatic-enrollment IRA program for participants whose employers do not offer a retirement savings plan.

The primary investment objective of the Program is to offer participants appropriate investment choice for retirement assets, including providing a diversified, default investment choice for participants taking advantage of automated features. Participants will have the ability to invest their money in pooled vehicles from no more than three investment managers.

It is intended that:

- Options allow for prudent diversification consistent with a participant's goals and objectives;
- Each option is adequately diversified with respect to its investment category;
- Each option has a risk profile consistent with its investment category;



## **COLORADO SECURE SAVINGS PROGRAM**

### **Statement of Investment Policy**

---

- Costs for each option are not excessive when compared to alternative options of a similar style, available to equivalent programs; and
- Options may be used together to increase or decrease a participant's risk and the opportunity for return.

The investment options offered by the Program cover a broad range of investment options appropriate for these types of retirement savings programs. Participants bear the risks and reap the rewards of the investment options they select.

### **Roles and Responsibilities**

The Board is responsible for the establishment, implementation and maintenance of the Program. The Board may engage and utilize subject matter experts and third parties to assist in its responsibilities.

#### ***Board***

- Act in the sole interest of participants and their beneficiaries;
- Adopt rules for the general administration of the Program;
- Direct the State Treasurer to hire staff to support oversight and administration of the Program;
- Develop, maintain and adapt the Investment Policy Statement to stay consistent with Program objectives and market developments;
- Oversee investment of the funds contributed;
- Select and monitor the investment options in accordance with the Program's objectives;
- Review and approve all marketing and education materials associated with the Program;
- Review investment and administrative fees for reasonableness; and
- Attend scheduled meetings and training sessions.

#### ***Treasury Staff***

- Manage day-to-day operations and administrative functions for the Program;
- Develop and implement the Program's internal policies and procedures;
- Assist in the communication of the Program to employers and employees; and
- Work with the Program and Investment consultants to provide monitoring to the Board

#### ***Investment Consultant***

- Assist the Board and Treasury staff in the execution of the Program's investment objectives and ongoing compliance with the Investment Policy Statement;
- Monitor and review the performance of each investment option;
- Monitor investment options for compliance with guidelines and performance objectives;
- Monitor investment fees for investment policy compliance and reasonableness

## **COLORADO SECURE SAVINGS PROGRAM**

### **Statement of Investment Policy**

---

- Provide periodic reports to the Board on the investment options to include at a minimum performance and fees
- Meet with the Board on a regular basis to review performance and benchmarking reports and make any necessary recommendations;
- Make recommendations regarding changes to the Investment Policy Statement; and
- Report to the Board on current investment trends and issues.

#### ***Investment Managers***

- Responsible for making investment decisions consistent with the approach stated in their relevant prospectuses or other applicable governing documents and contracts with the Program;
- Provide reports on investment option performance on a regular basis, but no less frequently than quarterly, to the Board;
- Meet with the Board as requested to review their portfolio; and
- Immediately notify the Board (or its designees) and the Investment Consultant in writing of changes in fund operation and personnel that may negatively impact performance (this includes any organizational or strategy changes that impact asset management).

#### **Reporting and Monitoring Procedures**

The Board will meet with the Investment Consultant to review the investment performance of the Program's investment options periodically, including review of the following:

- Current trends and developments in the capital markets and investment management community (market review);
- The current level of diversification provided by the investment categories and options offered by the Program (review of the correlation between investment categories and options);
- Changes in the investment management staff related to each investment option (organizational review);
- The continued consistency between the stated investment guidelines of each investment option and Program policies (review of the guidelines of each investment option);
- The compliance of each investment option with stated investment guidelines (review of the holdings and characteristics of each investment option), including style drift analysis;
- The compliance of each investment option's risk and return characteristics with the expectations stated herein (performance review); and
- The ongoing reasonableness of investment fees.

## **COLORADO SECURE SAVINGS PROGRAM**

### **Statement of Investment Policy**

---

#### **Investment Education**

The Board, with assistance from Treasury Staff, will make sure the Program's participants are provided with general financial and investment information to educate and assist participants in making their allocation decisions and facilitate the achievement of savings and retirement goals. Additionally, the Board, with assistance from Treasury Staff, will ensure participants are provided with account statements, generally quarterly, and fee disclosure information consistent with that required under ERISA and industry best practices.

#### **Investment Option Selection**

The following outlines the selection criteria to be used, if the need arises, to replace an existing investment option, or if a new option is to be added to the Program. The selection process will involve a fully documented, disciplined approach that includes both a quantitative and qualitative evaluation of potential investment options. An investment option should meet the following minimum criteria:

- Have at least one share class of the investment with a minimum track record of three years
- Be open to new investors
- Have no load (front end or deferred sales charges) or be willing to waive the load and be willing to negotiate rebates on fee structure
- Have characteristics of the appropriate investment category

The primary evaluation criteria to be used in the selection of investment options, which satisfy the above:

- Stable organization
- Stable and experienced team including tenure at the organization and on the investment option of the portfolio manager(s)
- Consistent implementation of investment objectives and portfolio strategy
- Style consistency; portfolio composition and investment characteristics have regularly placed it in the asset class being sought
- One, three, five and 10 year rates of return (net of operating expenses and annualized for time periods longer than one year) or an option's available track record
- Risk measures including annualized standard deviation, tracking error and Sharpe Ratio
- Risk/return ratio and upside/downside capture ratio (at least two periods longer than three years)
- Fund expenses are reasonable relative to peers

## COLORADO SECURE SAVINGS PROGRAM

### Statement of Investment Policy

---

#### Investment Option Evaluation

The Board, at its discretion, may conduct an informal review and evaluation of an investment option at any time. The Board may place an investment option under formal review (Watch List), terminate an investment option, or “freeze” an investment option to new contributions for any of the following reasons:

1. **Relative Underperformance (active investments):** The investment option’s returns over a three and five-year period trail the relevant index on an annualized basis.
2. **Deviation from Investment Style:** The investment option will be considered to have deviated from its style or capitalization profile if it differs from the investment option’s stated objective.
3. **Organizational Changes or Issues:** The investment option undergoes organizational changes including, but not limited to, departure of key personnel *i.e.* portfolio manager, analyst, trader, *etc.*, or the firm has had state or federal regulatory action taken against it as a result of securities or other fraud, illegal conduct and any other action deemed to be harmful to Program participants.
4. **Significant Loss of Assets and/or Clients:** The investment option suffers a large loss of clients and/or assets relative to the investment option’s peers, industry and market conditions.
5. **Poor Risk Adjusted Performance (active investments):** Three and five year risk adjusted returns, *i.e.*, Sharpe Ratios, Downside Capture, *etc.* are lower than those of the corresponding benchmark.
6. **Poor Three and Five Year Peer Rankings:** The investment option’s three and five-year peer rankings as measured by the Morningstar Category Rank fall into the third or fourth quartiles.
7. The investment option has violated an SEC rule or regulation;
8. **Fees:** The Board determines that the fees and any other compensation charged by the investment option are no longer reasonable under the circumstances;
9. For any reason, the Board is uncertain about whether the investment option continues to meet the Program’s needs.

#### Formal Investment Option Review (Watch List)

The Investment Consultant will notify the Board that an investment option should be placed under formal review, and the Board will vote on whether to place the option on “watch.” Upon receiving notification from the Investment Consultant that an investment option has been placed under formal review, the Board, with assistance from the Investment Consultant, shall conduct an evaluation of the investment option, including at a minimum its investment professionals, operations and performance. Upon completion of the evaluation, the

**COLORADO SECURE SAVINGS PROGRAM**  
Statement of Investment Policy

---

Board will determine whether to continue the investment option under formal review (Watch List) status, remove the investment option from formal review or terminate the investment option.

**Changes to Investment Policy**

The Board in accordance with its discretion as prescribed by statute, may modify this Statement of Investment Policy. However, this Policy will be reviewed at least annually to confirm it still meets the needs of the Program and participants.

This Statement of Investment Policy is adopted by the Board of the Colorado Secure Savings Program on this \_\_\_\_\_ day of \_\_\_\_\_, 2022 and formally executed on such date by their duly authorized representatives.

## COLORADO SECURE SAVINGS PROGRAM

### Statement of Investment Policy

---

#### **Appendix A**

#### **Selection of Investment Options**

The Program may offer investment options from each of the following investment categories:

<b>Category</b>
Money Market
Fixed Income
Global Equity
ESG Focused Balanced
Target Date

Each investment option the Program offers shall:

- Operate in full accordance with its current published prospectus or “fact sheet”; and
- Measure its performance results against the applicable performance standards described below.

If the Board determines an investment option no longer meets its performance objective, it may replace that option with a suitable alternative pursuant to the investment option evaluation procedure outlined in the body of the Policy.

From time to time, the Board, in its discretion, may add or remove investment categories. At such time, this Appendix will be modified to reflect any necessary changes. The Board may also add or remove investment options at its discretion.

By selecting a target date series, the Board understands and acknowledges that options will be added and removed as time goes by according to the glide path and design of the selected series.

## **COLORADO SECURE SAVINGS PROGRAM**

### **Statement of Investment Policy**

---

### **Performance Standards & Objectives**

The Program may offer at least one investment option within each of the following investment categories:

### **Performance Standards (Net of Fees)**

#### **Money Market**

- Provide a rate of return similar to cash.
- Maintain a stable price of \$1 per share.

#### **Active Managers**

- Exceed the return of the applicable benchmark over a market cycle; generally 3 to 5 years.
- Exceed the median return of the applicable universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the applicable benchmark and universe.

#### **Passive Managers**

- Meet the return (minus fees) of the applicable benchmark over a market cycle; generally 3 to 5 years.
- Meet the median return of the applicable universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be in line with that of the applicable benchmark.

#### **Target Date Funds**

- Exceed the return of the composite index over a market cycle; generally 3 to 5 years.
- The composite indices for all the lifecycle funds will consistently change allocation by gradually shifting their allocation towards more conservative securities as the lifecycle fund matures.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the composite index.

### **Objectives**

#### **Fixed Income / Capital Preservation**

Fixed income may include stable value, money market, capital preservation and domestic fixed income.

#### **Money Market**

The objective of this investment option is to provide principal preservation and liquidity with current income based on short-term interest rates. Expected to maintain a stable \$1 per share so investors' accounts never go

## **COLORADO SECURE SAVINGS PROGRAM**

### **Statement of Investment Policy**

---

below their contributions. In certain environments, fees may exceed earnings and real returns may be negative.

#### **Domestic Fixed Income**

The objective of this investment category is to provide total return consistent with preservation of capital by investing in fixed income instruments, including corporate, government and mortgage-backed securities. Investment returns are expected to be derived primarily from current income.

#### **Asset Allocation**

Asset allocation investment options may include balanced, risk based or target date investment options.

#### **Balanced Funds**

The objective of this investment category is to invest in a diversified portfolio of stocks and bonds with a target asset mix. The equity component investment returns are expected to be derived from capital appreciation and/or dividend income. This category may invest in the common stock of large, mid and small-capitalization companies and either developed or emerging markets. The fixed income component expects returns to be derived primarily from income and may invest in at least corporate, government and mortgage-backed securities.

#### **Target Date Funds**

The objective of this investment category is to invest in a diversified portfolio (stocks and bonds) of holdings that are systematically rebalanced during the various market cycles or stages of an investor's lifetime. Target date funds establish a targeted "maturity date" and will automatically reallocate the investments over time to a more conservative allocation. Target date funds are designed for the participant to select the fund that has its "maturity date" set similarly to his or her own investment horizon (*e.g.*, the participant's retirement age). The underlying investments that comprise each target date fund will be selected by the investment manager. The dynamic asset allocation applied to each target date fund option will be determined and rebalanced, accordingly, by the investment manager.

#### **Equity**

Equity investments may include growth, core or value as defined below:

- Value Equity: Companies considered by the investment manager to be undervalued relative to the market.
- Growth Equity: Companies considered by the investment manager to have above average potential for capital appreciation.



## **COLORADO SECURE SAVINGS PROGRAM**

### **Statement of Investment Policy**

---

- Core Equity: Portfolio would hold some companies with value characteristics and some with growth characteristics but the investment manager would balance the combination of the two.

#### **Global Equity Funds**

The objective of this investment category is to invest primarily in the common stock of companies around the world both within the United States and outside with investment returns expected to be derived from capital appreciation and/or dividend income. This category may invest in the common stock of large, mid and small-capitalization companies. The common stock may also be in either developed or emerging markets.

Colorado - CSSP English & Spanish  
Employer Fact Sheets



## Help your employees build financial security with Colorado SecureSavings.

**The Colorado SecureSavings Program is a simple way to help your employees save for the future.**


As businesses work to recover from the pandemic's financial impact, employees are looking for benefits that give them more financial security. In fact, **51% of Americans have increased concern about their retirement** due to the COVID-19 pandemic.<sup>1</sup> Here in Colorado, more than 40% of the workforce — nearly 940,000 employees — do not have access to a retirement savings plan at work. Colorado SecureSavings is here to change that and to make it easy for you to help your employees save for their future.

### What is Colorado SecureSavings?

Colorado SecureSavings is a new retirement savings program, created by the Colorado Secure Savings Board in the Colorado Department of the Treasury. All Colorado businesses with five or more employees (who have worked for you for at least 180 days), and who have been in business for two or more years, will be required to register for the program if they don't already offer a tax-qualified retirement savings plan to any employees.

The good news? This program is designed to help employees establish a financially secure future with easy, automatic payroll contributions to a Roth IRA. Colorado SecureSavings is an added benefit to offer and comes at no cost to employers.

**Learn more about the Colorado SecureSavings Program.**

 Visit [ColoradoSecureSavings.com](https://coloradosavesavings.com)



### Colorado SecureSavings can benefit your business.

- It's FREE to facilitate.
- It's easy to set up: No complex administration and minimal ongoing responsibilities.
- It lets you focus on your business, with easy integration with your payroll process.
- It's a valuable benefit to attract and retain employees by giving them a simple and secure way to save through automatic payroll contributions into a Roth IRA.
- You have no fiduciary responsibility, meaning you are not responsible for the investment decisions or outcomes of any employee that participates in the program.
- You are not required to match contributions.

## It's easy to get started.

Facilitate the Colorado SecureSavings Program in three simple steps.

1. **Register your company** at ColoradoSecureSavings.com when the full program launches in 2023. (You'll receive an invitation with a unique Access Code.)
2. **Provide your employees' payroll information and submit your employees' savings contributions levels.** You can even invite a payroll representative to help you facilitate this process.
3. **Keep your employee records up to date.** You'll need to submit your payroll details every pay period and keep your employees' payroll contributions and staff list up to date.

## It's even easier to help your employees save.

- Upload your employee roster once you register.
- Colorado SecureSavings makes it easy to save with automatic payroll contributions to a Roth IRA.
- The default savings rate is 5% of gross pay that your employees can adjust at any time.
- Participation is voluntary. Employees can opt-out or re-enroll at any time.
- Employees' contributions belong to them. Colorado SecureSavings accounts are portable, even if employees change jobs.

---

### References

1. Bond, Tyler, et al. "Retirement Insecurity 2021: Americans' Views of Retirement." *National Institute on Retirement Security*, 26 Feb. 2021, [www.nirsonline.org/reports/retirementinsecurity2021](http://www.nirsonline.org/reports/retirementinsecurity2021).

Colorado SecureSavings is governed by the Colorado Secure Savings Program Board ("CSSPB"), an instrumentality of the State of Colorado. Vestwell State Savings, LLC ("Vestwell"), dba Sumday Administration ("Sumday"), is the program administrator. Sumday and The Bank of New York Mellon are responsible for day-to-day program operations. Participants who use Colorado SecureSavings beneficially own and have control over their Individual Retirement Accounts ("IRA"), as provided in the program offering set out at ColoradoSecureSavings.com.

Colorado SecureSavings' investment options are selected by the CSSPB. For more information on Colorado SecureSavings' investment options, go to ColoradoSecureSavings.com. Account balances in Colorado SecureSavings will vary with market conditions and are not guaranteed or insured by the CSSPB, the State of Colorado, the Federal Deposit Insurance Corporation ("FDIC") or any other organization.

Colorado SecureSavings is a completely voluntary retirement program. Saving through an IRA will not be appropriate for all individuals. Employer facilitation of Colorado SecureSavings should not be considered an endorsement or recommendation by your employer of Colorado SecureSavings, IRAs, or the investment options in the program. IRAs are not exclusive to Colorado SecureSavings and can be obtained outside of the program and contributed to outside of payroll deduction. Contributing to a Colorado SecureSavings IRA through payroll deduction offers some tax benefits and consequences. You should consult appropriate professional advice or consultation if you have questions related to taxes or investments.

The Colorado SecureSavings name and the Colorado SecureSavings logo are trademarks of the CSSPB and may not be used without permission.



## Posibiliten a sus empleados a fortalecer su seguridad financiera con Colorado SecureSavings.

**El Programa de Colorado SecureSavings es una forma simple y segura de ahorrar para la jubilación.**


Mientras las empresas se recuperan del impacto financiero de la pandemia, los empleados buscan beneficios que les den más seguridad financiera. De hecho, el **51 % de los estadounidenses están más preocupados por su jubilación** debido a la pandemia de COVID-19.<sup>1</sup> Aquí en Colorado, casi 940,000 trabajadores en Colorado no tienen acceso a un plan de ahorros jubilatorios en el lugar de trabajo. Colorado SecureSavings está aquí para cambiar eso y hacer que sea más fácil para usted ayudar a sus empleados a ahorrar para su futuro.

### ¿Qué es Colorado SecureSavings?

Colorado SecureSavings es un nuevo programa de ahorros jubilatorios creado por el Estado de Colorado. Todas las empresas de Colorado con cinco o más empleados (que hayan trabajado para usted durante al menos 180 días) y que hayan estado en actividad durante dos años o más, deberán registrarse para el programa si aún no patrocinan un plan de jubilación calificado a cualquier de sus empleados.

¿La buena noticia? Este programa está diseñado para posibilitar a los empleados a fortalecer su futuro financiero con aportaciones de nómina automáticas y fáciles a una cuenta IRA Roth. Colorado SecureSavings es un beneficio añadido que les puede ofrecer a los empleado que es gratuito para su empresa.

**Obtenga más información sobre el Programa de Colorado SecureSavings.**

 Visite [ColoradoSecureSavings.com](https://ColoradoSecureSavings.com)



### Colorado SecureSavings puede beneficiar a su empresa.

- Es GRATIS a facilitar.
- Es fácil de establecer: Sin administración compleja para que puede enfocarse en su empresa
- Se integra fácilmente a su proceso de nómina. Sus responsabilidades en curso serán mínimas.
- Es un beneficio valioso para atraer y retener empleados ofreciéndoles una forma simple y segura de ahorrar a través de aportaciones de nómina automáticas en una cuenta IRA Roth.
- Usted no tiene responsabilidad fiduciaria. Eso significa que usted jamás será responsable de las decisiones de inversión o los resultados de ninguno de los empleados que participen en el programa.
- Usted no está obligado a equiparar las contribuciones.

## Es fácil empezar.

### Facilite el Programa de Colorado SecureSavings en tres pasos simples.

1. **Registre su empresa** en ColoradoSecureSavings.com cuando se lance el programa en 2023. (Recibirá una invitación con un código de acceso único.)
2. **Proporcione a nosotros la información de nómina de sus empleados y presente los niveles de contribución a las cuentas de ahorro de sus empleados.** Incluso puede invitar a un representante de nómina para ayudarle a facilitar este proceso.
3. **Mantenga actualizados los registros de sus empleados.** Deberá presentar la información detallada de su nómina todos los períodos de pago y mantener las contribuciones de nómina de sus empleados y la lista del personal actualizados.

## Es incluso más fácil posibilitar que sus empleados ahorren para la jubilación.

- Después de registrarse, cargue su planilla de empleados.
- Colorado SecureSavings hace que sea más fácil ahorrar con aportaciones de nómina automáticas a una cuenta IRA Roth.
- La tasa de ahorro predeterminada es 5 % del salario bruto que sus empleados pueden ajustar en cualquier momento.
- La participación es voluntaria. Los empleados pueden optar por darse de baja o volver a inscribirse en cualquier momento.
- Las aportaciones de los empleados les pertenecen a ellos. Las cuentas de Colorado SecureSavings son portátiles, incluso si los empleados cambian de trabajo.

---

#### Referencias

1. Bond, Tyler, et al. "Retirement Insecurity 2021: Americans' Views of Retirement" (Inseguridad jubilatoria 2021: Opinión de los estadounidenses sobre la jubilación). National Institute on Retirement Security, 26 de feb. de 2021, [www.nirsonline.org/reports/retirementinsecurity2021](http://www.nirsonline.org/reports/retirementinsecurity2021).

Colorado SecureSavings está dirigido por la Junta del Programa Colorado Secure Savings ("CSSPB"), un instrumento del estado de Colorado. Vestwell State Savings, LLC ("Vestwell"), dba Sumday Administration ("Sumday") es el administrador del programa. Sumday y The Bank of New York Mellon son responsables de las operaciones diarias del programa. Los participantes que usan Colorado SecureSavings son beneficiarios y controlan sus Cuentas Individuales de Jubilación (IRA), como se dispone en la oferta del programa establecida en ColoradoSecureSavings.com.

Las opciones de inversión de Colorado SecureSavings son seleccionadas por la CSSPB. Para obtener más información sobre las opciones de inversión de Colorado SecureSavings, visite ColoradoSecureSavings.com. Los saldos de las cuentas de Colorado SecureSavings variarán con las condiciones del mercado y no están garantizados ni asegurados por la CSSPB, el estado de Colorado, la Corporación Federal de Seguro de Depósitos ("FDIC") ni ninguna otra organización.

Colorado SecureSavings es un programa de jubilación completamente voluntario. Ahorrar a través de una cuenta IRA no será adecuado para todas las personas. La facilitación de Colorado SecureSavings que haga el empleador no se debe considerar como respaldo o recomendación de Colorado SecureSavings, las cuentas IRA o las opciones de inversión del programa por parte de su empleador. Las cuentas IRA no son exclusivas de Colorado SecureSavings y se pueden obtener fuera del programa y se puede aportar fuera de la deducción de nómina. Aportar a una cuenta IRA de Colorado SecureSavings a través de la deducción de nómina brinda algunos beneficios y consecuencias fiscales. Si tiene preguntas relacionadas con los impuestos o las inversiones, debe solicitar un asesoramiento o una consulta profesional adecuada.

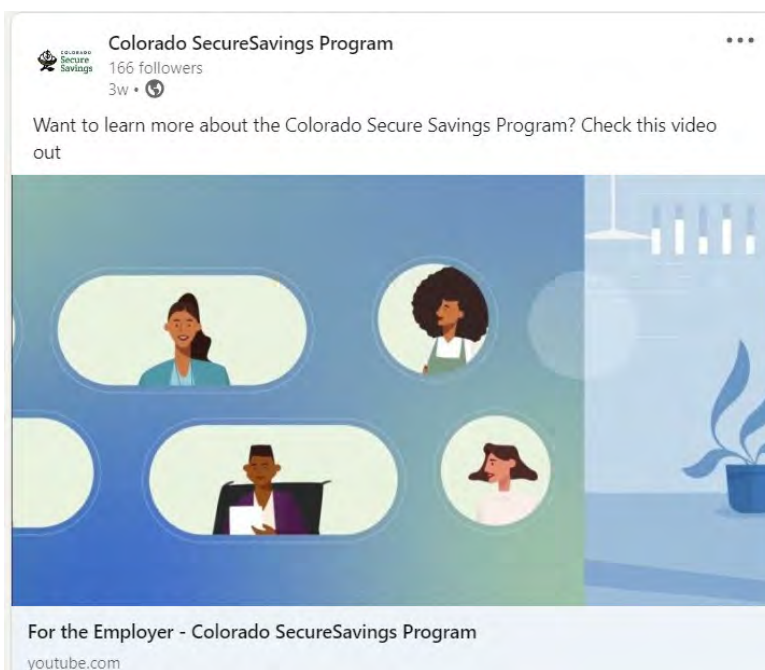
El nombre y el logo de Colorado SecureSavings son marcas registradas de la CSSPB y no se pueden usar sin autorización.

Colorado - Example Social Media Post 1-3





Example Social Media Post 1



Example Social Media Post 2



"For anybody who doesn't have retirement savings in Colorado": State r...

Example Social Media Post 3



## Illinois - Cover Letter



OFFICE OF THE ILLINOIS STATE TREASURER  
**MICHAEL W. FRERICHS**

October 28, 2024

Ms. Lesley Mohlenkamp  
Deputy Treasurer, Financial Literacy and Security  
Nevada State Treasurer's Office  
101 N. Carson Street, Suite 4  
Carson City, NV 89701

Ms. Mohlenkamp,

Please find enclosed the response of the Illinois State Treasurer's Office to the Nevada State Treasurer's Office's Request for Information on Auto-IRA Interstate Partnership.

Should you have any questions, please contact me at (217) 557-2673 or [MFrerichs@illinoistreasurer.gov](mailto:MFrerichs@illinoistreasurer.gov). I am authorized to bind the Illinois State Treasurer's Office contractually.

Sincerely,

A handwritten signature in blue ink that reads "Michael Frerichs".

Michael Frerichs  
Illinois State Treasurer

State Capitol  
Room 219  
Springfield, IL 62706  
Phone: (866) 458-7327  
Fax: (217) 785-2777  
TTY: (866) 877-6013

555 West Monroe Street  
14th Floor  
Chicago, IL 60661  
Phone: (866) 458-7327  
Fax: (312) 814-5930  
TTY: (866) 877-6013

Marine Bank Building  
1 East Old State Capitol Plaza  
Springfield, IL 62701  
Phone: (866) 458-7327  
Fax: (217) 524-3822  
TTY: (866) 877-6013

## Illinois - NEST RFI Response

The Illinois State Treasurer's Office ("Treasurer's Office" or "Illinois") hereby submits the following as its response to the Nevada State Treasurer's Office's Request for Information on Auto-IRA Interstate Partnership:

**1) Discuss your state's experience in administering an Automated IRA program. Please discuss specifics on account and asset growth of the program. Please also include answers to the following questions in your response:**

- a. Who is the current (i) third-party Program Administrator (Program Administrator)/recordkeeper for the program (ii) investment manager and (iii) auditor?**
- b. Are partner states able to rely upon the financial audit services provided by your auditor or are partner states expected to engage their own auditors?**
- c. Will the SOC reports for your Program Administration partners be available to partner states?**
- d. How many business owners opened/adopted a retirement account/plan in the first year? (Number and Percentage)**
- e. How many opened a retirement account in 2-5 years? (Number and Percentage)**
- f. How many employees opted out, contributed to, or closed accounts in the first year? (Numbers and Percentages)**
- g. How many in 2-5 years? (Numbers and Percentages)**

Illinois is proud of its status as the first state to enact auto-IRA legislation and the second to offer an auto-IRA program when it launched the Illinois Secure Choice Savings Program ("Program" or "Illinois Secure Choice") in 2018. In 2021, Illinois became the first state to successfully pass legislation expanding its retirement savings mandate — from employers with 25 or more employees to employers with 5 or more employees — dramatically increasing access to retirement savings for more Illinois workers.

Employers have been onboarded in annual enrollment waves since the Program launched. Most recently, the Wave 5 deadline for employers of 5-15 employees was November 1, 2023. In 2024, the Program will have an annual onboarding wave for newly eligible employers subject to the registration/exemption deadline of November 1, 2024.

Illinois was one of the first states to launch formal enforcement to improve employer compliance rates when the Illinois Department of Revenue initiated a formal notice and assessment process in early 2023. The Treasurer's Office works closely with the agency and the Illinois Secure Choice Program Administrator to ensure that noncompliant employers understand their requirements under state law and have the information and resources they need to take the necessary steps to come into compliance.

To date as of October 24, 2024, the Program has over 152,000 participants with assets totaling more than \$217 million. Nearly 27,000 employers have registered for the Program with more than 10,000 employers having remitted payroll contributions on behalf of their employees.

The Program Administrator is Ascensus College Savings Recordkeeping Services, LLC ("Ascensus"), and Ascensus Trust Company ("ATC") serves as IRA custodian. The Program utilizes BlackRock, Charles Schwab, and State Street Global Advisors as investment managers.

The Program's auditor is Landmark CPA. Landmark would be engaged to provide audit services covering the auto-IRA partnership programs at large.

SOC reports for both Ascensus and ATC would be remitted to partner states as they become available annually.

As outlined above, Illinois Secure Choice launched in two phases. As of June 30, 2019, the approximate

one-year milestone from the initial pilot phase:

- 745 employers had registered for the Program, of which 65 had remitted employee contributions.
- 13,281 funded saver accounts had been created.
- 13,263 employees (24.67%) had opted out, declining to participate in the Program within their initial 30-day enrollment window.
- A total additional 1,012 participant accounts had effectively closed, meaning they were previously funded but fully withdrawn from the Program and had a \$0 balance.

As of June 30, 2023, the approximate five-year milestone from the initial pilot phase, and amidst the Program's expansion via implementation of its lowered employee threshold:

- 9,747 employers had registered for the Program, of which 4,909 had remitted employee contributions.
- Specifically regarding employers in waves (enrollment groups based on employer size) whose deadline for action had already passed, 85.7% had taken action, either by registering or reporting an exemption (most often, stating they were already offering a qualified retirement plan to their employees).
- 125,390 funded saver accounts had been created.
- 81,917 employees (32.33%) had opted out, declining to participate in the Program within their initial 30-day enrollment window.
- A total additional 22,092 participant accounts had effectively closed.

**2) What advantages would you see for Nevada in potentially partnering with your state's Auto-IRA program?**

A partnership with Illinois would enable Nevada to launch its program more quickly, cost effectively, and efficiently. Nevada would benefit from the best practices Illinois has developed over the past 6 years and the systems and processes Ascensus has built and refined as the first Program Administrator to service auto-IRA programs. Additionally, if Nevada were to partner with Illinois, it would have an equal role in determining what the interstate partnership model would look like. Moreover, Nevada will be a voting member to determine significant elements of the program going forward (i.e., selection of program administrator for the next contract period, setting program technology enhancement priorities, adjusting the investment menu, etc.).

The participant fee structure that would be available to Nevada in partnership with Illinois is compelling – please see the response to question 13.

**3) Discuss timeline. If Nevada were to enter into an agreement with your state, approximately when do you anticipate Nevada would be able to initiate its pilot and then fully launch the program? Are there events or circumstances that could delay the launch or timeline?**

Ascensus anticipates that a pilot for Nevada could begin by July 2025, with a full program launch to follow in the subsequent months. At this time, there are no anticipated circumstances that would delay this timeline.

**4) Do you currently have any state partners, are you onboarding any state partners, or are you in discussions with other states about partnering? Please describe. If so, how would those additional states impact the fees that would apply to NEST participants, or change the proposed timeline?**

Illinois does not currently have any state partners; however, the Treasurer's Office is actively engaged

with other states that have recently passed auto-IRA legislation, or are pursuing it, regarding program design and potential future partnership with Illinois Secure Choice. Additionally, the Treasurer's Office has experience working with other state partners, specifically in its role as the facilitating state for the 19-member National ABLE Alliance, which includes Nevada. The National ABLE Alliance is the largest multi-state savings program of its kind. Ascensus also serves as program administrator for the National ABLE Alliance.

**5) Identify the source of your statutory or other authority to serve as the lead or host state for a partnership or consortium.**

Section 30 of the Illinois Secure Choice Savings Program Act ("Act"), [820 ILCS 80/30](#), states that "[t]he Board may enter into agreements with other governmental entities, including other states or their agencies and instrumentalities, to enable residents of other states to participate in the Program." Further, Section 3 of the Intergovernmental Cooperation Act, [5 ILCS 220/3](#), provides, in relevant part, that: (1) "[a]ny power or powers, privileges, functions, or authority exercised or which may be exercised by a public agency of this State may be exercised, combined, transferred, and enjoyed jointly with . . . any public agency of any other state . . . to the extent that laws of such other state . . . do not prohibit joint exercise or enjoyment and except where specifically and expressly prohibited by law." The Intergovernmental Cooperation Act also requires that intergovernmental contracts must be approved by the governing bodies of each party to the contract. *Id.* at § 5.

**6) Has your third-party Program Administrator already committed to supporting your partnership? How many years remain on the term of your contract with your Program Administrator?**

Ascensus has committed to supporting a multi-state auto-IRA partnership led by Illinois. Illinois's contract with Ascensus ends on December 16, 2026, and can be extended by mutual agreement of the parties for an additional year through December 16, 2027. Nevada would be an equal partner, along with all other state partners, in drafting, releasing, and evaluating a Request for Proposal for program administration at the appropriate time.

**7) Describe the governance structure of your program. Please list all entities involved in oversight or administrative support and include the names and professional titles of chair(s), voting members, advisory committee members and program staff.**

Section 10 of the Act establishes the Illinois Secure Choice Savings Program and provides that the Program shall be administered by the Illinois Secure Choice Savings Board ("Board"), 820 ILCS 80/10.

The Board comprises the following seven members:

- the State Treasurer, or his or her designee, who shall serve as chair;
- the State Comptroller, or his or her designee;
- the Director of the Governor's Office of Management and Budget, or his or her designee;
- two public representatives with expertise in retirement savings plan administration or investment, or both, appointed by the Governor;
- a representative of participating employers, appointed by the Governor; and
- a representative of enrollees, appointed by the Governor.

The current Board members are as follows:

- Michael W. Frerichs, Illinois State Treasurer (Chair)
  - Designee: Fernando Diaz, Deputy Treasurer, Illinois State Treasurer's Office

- Susana Mendoza, Illinois Comptroller
  - Designee: Cesar Orozco, Assistant Comptroller, Illinois Office of Comptroller
- Alexis Sturm, Director, Governor's Office of Management and Budget
  - Designee: Curt Clemons-Mosby, Director, Budgeting for Results, Governor's Office of Management and Budget
- Staci Mayall – Investment/Retirement Representative appointed by Governor Pritzker
- Erica Marquez Avitia – Investment/Retirement Representative appointed by Governor Pritzker
- Lotika Pai – Employer Representative appointed by Governor Pritzker
- Roderick Bashir – Employee Representative appointed by Governor Pritzker

The Treasurer's Office provides administrative support to the Board and employs three staff members who work solely on the Program:

- Christine Cheng, Executive Director of Secure Choice
- Deanna Verduin, Deputy Director of Secure Choice
- Jaimee Niles, Secure Choice Manager

In addition, the Treasurer's Office provides investment support and expertise to the Board and employs three staff members who support the investment monitoring, selection, and research capabilities:

- Joe Aguilar, Chief Investment Officer
- Sarah Hillegass, Deputy Chief Investment Officer – Public Markets
- Arielle Singer, Manager of Public Market Investments

The Program also benefits from access to other divisions within the Treasurer's Office that lend expertise, including:

- Legislation and Policy
- Legal
- Audit/Compliance
- Marketing and Communications
- Information Technology
- Data Analytics & Business Intelligence

The Program also engages two consultants:

- Program/regulatory consulting: AKF Consulting Group
- Investment consulting: Marquette Associates

**8) Discuss how decision making would be shared between or among the states. Please address what types of decisions will be handled via partner vote, and what types of decisions (if any) will be left solely to the lead state. Have you developed a formal framework governing the terms of any prospective partnership or consortium? If so, please attach to your response.**

The Treasurer's Office would look at the governance structure and decision-making framework established by the National ABLE Alliance as a starting point for developing its auto-IRA partnership model. Please find enclosed the National ABLE Alliance interstate agreement, to which Nevada is a party. The Treasurer's Office would work with Nevada to help develop elements of the partnership structure.

**9) What type of IRAs are offered as part of the program (e.g., Roth IRA, Traditional IRA, both)? If limited to only one choice, please explain the administrative and/or pricing advantages. Additionally, if limited to one choice, is the other a possibility for rollover IRAs?**

The Roth IRA is the default account type for participants, though participants may also open Traditional IRAs if desired.

**10) Describe the trust structure of the partnership. Are there separate trusts for each partner program, or is there one trust where assets are held? Is the accounting separate for each state?**

The Treasurer's Office could draw on its experience with the National ABLE Alliance to implement a single trust with a separate "series" or bucket of assets for each partner program, to aid in various tasks related to recordkeeping, reporting, auditing, etc. However, any trust structure would be subject to legal counsel review and would require appropriate legal authority. Illinois is willing to explore with Nevada a trust structure that is mutually beneficial for a successful partnership.

**11) Describe the terms for exiting your partnership. Are there restrictions on exiting? Do NEST accounts stay with Nevada, or with the partnership?**

The Treasurer's Office would expect to model the exit terms for an auto-IRA partnership on the structure in place for the National ABLE Alliance. For instance, in the National ABLE Alliance, a state that exits the partnership keeps its accounts and assets. Members would be able to enter and exit the partnership at any moment, pending any contractual provisions with the Program Administrator.

**12) Discuss your fee structure, including applicable asset and account breakpoints. Include projections on how long it is anticipated before reaching these breakpoints.**

Illinois utilizes a hybrid fee structure that includes the following participant fees payable to the Program Administrator:

- An annual account fee of \$16, billed quarterly in arrears;
- An asset-based fee of 25 basis points;
- A paper delivery fee of \$1.25 per quarter;
- A paper withdrawal check fee of \$5; and
- Various other activity-based fees.

And, payable to Illinois Secure Choice:

- An asset-based state administration fee of 5 basis points.

Per the Act, the investment management fees, payable to the fund providers themselves, may not exceed 25 basis points. The investment management fees currently range from 2 to 15 basis points depending on the investment option(s) selected by the participant. The default investment option is a Target Date Fund managed by BlackRock with a fee of 9 basis points.

Therefore, the all-in cost for an Illinois Secure Choice participant utilizing the default investment option is \$16 per year plus 39 basis points (assuming the participant has elected to use electronic delivery).

Illinois does not currently have any breakpoints in its agreement with the Program Administrator.

**13) What are the total annual fees a participant can expect to pay (please include any expenses that may not be captured in the standard AUM / BP calculations such as enrollment fees, minimum required deposit amounts, returned checks, copies of previous statements/reports, distribution/conversion, and/or any other transaction fees)? Would our participants pay the same fees as your state participants?**



It is unlikely that NEST participants would pay the same fees as Illinois Secure Choice participants due to negotiated compensation paid directly by Illinois to Ascensus. Additionally, Nevada would set its own state administration fee which may be different from what Illinois has in place.

The total fees a NEST participant would pay can be broken down into the following categories:

1) Program Administration fees (payable to Ascensus)

- a. An annual account fee based on the table below, and billed quarterly in arrears;

Total Funded Accounts (between Illinois and all partners)	Annual Account Fee
1-200,000	\$21 per account
200,001-350,000	\$19 per account
350,001+	\$17 per account

- b. An asset-based fee of 25 basis points;  
c. A paper delivery fee of \$2.50 per quarter;  
d. A paper withdrawal check fee of \$5 per occurrence; and  
e. Various other activity-based fees, which are situational and limited in scope as follows:
- Priority Delivery (i.e. for a paper withdrawal check): \$25
  - Rejected Participant ACH: \$20
  - Bounced Participant-provided check: \$20

2) State Administration fee (payable to Nevada)

- a. Nevada will set its own state administration fee, which can be a fixed-dollar fee and/or an asset-based fee.

3) Underlying investment fund fees (collected by the investment manager)

- a. Target date funds (default investment option): 9 basis points  
b. Capital preservation option: 15 basis points  
c. Conservative option: 4 basis points  
d. Growth option: 2 basis points

Regarding the other fees referenced in the question, there are no initial enrollment fees. All possible fees have been outlined above.

**14) What fees would Nevada receive? Is there a difference in the amount of fees received by your state versus Nevada (if so, what is the breakdown)? How are all parties compensated?**

Nevada will set its own state administration fee, which can be a fixed-dollar fee and/or an asset-based fee. Illinois's state administration fee is 5 basis points. Illinois will not collect a fee from Nevada, nor from NEST participants.

**15) Are there any costs associated with your partnership that would be charged to Nevada? Specifically, has your Program Administrator confirmed whether it will charge any start-up or ongoing fees to new partner states? If so, list those expenses and describe whether any such payment is due in lump sum or can be made in installments.**

Ascensus will not charge any start-up costs or other ongoing fees to Nevada. Illinois does not charge any

fees to its partner states.

**16) Would pricing change if Nevada legislation doesn't include a mandate for employers to participate?**

Hypothetically, if the Nevada legislation did not include a mandate for employers, there would be dramatically different pricing offered given the lower projected uptake for a voluntary program. The pricing proposal contained in this response assumes a program and legislation with an employer mandate.

**17) Discuss your investment lineup for participants. How are investments selected and monitored? What are the participants' choices? How often is the lineup evaluated and updated? What are state partner options in selecting the investment menu; are you willing to modify the existing lineup based on Nevada's input?**

The Program's investment lineup is fairly straightforward, consisting of the following:

- The LifePath Index Target Date Retirement Fund suite managed by BlackRock
- Individual Fund Options
  - Conservative Fund – Bloomberg Aggregate Bond Index Fund managed by Charles Schwab
  - Growth Fund – S&P 500 Index Fund managed by Charles Schwab
  - Capital Preservation Fund – Government Money Market Fund managed by State Street Global Advisors, using the share class distributed by Cabrera Capital Markets
- 90-Day Holding Vehicle (default for new entrants into the Program)
  - Government Money Market Fund managed by State Street Global Advisors, using the share class distributed by Cabrera Capital Markets
    - After 90 days, absent an alternate investment election, participants are directed into the BlackRock Target Date Fund corresponding to their presumed year of retirement

Illinois' investment team engages in continuous monitoring of the investment lineup independently, with its external investment consultant, and in collaboration with the Program Administrator's investment advisory group. These parties conduct daily monitoring, monthly reporting, and quarterly due diligence meetings regarding performance, analysis, industry trends, and macroeconomic conditions. Illinois' internal team and external consultant also present quarterly to the Board regarding a variety of topics including investment performance, financial market reviews, due diligence efforts, and enrichment/educational sessions to further the Board's expertise.

The Treasurer's Office would work and coordinate with the Nevada team to monitor, evaluate, and make decisions that would lead to any changes to the investment lineup. The partnership with Illinois will have investment decision parameters similar to those in the National ABLE Alliance. Each state will have an equal vote to make any changes to the menu. Each state will be responsible for coordinating and securing approval from their respective board.

**18) Please identify the firm that serves as independent investment consultant. May the partner states rely upon this entity's monitoring and recommendations or is each partner state expected to engage its own, independent investment consultant?**

Marquette Associates serves as the investment consultant to Illinois Secure Choice. A partner state may rely upon this entity, but always retains the option to engage its own investment consultant.

**19) We assume that Nevada will have full access to data and contact lists specific to NEST account holders and employers, and that Nevada will control the communications with these groups. Please confirm or describe how your structure differs. What types of reports would be available to the NEST Board?**

Nevada would have full access to its own data and contact lists and would work alongside Ascensus to communicate with its audiences.

For instance, Illinois has full access to data and contact lists for Program employers and savers. Communications to both populations are a collaborative effort between Illinois and Ascensus, in terms of content, timing, and the responsible party. Many communications are sent systematically by Ascensus, including initial welcome letters and missed-deadline notices. Other communications are sent by the Treasurer's Office, such as those specific to Program enforcement processes and policies.

**20) Please describe the current user experience that would be offered to Nevada employers utilizing your program. What is the practice for employers to register utilizing your system? What is the practice for employers to integrate payroll when submitting a pay file (include details on the process for employers to upload the plan participant census, how often it is required, and what specific data points must be collected and included in the census?) Please specify if payroll process is manual, automated, or both and describe.**

Employers currently register online on the program website by entering their Federal Employer Identification Number (FEIN) and a unique access code communicated to them via program outreach materials. This double-blind system helps ensure an appropriate, affiliated individual is taking action on behalf of the employer, whether that means registering for and facilitating the program, or reporting an exemption.

The payroll process can be manual or automated, based on an employer's needs and relationship with an external payroll provider. There are three separate file formats employers may utilize for their employee roster / census. On an ongoing basis, an employer's roster should be uploaded or maintained on a monthly basis at a minimum, and should include the following employee information:

- Name;
- Date of Birth;
- Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN); and
- Contact Information.

Ascensus currently supports two types of payroll integration: one-way (also known as partial or 180-degree) and two-way (also known as full or 360-degree).

The platform utilized by Illinois Secure Choice supports a restful API any payroll provider can build to, which is a two-way integration and fully automates the employer facilitation process. Under this arrangement, payroll data is transferred seamlessly to and from the employer and the Program. There are currently two providers, Paychex and Intuit QuickBooks, with full integrations, with a number of other providers expected to come online in the coming months.

Over 20 payroll providers have some level of integration with the platform, and Ascensus continues to encourage these providers to upgrade to a full, two-way integration.

Payroll providers who do not offer a system integration may either upload files on behalf of the employers they service via a secure FTP connection or be granted log-in access to an employer's account to manually upload files or update the employee roster on the employer's behalf.

Ascensus is happy to provide a demo of the online employer portal if requested.

**21) Please describe the current user experience that would be offered to Nevada employees utilizing your program. What would the steps or process be to allow employees to opt-out of automatic enrollment? What is the process for a distribution, including how distributions are requested?**

Upon being uploaded by their employer, employees are issued an invitation packet providing a program overview and informing them of their option to opt out of participating in the program during an initial 30-day opt-out window. They may opt out by utilizing an automated phone system, through the program's website, or less commonly by downloading, completing, and mailing in a paper opt-out form.

Employees who do not opt out during the initial 30-day period are enrolled in the program, issued a welcome packet, and then may receive contributions in their accounts via payroll deductions facilitated by their employer. Employees are also provided with instructions to effectively "opt in" to the program by registering for online account access either during the 30-day opt-out window or after they are enrolled in the program.

Distributions may be requested online via the online saver portal or by phone. Alternatively, as with opting out, savers may also fill out and mail in a completed distribution request form. Once a completed request and any additional documentation required is received, the distribution will be processed via a paper check or ACH electronic transfer, if the saver has provided their bank information and elected that method.

Ascensus is happy to provide a demo of the online saver portal if requested.

**22) Briefly describe your program's practices related to risk management. Describe your program's security against fraud. What is the audit process, if any, used to determine the employer's compliance with the program? What is the process to approve a distribution (e.g. does it require a third-party notary or medallion stamp)?**

Ascensus has engaged accounting firm KPMG LLP to perform independent control testing in connection with the preparation and issuance of its SOC 1 (SSAE16 Report) which includes testing of controls related to transaction processing and call center operations.

Ascensus also has an experienced and dedicated operational risk management team that works with external auditors, state partners, and applicable internal departments to promote an efficient, reliable, and accurate audit process. Additional audit activities include:

- Internal testing of operational, compliance, and reporting controls through periodic audits of business operations. Ascensus engages independent auditors to review specific business units and services provided, including annual audits of Ascensus's anti-money laundering and fraud prevention programs, a FINRA Rule 3010/3012 examination of Ascensus Broker Dealer's (ABD) recordkeeping, policy maintenance and operational practices, and a review of Ascensus Investment Advisor's (AIA) policies and procedures pursuant to Rule 206(4)-7 of the Investment Advisor's Act.
- Ascensus's internal and external communications are subject to monitoring via telephone recording and

email review programs. Electronic mail communications are captured in real time and reviewed for content. A host of search functions are utilized to filter electronic communications including date-specific, keyword, user, attachment, and other criteria.

- Ascensus has built an effective and efficient internal process to support the preparation of the annual audited financial statements for the plans under its administration, and has extensive experience coordinating with various subcontractors, including custodians, investment manager(s), and external accounting firms to consistently meet all regulatory and contractual reporting deadlines.

Ascensus utilizes a robust system of security controls to protect confidential data and prevent fraud. The security plan at Ascensus is risk-based and leverages the ISO 27000 (International Organization for Standardization) standards, FISMA (US Federal Information Security Management Act), and the FFIEC (Federal Financial Institutions Examination Council) Guidelines. Ascensus is formally certified by the ISO27001 standard that affirms the depth and quality of our security posture.

Standard account distributions do not require third-party notarization or medallion signature guarantee to be processed.

**23) Are there systems in place to identify non-compliant contributions (e.g. how are late or missing deposits monitored, managed, and communicated)? What is the process for a correction (e.g. how many days are required to correct an erroneous contribution and what steps are taken to avoid a penalty by the IRS?)**

Employers who are late in remitting payroll contributions or miss them entirely receive system-generated notifications regarding the lapse in their facilitation responsibilities. Many also receive dedicated outreach from client services or field team members to help them get back on track.

For contributions that require correction, an employer would be requested to submit a payroll correction form within 60 days of the original payroll date. The turnaround time for processing the correction would depend on whether the entire payroll could be reversed or not.

- If no contributions associated with the incorrect payroll have been withdrawn by employees, the correction could be processed within as few as two days following receipt of the payroll correction form.
- If contributions have been withdrawn by employees, a certain level of additional technical effort is required to process the correction. Every effort is made to process these sorts of corrections on a weekly basis.

On an individual saver level, contributions may be corrected up until the tax return filing deadline for the particular year in question.

Separately, Ascensus also tracks cases where an employee flags that their employer has been deducting contributions from their paychecks but not remitting those contributions to their accounts. In these cases, outcalls will be made to the employer to inquire about the missing contributions and attempt to remediate the situation.

**24) What support, if any, is available to Nevada in implementing and marketing, the program (e.g. marketing, outreach financial literacy, investment tools or resources) either from your state or the Program Administrator? What practices are in place for employer education regarding the retirement saving program? What is the specific support for launching the program to employers? What support, if any is for continuing outreach to employers after launch? What tools are available to help employees adopt into the program? Is your Program Administrator willing to assign an in-person field representative?**

Illinois would draw on its experience in taking Illinois Secure Choice to scale twice (via its initial rollout in 2018-2019, and subsequent expansion in 2022-2023) and offer insights on best practices to Nevada. Additionally, Ascensus offers an annual commitment in support of program marketing efforts, a provision that Nevada's specific agreement could incorporate. Illinois and Nevada could work together to align annual employer engagement efforts and deadlines to make marketing efforts more efficient for both Illinois Secure Choice and NEST. Illinois can share information on the resources available to Illinois Secure Choice employers and participants, including information available on the program website, webinars that Illinois has developed alongside Ascensus, follow-up strategies that Illinois employs, and general guidance on methods Illinois has used to educate and engage various audiences.

Ascensus currently offers in-person field support as a core component of its state auto-IRA service model and envisions offering an in-person field representative to Nevada for NEST as well – just as it also does in its relationship with the state's 529 education savings program. In-person field support is beneficial from the earliest phase of a program's pilot all the way to its ongoing steady state of operations. Illinois utilizes the services of one in-person field representative who supports employer education and engagement efforts across the state in close collaboration with the Treasurer's Office. The field representative plays a critical role in helping to improve awareness of and compliance with the state law, as well as being a technical support resource for employers as they carry out their ongoing responsibilities in facilitating the program for their employees. The field representative also provides employee education and aids in sourcing employer and participant testimonials and identifying hosts for employer visits from the Treasurer and Program staff. Additionally, the field representative plays an important role as Illinois has embarked on formal enforcement efforts, serving as an outreach and support resource to supplement Program staff in following up with noncompliant employers.

## AMENDED AND RESTATED ABLE INTERSTATE AGREEMENT

THIS AMENDED AND RESTATED ABLE INTERSTATE AGREEMENT (this “Agreement”) is made and entered into as of the date of full execution of this Agreement (the “Effective Date”) by and among the following (collectively, the “Members”): the Alaska Department of Revenue, the Arkansas ABLE Program Committee, the State of Connecticut, Office of the State Treasurer, the Delaware Office of the State Treasurer, the District of Columbia Office of Finance and Treasury, the Office of the Illinois State Treasurer, the Indiana Achieving a Better Life Experience Authority, the Office of the Iowa State Treasurer, the Office of the Kansas State Treasurer, the Michigan Department of Treasury, the Minnesota Department of Human Services, the Mississippi ABLE Board, the Montana Department of Public Health and Human Services, the Office of the Nevada State Treasurer, the New Jersey Department of Human Services, the North Carolina Department of State Treasurer, the Pennsylvania Treasury Department, and the Rhode Island Office of the General Treasurer.

### STATEMENT OF PURPOSE AND RECITALS

**WHEREAS**, the Members formed the National ABLE Consortium pursuant to the ABLE Interstate Agreement dated January 15, 2016, as amended (the “ABLE Interstate Agreement”) now known as the National ABLE Alliance (the “Alliance”), to establish a coalition of states to share a set of common program elements for administering Qualified ABLE Programs as defined by Section 529A of the Internal Revenue Code (“ABLE Programs” or individually, an “ABLE Program”) and a program manager, while maintaining Member independence in order to provide high quality ABLE Programs that meet the savings and investment needs of individuals with disabilities and their families at a reasonable cost;

**WHEREAS**, the original ABLE Interstate Agreement was entered into on January 15, 2016 and amended on fifteen subsequent occasions, the fifteenth and last amendment being entered into on July 20, 2021 (collectively, the “Original Agreement”);

**WHEREAS**, the Members wish to amend and restate the Original Agreement thereby replacing the Original Agreement in its entirety with this Agreement;

**WHEREAS**, upon executing the Original Agreement, the Alliance selected the Office of the Illinois State Treasurer to serve as the Facilitating Member, then referred to as the Facilitating State;

**WHEREAS**, on December 7, 2016, the Office of the Illinois State Treasurer entered into the ABLE Master Agreement with Ascensus College Savings Recordkeeping Services, LLC to provide services to the Alliance for the operation of each of the ABLE Programs (“2016 ABLE Master Agreement”);

**WHEREAS**, the 2016 ABLE Master Agreement had an initial term of five (5) years;

**WHEREAS**, in 2020, the Office of the Illinois State Treasurer offered to continue to serve as the Facilitating Member;

**WHEREAS**, on or about October 15, 2020, the Alliance authorized the Facilitating Member to issue a Request for Proposals to seek a program manager to provide investment, recordkeeping, and other program management services to the Alliance (with any replacement vendor(s), the “Vendor”);

**WHEREAS**, in 2021, the Facilitating Member formed an RFP Evaluation Committee that consisted of interested Member representatives after all Members had been invited to participate; and

**WHEREAS**, the Facilitating Member, in consultation with the RFP Evaluation Committee approved awarding a contract to the Vendor subject to successful contract negotiations.

**NOW, THEREFORE**, in consideration of the foregoing and of the mutual promises set forth herein, and intending to be legally bound hereby the Members agree as follows:

1. **National ABLE Alliance.** The Members hereby establish the National ABLE Alliance, which shall be comprised of one voting representative from each Member. All Member representatives must be employees of their respective Members. Members may elect to have more than one representative participate in Alliance meetings and activities, but each Member will only be permitted to have one voting Member representative and may only cast one vote per Alliance decision. The voting Member representative may delegate his or her voting authority to another representative of the Member. The Alliance shall meet regularly by phone, videoconference, and/or in-person to coordinate the management of the Vendor, and to discuss other issues related to the ongoing implementation of the Members’ ABLE Programs. The Alliance may establish working groups, consisting of Members’ representatives, other individuals from the Members, and/or consultants or other service providers as needed. It is understood and agreed that the Alliance has no authority to authorize the expenditure of any monies by any Member. Nothing herein shall be construed as empowering the Alliance to exercise any power or function properly residing with any Member, including without limitation, the ability of a Member to act in the best interests of participants in its ABLE Program, or to exercise its authority to remain in the Alliance or to leave the Alliance and independently select and contract with a vendor or vendors of its own choosing.
2. **Voting.**
  - a. Decisions requiring a vote by Members of the Alliance shall be made by simple majority vote of the Members of the Alliance (“Required Votes”). In addition to Required Votes, any decision by the Alliance shall be made by a simple majority vote of the Members upon the written request to the Facilitating Member by at least fifty percent of the Members (“Petitioned Votes”).
    - i. For clarity, Required Votes include the following:
      - A. The issuance of an RFP for common ABLE Program services;



- B. Amendment of this Agreement or the Master Agreement;
  - C. Any change to the investment options available to the ABLE Programs;
  - D. Any proposal to admit a new state, district, or territory into the Alliance;
  - E. Termination of this Agreement or the Alliance; and
  - F. Other similarly significant operational or administrative matters of the Alliance as determined by the Facilitating Member.
- b. Decisions involving matters of the Alliance that are not made by Required Votes or Petitioned Votes shall be made in the manner deemed appropriate by the Facilitating Member.
  - c. The Facilitating Member shall provide notice of a Required or Petitioned Vote by email to Alliance Members. The Facilitating Member shall email a request for a vote, a summary of the issue of the vote ("Vote Request"), and a deadline for Members to cast their votes ("Voting Period") to each Member's representative.
  - d. Each Member shall have one vote, which shall be cast by an email sent from the Member's representative or the Member's representative's designee to the Facilitating Member's representative or the Facilitating Member's representative's designee.
  - e. Following the Voting Period, the Facilitating Member shall count the votes and send the results to the Alliance.
  - f. Unless otherwise set forth herein, all decisions of the Alliance shall be made by a simple majority vote of the Members.
  - g. Nothing in this Section shall be understood to limit the rights of any Member under the Master Agreement or any Member's Implementing Agreement.

3. **Alliance's Role.** The Alliance shall:

- a. Appoint a Member to perform the responsibilities set forth in Section 4 of this Agreement ("Facilitating Member");
- b. Provide direction to the Vendor regarding elements of the Vendor's work common to all Members;

- c. Identify any shared expenses to be incurred by the Members and the manner in which such expenses should be apportioned; and
  - d. Coordinate discussion of additional topics necessary to facilitate the efficient and effective implementation and maintenance of each Member's ABLE Program.
4. **Facilitating Member.** The Alliance shall appoint a Facilitating Member to procure a Vendor(s). The Facilitating Member shall be selected by the Alliance. The Facilitating Member as of the date hereof is the Office of the Illinois State Treasurer. The Member serving as the Facilitating Member may be changed from time-to-time as determined by the Alliance as evidenced by an amendment to this Agreement. The Facilitating Member:
- a. May obtain, at its own cost, the services of any external advisors to advise the Facilitating Member on the procurement of a Vendor(s) or other issues relating to implementation of the ABLE Programs;
  - b. With approval of the Alliance, shall draft and publish a Request for Proposals ("RFP"), using a competitive bidding process in compliance with the laws of the Facilitating Member, to seek a Vendor;
  - c. Shall establish an RFP Evaluation Committee when seeking a Vendor in accordance with Section 4(b), that consists of interested eligible Members;
  - d. Shall make a determination regarding the outcome of any RFP based on an evaluation process that is in compliance with the laws and rules applicable to the Facilitating Member and approved by the RFP Evaluation Committee;
  - e. Shall negotiate and, following successful negotiations, enter into a contract(s) with a Vendor as described in Section 5 of this Agreement;
  - f. May facilitate communication between a Vendor and the Alliance regarding Vendor services common to all States;
  - g. Shall as necessary, coordinate votes by the Alliance on decisions relating to Vendor procurement or ABLE Program implementation; and
  - h. May perform any other activities necessary to facilitate the procurement of a Vendor.

Except for decisions under subsection (b) of this Section 4, decisions to carry out the activities in this Section shall not be Required Votes.

Nothing in this Agreement shall be construed to limit the Facilitating Member's actions with regard to its duties under the Master Agreement.

5. **Contracts.** The Facilitating Member shall, following successful negotiations, enter into a contract(s) for program management, investment management, and administrative services (“Master Agreement”) with a Vendor that sets forth the scope of work and the general terms and conditions taking into consideration advice provided by Alliance Members. Each Member shall enter into a separate contract (“Implementing Agreement”) with the Vendor that sets forth the terms and conditions specific to such Member.
6. **New Members.** The Alliance may allow new states, districts, or territories to become parties to this Agreement. A state, district, or territory shall become a new Member only upon amendment of this Agreement and the execution of an Implementing Agreement between that state, district, or territory and the Vendor.
7. **Term and Termination.**
  - a. This Agreement shall become effective on the Effective Date and shall continue in effect until terminated.
  - b. A Member shall cease to be a Member of the Alliance, and this Agreement shall terminate with respect to such Member upon the occurrence of any one of the following:
    - i. Upon the termination of the Member’s Implementing Agreement with the Vendor;
    - ii. Upon 180 days prior written notice to the Facilitating Member;
    - iii. Upon the determination of a Member, in its sole discretion, that any legislation enacted subsequent to the date of this Agreement or any decision by a court or other legal authority makes the continued offering of an ABLÉ Program as a Member of the Alliance by the terminating Member unlawful or impracticable;
    - iv. Upon the termination of the Member’s ABLÉ Program;
    - v. Upon a final determination by the Internal Revenue Service or a court of competent jurisdiction that an ABLÉ Program does not meet the requirements of Section 529A(b) of the Internal Revenue Code (Qualified ABLÉ program).
  - c. In the event this Agreement is terminated as a whole and is not replaced by a new Agreement, the Alliance shall in accordance with the terms of Section 2 hereof work in good faith to develop and implement a plan for the orderly wind-up of Alliance matters. In the event any Member terminates its participation in this Agreement, the Alliance shall work in good faith to develop and implement a plan for the orderly removal of the terminated Member.

8. **No Liability.** No Member shall be subject to liability for another Member's violation of this Agreement. Nothing in this Agreement is intended to, nor shall be construed to (i) require any Member to defend, hold harmless, or indemnify any other Member, vendor, or any third party, or (ii) constitute a waiver or compromise of the sovereign immunity of any Member. No commissioner, officer, agent, or employee of any Member, or any Member itself, or the Member's State, District, or Territory, shall be charged with any liability or held liable under any term or provision of this Agreement, or because of its execution or any breach hereof. Nothing in this Agreement shall be deemed to create a separate entity or constitute a joint venture or partnership between or among any Members, nor shall any Member be deemed to be an agent of another Member.
9. **Rules of Construction.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires: The Statement of Purpose and Recitals to this Agreement and any exhibits, annexes, schedules, or ancillary documents attached hereto from time-to-time are incorporated into and made a part of this Agreement. Singular words shall connote the plural as well as the singular, and vice versa (except as indicated), as may be appropriate. Unless otherwise indicated, references within this Agreement to articles, sections, paragraphs or clauses are references to articles, sections, paragraphs or clauses in or to this Agreement. The words "herein," "hereof" and "hereunder" and other words of similar import used in this Agreement refer to this Agreement as a whole and not to any particular article, section, paragraph or clause. References to any individual person or entity shall include such person or entity, its successors and permitted assigns.
10. **No Waiver.** The terms and conditions of this Agreement may be waived only by a written instrument signed by the party waiving compliance, and no effective waiver by a party of any of its rights shall be effective to waive any other rights. The failure of a party to insist on strict compliance with this Agreement, or to exercise any right or remedy under this Agreement, shall not constitute a waiver of any its rights provided under this Agreement, nor estop any party from thereafter demanding full and complete compliance nor prevent any party from exercising such a right or remedy in the future.
11. **No Third-Party Beneficiaries.** Nothing in this Agreement is intended to, or shall be construed or deemed to, grant any individual person or entity, other than the parties hereto, their respective successors and permitted assigns, any legal or equitable right, interest, remedy, or claim under or in respect of this Agreement, or any provision contained herein.
12. **Notices.**
- a. All notices pursuant to this Agreement, including without limitation votes and requests for votes, shall be sent by email to the address of a Member's representative on file with the Facilitating Member (including for clarity the Facilitating Member's representative).
  - b. Each Member is solely responsible for providing accurate and current names and email addresses for its representative to the Facilitating Member.

- c. The Facilitating Member shall provide each Member with a list of names and email addresses of all Members' representatives (including for clarity the Facilitating Member's representative). In addition, within 10 calendar days of receiving an updated name and/or email address for a representative, the Facilitating Member shall notify all Members; provided however, that the Facilitating Member shall notify all other Members of an updated name and/or email address of its representative by the earliest of (i) the next Alliance meeting; (ii) the next Vote Request; or (iii) within ten calendar days of such change.
- 13. **Entire Agreement.** Except as set forth in Section 5, this Agreement sets forth the entire understanding of the parties with respect to the subject matter of this Agreement and incorporates, merges, and supersedes any and all other prior understandings, agreements, and communications, whether written or oral, with respect to such subject matter by superseding and replacing the Original Agreement with this Agreement as of the Effective Date. This Agreement may be amended only by a written amendment duly executed by a simple majority of the Members.
- 14. **Counterparts.** This Agreement may be executed and delivered in counterparts (including by email and facsimile transmission), each of which shall be deemed an original but both of which shall constitute one and the same instrument. A Member's electronic or scanned signature (e.g., PDF) on this Agreement shall have the legal equivalent of a handwritten signature for all purposes. Each Member represents and warrants to the other Member that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind such Member to this Agreement.
- 15. **Headings.** Headings and subheadings of provisions of this Agreement are solely for the convenience of reference and are not a part of this Agreement and shall not affect the meaning, construction, operation, or effect hereof.
- 16. **Survival.** Any provision of this Agreement which, either by its terms or as necessary to give effect to its meaning, shall survive termination or expiration of this Agreement, including without limitation sections 8-17 hereof.
- 17. **Invalid Term or Condition.** If any term or condition of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be valid and enforceable.
- 18. **Member Acknowledgments.**
  - a. The Members acknowledge that the Member referred to as the Arkansas ABLE Plan Committee in the Original Agreement will now be the Arkansas ABLE Program Committee, the Member referred to as the Connecticut Office of the Treasurer in the Original Agreement will now be the State of Connecticut, Office of the State Treasurer, and the Member referred to as the Mississippi Department

of Rehabilitation Services in the Original Agreement will now be the Mississippi ABLE Board.

- b. The Members further acknowledge that effective July 1, 2022, Colorado's CollegeInvest will no longer be a Member of the Alliance.

# Connecticut - Cover Letter and NEST RFI Response

# MyCT Savings

## Nevada Employee Savings Trust

A decorative graphic on the left side of the page consisting of nine rounded rectangles of various colors and sizes. The colors include magenta, dark green, light blue, teal, purple, orange, and lime green. The rectangles are arranged in a grid-like pattern, with some being taller and narrower, and others being wider and shorter.

**Interstate  
Partnership  
Request for  
Information**

**October 2024**

PREPARED BY THE  
CONNECTICUT  
RETIREMENT SECURITY  
PROGRAM & OFFICE OF  
THE STATE COMPTROLLER





October 28, 2024

Treasurer Zach Conine  
Office of the State Treasurer  
101 N. Carson Street, Suite 4  
Carson City, NV 89701

Re: Request for Information on Interstate Collaboration with the Nevada Employee Savings Trust

Dear Treasurer Conine and the members of the Nevada Employee Savings Trust Board,

The Connecticut Retirement Security Program ("CRSP", branded "MyCTSavings") and the Connecticut Office of the State Comptroller ("OSC") thanks you for the invitation to respond to your request for information on a potential interstate collaboration between the Nevada Employee Savings Trust ("NEST") and the MyCTSavings automatic-enrollment retirement security program.

I am pleased to submit this interstate governance and operational proposal to you for consideration and further discussion. As an early adopter of auto-IRA programs, the CRSP understands the challenges faced by new partner states, and stands committed to solving those challenges together in a mutually beneficial, flexible, and collaborative interstate relationship. Connecticut is proud to be a strong voice in the automatic-IRA space, with a national presence, experienced staff, and a priority for my administration, especially interstate partnership.

Connecticut is prepared to assist you in a successful launch of the NEST and look forward to speaking with you further about this effort.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Sean Scanlon", is written over a light blue horizontal line.

Sean Scanlon  
Connecticut State Comptroller  
Chair of the Connecticut Retirement Security Board

*Connecticut Retirement Security Program  
Connecticut Office of the State Comptroller  
165 Capitol Avenue, Hartford, CT 06106*

# INFORMATION REQUESTED

## A. GENERAL PROGRAM

**1. Discuss your state's experience in administering an Automated IRA program. Please discuss specifics on account and asset growth of the program. Please also include answers to the following questions in your response:**

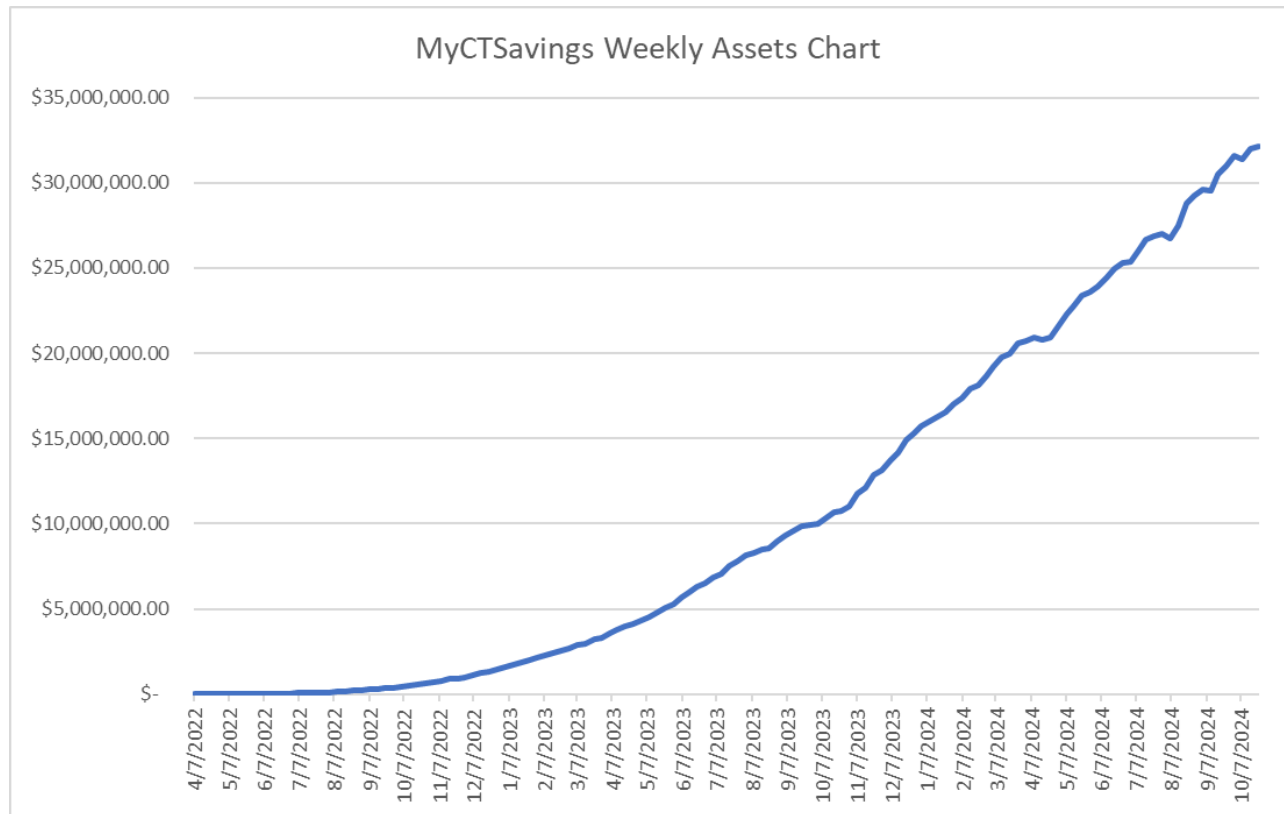
**Background.** In 2016, in an effort spearheaded by the Office of the State Comptroller, Connecticut was the third program to pass a Secure Choice automatic-IRA law in the United States through the passage of Public Act 16-29. The Act established the Connecticut Retirement Security Program ("CRSP"), which is administered by the Office of the State Comptroller. The program was developed over several years in concert with the Connecticut Retirement Security Board, a fifteen-member Board also established by the Act. Multiple members of the original Board who were appointed in 2016 still serve on the Board today, continuing to provide their expertise and perspective over the years of the program's development and growth.

Connecticut was the first state to implement a new program with service provider Vestwell State Savings and the Bank of New York Mellon, and along with the Vestwell team helped to build many of the program assets in use today. Building on the experiences of previous programs, Connecticut completed its launch on a short timeline: after a six-month pilot period testing Vestwell's systems, Connecticut implemented and concluded its statewide launch to 30,000 employers within one year.

### **Asset and Program Growth.**

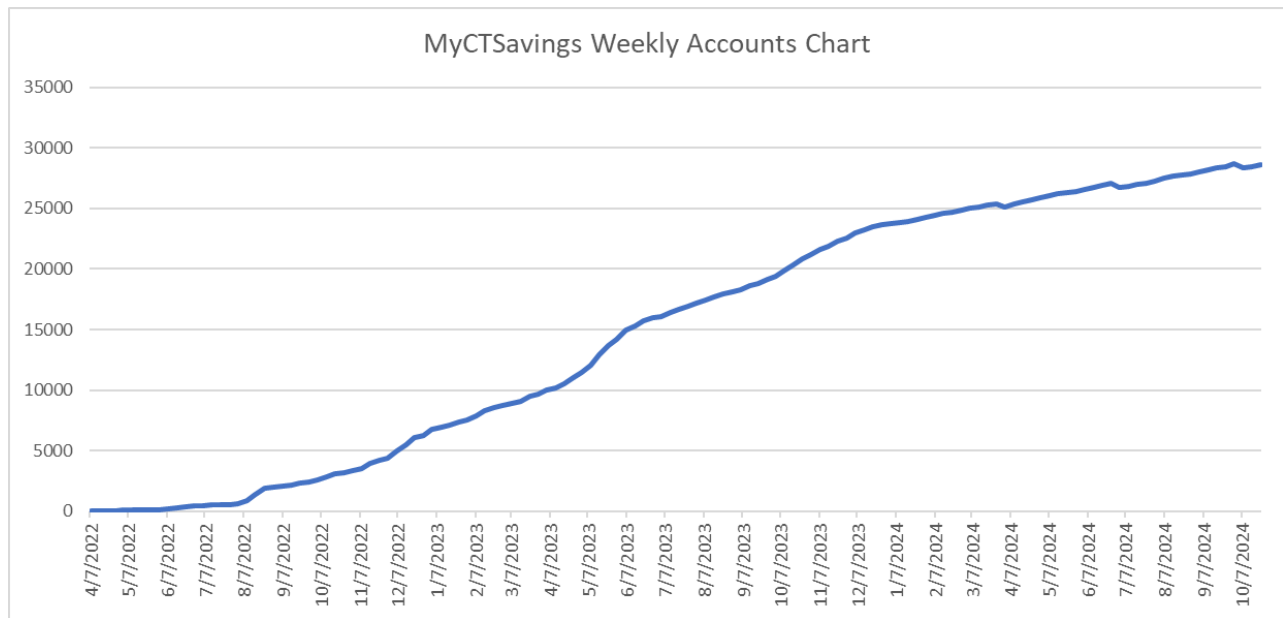
Assets. In 2021 Vestwell State Savings, was selected as the program administrator. The program pilot launched eight months later in October 2021. After a successful pilot, the CRSP, branded as "MyCTSavings," was launched state-wide in April of 2022. Since then, the Program has experienced rapid growth, adding over 28,500 funded accounts and \$32 million dollars in assets since inception.

Figure i. Chart of Weekly Asset Growth from Statewide Launch to October 2024.

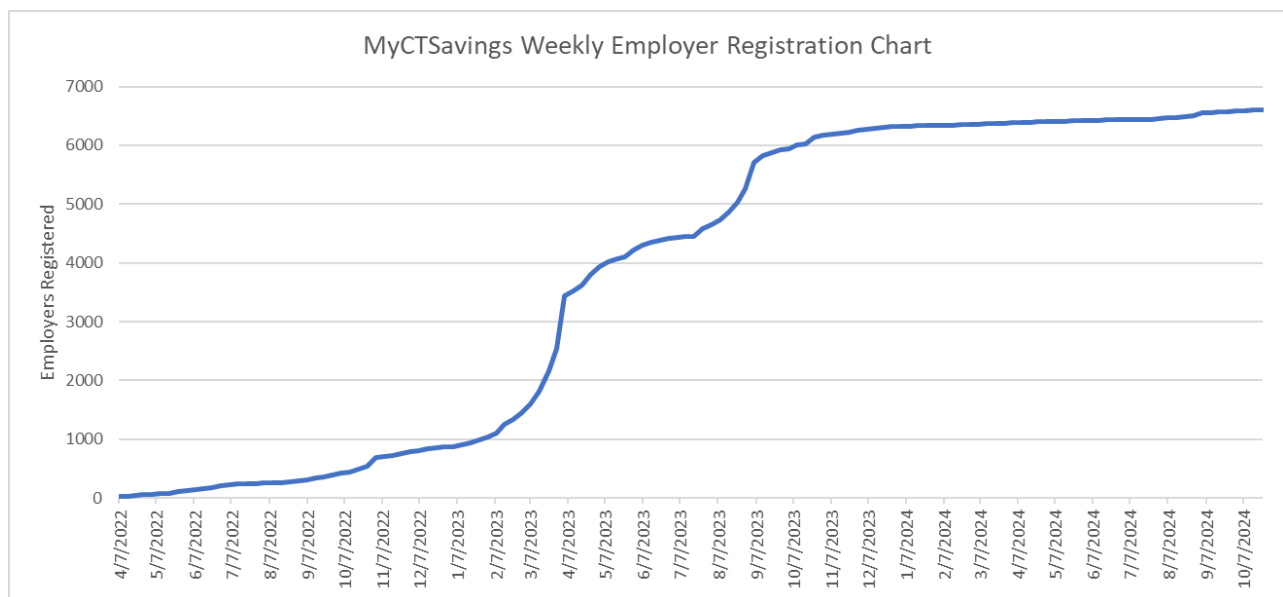


Accounts. Funded accounts have continued to grow steadily since inception, adding over 28,000 accounts since April 2022. An influx of additional accounts is expected after Connecticut's 2024 outreach is complete, with additional pre-enforcement communications issued in November 2024 to increase compliance with statutory requirements.

Figure ii. Chart of Weekly Funded Accounts Growth from Statewide Launch to October 2024.



**Employers.** Employer registrations similarly spiked around the program’s original wave deadlines of June 2022, October 2023, and March 2023, along with another registration jump for the annual outreach wave of new businesses. This number is expected to climb again as Connecticut implements pre-enforcement and compliance initiatives in 2024 and 2025.



**Administrative Experience.** The office administering the CRSP has a breadth of experience in the automatic-IRA space. The current State Comptroller, Sean Scanlon, is a former state legislator and supporter of the original legislation that established the program and has made the CRSP and interstate partnership a priority of his administration. Since taking office, the Comptroller has made MyCT Savings an administrative priority, personally promoting the

program at events and talks across the state and building coalitions to support its success. Additionally, the current Deputy Comptroller, Tara Downes, and General Counsel/Assistant State Comptroller Yamuna Menon were involved as officials in the previous administration that championed the passage of the original law, the establishment of the program, and continue to oversee operation of the program today.

Jessica Muirhead, the CRSP's Executive Director, has been running Connecticut's program since 2020, and is currently the longest-serving Executive Director of any auto-IRA program in the nation. Jessica was responsible for the organizational development and implementation of the CRSP, including establishing the Board's governing structure, policies and regulations, developing the program communications and marketing strategy, the establishment of data protocols, contracting with service vendors, and oversight of the pilot program and statewide implementation to date.

The CRSP also added two more staff members in 2023, who have expertise in administration, data management and analysis, and public communications for government programs.

**a. Who is the current (i) third-party Program Administrator (Program Administrator)/ recordkeeper for the program (ii) investment manager and (iii) auditor?**

The current recordkeeper is Vestwell State Savings, LLC, and the Bank of New York Mellon. BNY Mellon Advisors, LLC is the investment advisor with supplemental oversight of investment performance provided by Segal Marco Advisors, LLC. Audit services are currently provided by the Connecticut State Auditors of Public Accounts, however CT plans to contract for private auditing services in the future.

**b. Are partner states able to rely upon the financial audit services provided by your auditor or are partner states expected to engage their own auditors?**

Partner states shall administer their own programs, including audit of their accounts and program revenues with the program administrator. However, partner states may benefit from collective contracting or by piggybacking agreement with Connecticut's selected auditing firm, if services shall be substantially the same.

**c. Will the SOC reports for your Program Administration partners be available to partner states?**

Any SOC reports produced to Connecticut as host state would be made available to partner states.

**d. How many business owners opened/adopted a retirement account/plan in**

**the first year? (Number and Percentage)**

3,928 employers registered with MyCTSAavings between April 2022 and April 2023, which is 16% of invited employers. 28% of invited employers exempted from the program in the same time period.

**e. How many opened a retirement account in 2-5 years? (Number and Percentage)**

6,602 employers have registered from program launch on April 1, 2024 to date, which is ~18% of invited businesses. 33% of invited employers have claimed exemption from the program to date.

**f. How many employees opted out, contributed to, or closed accounts in the first year? (Numbers and Percentages)**

Connecticut's 30-day opt-out action rate was 18% for employees in the first year of the program. 21,994 employees opted out of the program in April 2023, one year after program inception.

**g. How many in 2-5 years? (Numbers and Percentages)**

Connecticut's 30-day opt-out action rate is 18% for employees to date. 41,744 employees have opted out of the program as of October 2024.

**2. What advantages would you see for Nevada in potentially partnering with your state's Auto-IRA program?**

**Fiduciary Structure and Decision Efficiencies.** Connecticut's sole governance structure enables decisions about the partnership's future direction, contracts, negotiations, vendors, and other items of mutual interest to be made swiftly and without the need for additional levels of approval before execution of program changes. This creates time efficiencies in partnership decision-making processes.

**Low Cost, Custom, & Professionally Managed Investments.** Connecticut is unique among state automatic-IRA programs in its investment structure. Instead of "off-the-shelf" investment products, Connecticut's program offers a selection of customized target date funds created specifically for its auto-IRA program participants, plus seven additional risk-based investment portfolios, to participating savers. The investment design principles implemented by the CRSP prioritize low costs to investors, who are disproportionately low-income and less able to bear high fees, while maintaining global diversification and robust portfolio allocations. As a result of its investment strategy, Connecticut's average cost of underlying investment funds in the target date portfolios is a national low by several basis points.

Connecticut's investment strategy also prioritizes investor choice. While the default contribution is to a target date fund based upon the saver's year of birth, a saver may also

choose from seven additional portfolio options, offering the most amount of investor portfolio choice available in a state auto-IRA program. The portfolio choices are simplified for understandability to the average saver and based on personal risk tolerances: cash preservation, income, income & growth, balanced, conservative, moderate growth, and growth.

The investment portfolios were created by Connecticut's contracted investment advisor, BNY Mellon Advisors (formerly "Lockwood Advisors") in conjunction with the CRSP's Program, Design and Investment committee, and are professionally managed. Investment performance is additionally overseen by a second investment consultant, Segal Marco Advisors, who make regular reports to the program and offer a "belts-and-suspenders" second opinion on portfolio performance and adherence to fiduciary responsibility.

**Lower Administrative Burden, Faster Implementation.** Joining a partnership with Connecticut additionally lowers the administrative burden to start-up for partnership states. Partnership states who join Connecticut's program will speed up time to launch by forgoing the need for lengthy and costly RFP and contracting processes, investment and program design, website design, and employer and employee communications development, workflow for data processing, or reporting design.

Adopting these elements of Connecticut's program reduces the time required for partner states to implement their program: since the core design is already present in the master contract and pre-developed by Connecticut, areas of negotiation in a partner state's amendment will be vastly reduced, and partner programs may begin implementation of their program immediately after contract execution. We estimate it would take no more than a few months.

**Low Fees.** In addition to the lowest underlying management fees available, partners who join Connecticut's program will share the benefit of pre-negotiated administrative fees. Total assets of partner states and the host state shall determine the fee breakpoints at the asset thresholds outlined in this response. Pooled assets will also lower underlying fund management fees in the future by allowing entry into more advantageous asset classes in CT's custom portfolios.

### **3. Discuss timeline. If Nevada were to enter into an agreement with your state, approximately when do you anticipate Nevada would be able to initiate its pilot and then fully launch the program? Are there events or circumstances that could delay the launch or timeline?**

In discussion with Vestwell State Savings, we expect that new partner states would be able to launch a pilot program within three to six months after execution of the partner agreement, with a full program opening shortly thereafter. We do not anticipate

additional circumstances to delay launch.

**4. Do you currently have any state partners, are you onboarding any state partners, or are you in discussions with other states about partnering? Please describe. If so, how would those additional states impact the fees that would apply to NEST participants, or change the proposed timeline?**

Connecticut is entering into a partnership with the Rhode Island Office of the State Treasurer's program, "RISavers," which shall be publicly announced shortly.

All partner states will benefit from pre-negotiated fees in the Vestwell contract. Each additional partner state assets' shall be pooled into omnibus custody accounts that are legally segregated by state, by operational commingled so that assets are identifiable by partner program at the individual participant account level. This means that the partner programs will benefit from economy of scale on underlying fund fees. Additionally, the total of all participating partnership assets, and the total of all partnership accounts, shall determine the fee breakpoints for all partnership states. For example, the partnership states collectively surpass 200,000 total accounts, Vestwell's administrative fee will drop from \$24 to \$20 for all states in the partnership.

Addition of other partner states, will not impact the launch timeline of existing partners or new partners.

**5. Identify the source of your statutory or other authority to serve as the lead or host state for a partnership or consortium.**

**Comptroller's Contracting Authority.** The Office of the State Comptroller has the statutory authority to become a host to a multi-state intergovernmental agreement pursuant to Conn. Gen. Stat. §§ 3-112(b); 31-418(a)(3) and (6), which allow the Comptroller to "enter into such contractual agreements as may be necessary for the discharge of his duties," including contractual arrangements benefitting the participants in MyCTSAavings.

**Opinion of the Connecticut Attorney General.** The Comptroller also sought the opinion of the Connecticut State Office of the Attorney General, which oversees and approves all state contracts and would need to approve the change to Connecticut's Vestwell contract to incorporate partnership addendums. The Attorney General's office confirmed on July 9, 2024 that the Comptroller had the authority to enter into such an arrangement as a host state to partner states. Connecticut is currently executing an interstate agreement with Rhode Island under this authority.

**6. Has your third-party Program Administrator already committed to supporting your partnership? How many years remain on the term of**



## **your contract with your Program Administrator?**

**Commitment to Partnership Proposal and Contractual Inclusions.** Vestwell, Connecticut's program administration provider, has already committed to supporting Connecticut's interstate partnership as proposed in this response and has been aware of Connecticut's interest in acting as a host state since executing its contract in 2021. Connecticut wrote into section 2.2(j) of its existing contract:

*(j) The BNYM Parties shall design and provide the Services under this Agreement to facilitate the ability of CRSA to act as a "host state" (i.e., the ability to offer the Program to residents of other states either directly or indirectly). Sumday and CRSA agree to review and potentially adjust the fee structure for the Program to take into consideration the assets and accounts brought on by other states.*

Services under Connecticut's contract are provided by the following companies: (1) Vestwell State Savings is the primary contact for the contract and handles day-to-day operations, marketing and outreach, and the financial technology for the saver and employer portal; (2) The Bank of New York Mellon provides the help centers for the program as well as holds program's pooled funds, assets, and trust accounts; and (3) BNY Mellon Advisors (formerly "Lockwood Advisors"), who designed and oversee the customized investment portfolios and glidepaths for savers, provide investment advising services to the program.

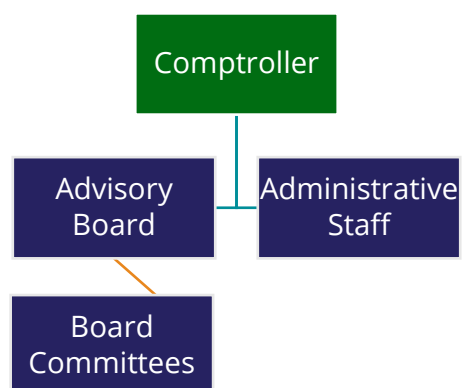
The contract is a ten-year contract that was first executed in March 2021. There are seven years remaining on the contract, which expires in 2031.

## **7. Describe the governance structure of your program. Please list all entities involved in oversight or administrative support and include the names and professional titles of chair(s), voting members, advisory committee members and program staff.**

**Sole Fiduciary.** Connecticut has a sole fiduciary structure, which has advantages in simplifying the execution and collaboration process. As of July 1, 2022, the Comptroller is the sole fiduciary and ultimate decision-maker for Connecticut's program.

The CRSP additionally benefits from an Advisory Board, of which there are fifteen members. However, the Board's role is to serve as oversight for public accountability and to provide subject matter expertise. The Advisory Board's resolutions are limited to making recommendations to the Comptroller and are not binding. Therefore, for the CRSP to make a change to the program, its contracts, or to enter into any Memorandum of Understanding between states, only the decision of the Comptroller is required.

Figure v. Chart of Current Structure of the Connecticut Retirement Security Program



**The Advisory Board.** The Advisory Board provides a breadth of expertise to assist with the program’s oversight. It is comprised of 15 appointed members, each of whom are required by statute to have a different expertise relevant to the program. The currently serving members of the Board as well as their expertise are outlined in the chart below.

Table i. Board Members Serving as of August, 2024

Board Member	Appointing Authority	Required Expertise	Professional Titles
<b>Comptroller Sean Scanlon, Chair</b>	Required by Statute	Ex-Officio, Chair	State Comptroller
<b>Jennifer Putetti, designee of CT Treasurer Erick Russell</b>	State Treasurer	Ex-officio	Director of Legislative Affairs
<b>Manisha Srivastava, designee of CT OPM Secretary Jeffrey Beckham</b>	OPM Secretary	Ex-officio Voting	Policy Coordinator and Economist
<b>Patrick Flaherty, designee of CT DOL Commissioner Danté Bartolomeo</b>	Commissioner of the Department of Labor	Ex-officio Voting	Director of Research and Information
<b>Cesar Garcia,</b>	Banking	Ex-officio Voting	Manager, DOB

<b>designee of Jorge Perez, CT DOB Commissioner</b>	Commissioner		
<b>Thomas Sennett</b>	House Speaker	Interests of aging population	VP at Prudential Retirement (Retired)
<b>Ryan Leichsenring</b>	House Majority Leader	Interests of small employers in retirement savings	Partner at Day Pitney, LLP
<b>Sean Thomas</b>	House Minority Leader	interests of retirement investment products	Principle, Wells Thomas
<b>Alex Knopp, Esq.</b>	Senate President Pro Tempore	Interests of employees in retirement savings	Former State Representative
<b>Edward Zelinsky</b>	Senate Majority Leader	Retirement plan design	Professor, Cardozo School of Law
<b>Bing J. Carbone</b>	Senate Minority Leader	Interests of Retirement Plan Brokers	President, Modern Plastics
<b>Sherry Coelho</b>	Governor	Retirement Investment Products	Managing Director, Prudential Financial
<b>VACANT</b>	Governor	Annuity products	VP Investment Products, Empower
<b>Melissa Pescetelli</b>	Governor	ERISA Expertise	Tax Division Chief, Department of Revenue Services
<b>Jon Wu</b>	Governor	Actuarial Science	Actuarial Consultant

Each Board member has one (1) vote on the Board. The Advisory Board's votes, however, are to make a non-binding recommendation to the Comptroller. Connecticut's Advisory Board is active in the oversight of the program and has a quarterly standing meeting to review the program's progress. All Board members are supportive of the program and commit their time and effort to its success.

**Program Administration.** The Connecticut Retirement Security Program is housed within the Connecticut Office of the State Comptroller, which uses its institutional resources to administer the program. In addition to executive and business staff, the

Connecticut Retirement Security Program also has three permanent staff members who handle the CRSP's daily operations.

*Table iii. Administrative Staff Titles and Short Biographies.*

Program Staff	Title	Biography
<b>Jessica Muirhead</b>	Executive Director	Jessica Muirhead is the Director of MyCTSavings, a state-facilitated retirement savings program for employees who lack access to a retirement benefit through their workplace. Jessica joined the effort in 2020 through the Office of the State Comptroller and oversaw the execution of the program from establishing its operational structure and business contracts, outreach and marketing, a pilot phase in 2021, through to full launch. She previously held positions with Brown University, the University of Connecticut, and the Capitol Region Council of Governments.
<b>Lisa Kidder</b>	Strategic Communications Manager	Lisa Kidder joined the Office of the State Comptroller as the Strategic Communications Manager for the MyCTSavings Retirement program in 2023 coordinating outreach to state businesses. As a communicator, she has worked in public relations, advertising, and marketing in both the public and private sectors, and has owned a communications consulting business. Lisa has extensive experience in collaboration with business and industry groups.
<b>Lillith Smith</b>	Administrative Assistant	Lillith (Lily) Smith joined the Office of the State Comptroller as the Administrative Assistant of MyCTSavings Retirement program in 2023. Lily has worked as an office administrator for over 10 years. Previously Lily worked in human resources and finance, where she managed payroll, employee benefits, budgets, and other administrative duties.

**8. Discuss how decision making would be shared between or among the states. Please address what types of decisions will be handled via partner vote, and what types of decisions (if any) will be left solely to the lead state. Have you developed a formal framework governing the terms of any prospective partnership or consortium? If so, please attach to your response.**

**Introduction to Roles.** Connecticut has a sole fiduciary structure, allowing for greater flexibility on partnership decision-making processes. While Connecticut consults with and benefits from the expertise of its Advisory Board, the Comptroller as the sole fiduciary and administrator of the program may work with partner states at his sole discretion.

Connecticut proposes that partner states must have certain statutory features which are required of all partners, and additionally partners must adopt the certain program features that Connecticut has already put into place in the master agreement. After a partnership agreement is executed, partner states will form a consortium panel with one (1) representative per state to make collective decisions on certain core program features, including changes to investments, program design, program communication boilerplates, and other shared materials. Decisions made by the consortium panel will be executed by the host state (Connecticut) with the program administrator (Vestwell).

**Unique Features of the Programs: Decisions by the Partner State.** Partner states will retain ownership of their programs, it's associated accounts, and fiduciary responsibility for stewardship of those accounts. While core elements of the programs shall be the same, several key features will be customized to their program's unique, public-facing identity.

*Partner Side Contract.*

The partner state will sign on to Connecticut's master contract through an amendment agreement, executed between the partner state and Vestwell. The amendment agreement shall incorporate such language as may be required by the partner state's procurement standards, but core program features will remain the same as Connecticut's master agreement.

*Branding and Visual Assets.*

Partner states will develop and maintain their own brand assets in conjunction with Vestwell, including their name, logo, fonts, colors, and other visual branding that differentiates it from the host state and other partner states. Public-facing assets such as the program website, employer and saver portals, and print material will have the partner state's own brand applied to them. However, the content and structure of those materials shall mirror Connecticut's, with minor changes to reflect the statutory differences between programs (such as contribution rates, registration deadlines, compliance measures, etc.)

Examples of Connecticut's communications are available in the appendices attached to this document. The website can also be viewed by visiting [MyCTSavings.com](https://MyCTSavings.com).

*Assets and Accounts, Audit, Fiduciary Responsibility, & Reporting.*

While assets of the host and partner programs will be held in a single pooled trust account for the benefit of the program participant fees, individual saver accounts shall be identified by state. The partnership state shall retain stewardship and fiduciary responsibility for the accounts within its own program and shall audit its own accounts. Furthermore, each state will receive weekly, monthly, and quarterly reports from Vestwell with their own statistics on funded accounts, employer response, assets, revenues, and other relevant program statistics.

*Data.*

Partner states will maintain ownership of their own data on employers and employees and send it directly to Vestwell for ingestion into Vestwell's systems for program outreach. Likewise, Vestwell will send reports back to partner states directly. Connecticut will not have access to partner state's employer or employee data. All states will receive periodic updates on aggregate total partnership assets.

**Consistent Features of the Programs.** The following features must be consistent between Connecticut and the partner state:

*Non-Negotiable Requirements of Partnership — Statutory Standards.*

Connecticut shall be the holder of the master contract. In consultation with Vestwell, any partner state entering an amendment agreement to Connecticut's master contract, it is required that the following elements shall be the same or substantially similar to Connecticut's program:

- *Automatic-Enrollment* — the partner state must have automatic employee enrollment as a requirement of their program.
- *Default Investment Rates* — the partner state must have a default investment rate at which employees are enrolled substantially similar to Connecticut's. Connecticut's default investment rate is 3%, however, a state who has a 4%-6% default investment rate is an acceptable difference for the purposes of partnership, as confirmed by the program administrator, Vestwell.
- *Mandatory Participation* — the partner state must require participation for employers and have voluntary participation for employees.
- *Program Eligibility Requirements* — the partner state must have substantially similar employment thresholds for requiring employer participation; in Connecticut, the number of employees an employer must have to participate in MyCTSavings is five (5), including part time and full-time employees.

*Negotiable Requirements of Partnership — Contractual Standards.*

Additionally, new partner states must adopt the following contractual standards of the

current master agreement when executing a partner amendment agreement:

- *Investment Selection* — the partner state must adopt the existing investment selections upon entering the partnership.
- *Types of Investment Accounts* — the investment account type must be a Roth IRA.
- *Program Materials* — partner states will adopt the program materials and general communications as already established by Connecticut, except for unique branding and small changes to reflect local statute.
- *Fees* — Vestwell's administrative fees shall be the same across all partnership states. For the state's fees, partner states will adopt the same total basis point fee as Connecticut (currently set at 0.2% of assets), but may determine their own state dollar-based fee (see fee structure outlined under the fee section of this document).

New partner states will adopt Connecticut's existing contractual standards of the above core program elements at the time of joining the partnership. However, Connecticut's partner state consortium will collectively decide future changes to contractual standards. Any future changes to contractual standards—such as changes to investments or shared fees—will be recommended by the partner state consortium to the Comptroller for execution in the master agreement, as agreed between the states.

#### **Partnership Consortium and Changes to Contractual Features.**

In a separate agreement to the contract with Vestwell, partner states shall enter into an interstate Memorandum of Understanding, outlining the duties and responsibilities of the host state and partner state and the decision-making process for the interstate consortium. The terms of this memorandum are outlined in the appendices of this document.

#### **9. What type of IRAs are offered as part of the program (e.g., Roth IRA, Traditional IRA, both)? If limited to only one choice, please explain the administrative and/or pricing advantages. Additionally, if limited to one choice, is the other a possibility for rollover IRAs?**

Connecticut's secure choice program currently only facilitates Roth IRA post-tax contributions. The requirement of a Roth IRA is statutory, however, it is also the recommended and standard vehicle for state-run auto-IRA retirement programs for several reasons. First, the post-tax contributions simplify the deduction process for facilitating employers. Secondly, the Roth IRA has advantages to the typical demographics of state program participants, who are more likely to be low-income and in less stable financial positions. This includes penalty-free withdrawals of contributions, which allows participants to use their accounts as an emergency fund to support their

financial needs as needed.<sup>1</sup> By contrast, traditional IRAs do not offer tax-free withdrawal of contributions and such emergency withdrawals would be taxed. Roth IRAs are also advantageous to low-income workers in retirement, as qualified distributions made after 59 ½ years of age are not taxed.

Program participants may roll over to another qualifying retirement account at any time, however, Roth IRAs cannot be rolled over into a traditional IRA, [per IRS rules and regulations](#).

## **10. Describe the trust structure of the partnership. Are there separate trusts for each partner program, or is there one trust where assets are held? Is the accounting separate for each state?**

### **Connecticut's Asset Structure.**

All monies received as contributions to individual saver accounts ("trust accounts") will be deposited by Vestwell into a pooled "Program Fund" — informally known as the "trust" — on behalf of all states participating in the consortium. The Program Fund is held and managed by the Bank of New York Mellon, which then invests the funds as designated by the individual account owner's choice of investment portfolio mix. For the purposes of investment into the underlying management funds in the portfolios, Connecticut and partner state funds will be mixed, lowering overall fees.

The total of these assets in the pooled Program Fund determines the breakpoints of the fees charged by the program administrator as outlined in table iv of this document.

### **Addition of Partner Assets.**

Assets added from accounts established in a partner state will be added to the Program Fund. This offers two advantages to cost for the collective assets: first, the asset class of the underlying investment funds will be lowered when assets are pooled into the same fund. Second, Vestwell's fees will drop with the total sum of the pooled assets between all partner states and the host state at the negotiated breakpoints outlined in the fee section of this document.

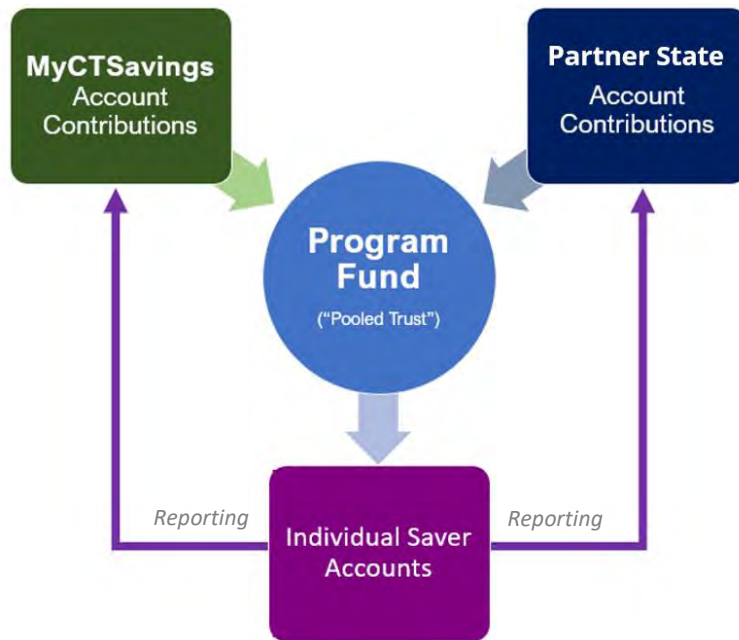
While the assets shall be pooled into the Program Fund for fee advantages, records of individual accounts and reporting shall be segregated at the account level (see figure vii). Partner states retain stewardship of their accounts and will receive individual reports on account performance and maintenance and will be responsible for audit of its own trust accounts.

*Figure vii. Flow of Assets and Reporting Between Host and Partner Programs.*

---

<sup>1</sup> Internal surveys of Connecticut's program have found 75% of program withdrawals were due to financial need.





## 11. Describe the terms for exiting your partnership. Are there restrictions on exiting? Do NEST accounts stay with Nevada, or with the partnership?

**Voluntary Partnership.** Partner states may exit the partnership at any time if the partner state feels it is in their best interest and must only notify the partnership that it is exiting the consortium. In the case of a partnership exit, the amendment agreement with Vestwell and memorandum of understanding between the partner state states shall be dissolved and representation on the consortium withdrawn.

**Ownership of Assets and Accounts.** Partnership states exiting the program shall retain ownership of their program, state data, trust accounts, and associated assets, which will leave with the partner state upon exiting the partnership. Vestwell shall make the appropriate transfer of accounts and assets to the new program chosen by the former partner at the time of exit as outlined in the existing master agreement.

Additionally, each state shall continue to own their program's branding and visual assets and retain them upon exit.

**Changes to Fees.** If leaving the partnership results in reduced assets that fall under the asset threshold of a fee breakpoint, the fees shall return to the appropriate breakpoint, as outlined in the master agreement, for the remaining states in the partnership.

## B. FEES

### 12. Discuss your fee structure, including applicable asset and account breakpoints. Include projections on how long it is anticipated before reaching these breakpoints.

**Fees charged by Vestwell. Fee Structure & Breakpoints.** The first state to adopt the “hybrid fee” structure, under the Connecticut master agreement Vestwell is paid by an asset-based fee (called the “Program Management Fee”) and an annual flat fee per account (called the “Annual Account Fee”) assessed on participant accounts.

The hybrid fee structure provides several advantages to both program operations and to individual investors: first, the annual account fee provides a stable, early cash flow to the program when assets have not yet had time to mature and accumulate, allowing a lower asset-based fee. A second annual flat fee offers a benefit over time to the investor, as its cost represents a smaller and smaller proportion of the account’s assets as the investments grow.

Underlying Investment Fees. As noted in this document, Connecticut has the lowest underlying management fees for its investment portfolios due to the custom investment options designed by BNY Advisors. The average underlying investment fees for target retirement date portfolios are 3.6 basis points of assets, or 0.036%, as compared to a 9 basis points average in most other auto-IRA programs. These fees shall remain the same for all partnership states.

Program Administrator Asset-Based Fees. Vestwell’s administrative fees would remain consistent between Connecticut and partner states. The total assets of all participating states would be counted toward the contractual fee breakpoints, as outlined below:

*Table iv. Program Management Fee Breakpoints*

Assets	Vestwell’s Fee
<b>\$0-\$2B</b>	0.20%
<b>\$2B-\$4B</b>	0.15%
<b>\$4B+</b>	0.12%

The asset fees are charged each calendar quarter and are calculated by multiplying the applicable annual rate by the daily market value of the program assets, based on a 365/366 calendar year during the applicable period. These fees shall remain the same for all partnership states.

Program Administrator Annual Flat Dollar Account Fees. The annual account fee is divided into quarterly charges. For example, an account opened on January 1<sup>st</sup> would be charged \$6.00 to

Vestwell after the close of the first quarter on March 31<sup>st</sup>, if the total annual fee is \$24/year. These fees shall remain the same for all partnership states.

*Table v. Annual Account Fee Breakpoints*

Assets	Vestwell's Fee
<b>\$0-\$2B</b>	\$24/year
<b>\$2B-\$4B</b>	\$20/year
<b>\$4B+</b>	\$18/year

**13. What are the total annual fees a participant can expect to pay (please include any expenses that may not be captured in the standard AUM / BP calculations such as enrollment fees, minimum required deposit amounts, returned checks, copies of previous statements/reports, distribution/conversion, and/or any other transaction fees)? Would our participants pay the same fees as your state participants?**

**Total Fees to Partner State Participants.** As outlined in question 12 of this document, participants would pay the same Vestwell fees in each state. Fees charged by, and remitted to, the partner state as outlined in question 14, will be the same among all partnership states for the asset-based fee (2 basis points, or 0.02%), but each partner state's account-based fee is at each state's discretion.

In the Connecticut consortium master agreement, the total average fees to savers are, under current breakpoints, an approximate 1 year cost of \$26 per \$1,000 of investment, depending on the administrative dollar-based fees charged by the partner state, at its discretion.

The total breakdown of fees and approximate cost per \$1,000 of investment is outlined in tables viii and ix below.

*Table viii. Total Approximated Costs to Partner State Participants:*

Investment	Underlying Investments	Vestwell Income (Asset)	Nevada Income (Asset)	Vestwell Income (Dollar)	Nevada Income (Dollar)
<b>Target Date</b>	0.036%	0.20%	0.02%	\$24	Determined by partner state

*Table ix. Approximate Cost Table: Approximate Total Cost of a \$1,000 Investment to investors at current fee levels.*

Investment	1 Year	3 Years	5 Years	10 Years
<b>Target Date</b>	\$26	\$79	\$132	\$264

In addition to these fees, accounts owners taking specific actions may be assessed additional fees for the following services:

*Table vi. Additional Fees*

Service	Cost
<b>Rollovers</b>	\$50 per rollover out
<b>Paper Statements</b>	\$10 per annum
<b>Paper Checks</b>	\$5 per check

No other fees will be charged to program participants than those listed in this section.

#### **14. What fees would Nevada receive? Is there a difference in the amount of fees received by your state versus Nevada (if so, what is the breakdown)? How are all parties compensated?**

**Partner State Revenues.** All states in the partnership shall receive revenues as fees from the accounts and assets of participants only in their own program.

Asset-based fee. The partner state's asset-based fee shall be the same as the Connecticut's rate, which is currently two (2) basis points, or 0.02%.

Annual Account Flat Fee. Partner states determine their own annual flat dollar fee for revenue to the state. This allows flexibility in self-determining the payback timeline of program costs by state.

*Table vii. Partner State Fees*

State	Program Management Fee (Asset-Based)	Annual Account Fee (Dollar-Based)
<b>Partner State Revenues</b>	0.02% of the assets only within the partner state's own program.	Dollar amount determined by the partner state, charged only to accounts in the partner state's own program.

**Remission of fees to the parties.** Fees are collected by the program administrator, Vestwell, directly from the accounts on a quarterly basis. Vestwell then remits the partner state's portion of the fees to the state via ACH, along with a report outlining the calculation of fees. The report must be approved by the state before fees are remitted.

**15. Are there any costs associated with your partnership that would be charged to Nevada? Specifically, has your Program Administrator confirmed whether it will charge any start-up or ongoing fees to new partner states? If so, list those expenses and describe whether any such payment is due in lump sum or can be made in installments.**

**No fees charged from host state.** Connecticut will not assess fees of any kind to a partner state.

**Start-up fee from program administrator.** Vestwell requires a one-time, start-up fee of \$100K prior to the formal launch of the program. While the preference is that this fee be paid within 90 days of signing the partner addendum, the potential for installment payments can be discussed if needed.

Vestwell does not charge any ongoing fee to partner states after this initial \$100k start-up fee.

**16. Would pricing change if Nevada legislation doesn't include a mandate for employers to participate?**

**Mandate required of partner states.** Per the partnership agreement, any partnership state's program structure must be substantially similar to the host state to join the consortium, including mandated employer participation. Additionally, the potential for enforcement action against non-compliant employers is also critical for the long-term success of state programs, and necessary to ensure program growth and economies of scale among partnership states.

Vestwell will not provide administrative services to partner states that do not have a statutory requirement for employer participation.

## **C. INVESTMENTS**

**17. Discuss your investment lineup for participants. How are investments selected and monitored? What are the participants' choices? How often is**

**the lineup evaluated and updated? What are state partner options in selecting the investment menu; are you willing to modify the existing lineup based on Nevada's input?**

**Investment Design Overview.** As discussed previously in this submission, Connecticut has a unique investment lineup which provides maximum choice to savers while preserving simplicity, in addition to lowered underlying fund costs. Developed by Lockwood Advisors (now d/b/a BNY Mellon Advisors) in conjunction with the CRSP's Program, Design & Investment Committee, the Connecticut program offers custom target date portfolios and seven other portfolio mix options to savers. The design principles prioritized a strategic portfolio with a low cost to savers, simplicity of choice, global diversification, and robust portfolio allocations while also maintaining appropriate risk exposure and glidepaths to retirement, which is reflected in the selection of the underlying management funds.

The default selection for enrolled accounts is a target date fund based upon the account holder's date of birth, which is where the majority of participants stay. Seven additional portfolio mix options are available for savers who prefer a different risk tolerance. To maintain low fund management costs, the additional options consist of various asset allocation mixes, which can be viewed on the investment portion of the MyCTSAVINGS website at <https://myctsavings.com/savers/investments> and in the appendices to this document.

**Design Oversight.** All portfolios are professionally managed by BNY Mellon Advisors, who designed the portfolios and oversee their performance. Changes to the portfolios are considered at least once per year by the CRSP. BNY Mellon Advisors are also required to provide reports on the investment performance once per quarter and perform a full review and recommendation of changes to the portfolios annually.

In addition, Connecticut also retains a separate investment consultant, Segal Marco Advisors, who reviews the investment portfolios as an independent third-party advisor and provides additional feedback each quarter, monthly investment updates, and recommendations for potential changes to the investment funds and strategy.

**Changes and Input.** As proposed in this response and the term sheet for partnership included in the appendices, any changes made to the program's investments would be collectively decided by the consortium under the terms of the memorandum of understanding between partner states and Connecticut. Partner states would be given representation on an interstate consortium, which would make its recommendation to the Comptroller to execute any changes made to the contract or investments with Vestwell.

**18. Please identify the firm that serves as independent investment consultant. May the partner states rely upon this entity's monitoring and recommendations or is each partner state expected to engage its own,**

## independent investment consultant?

**Investment management to host state.** Per the master agreement, Vestwell and the Bank of New York Mellon Advisors will only provide investment advising services directly to the host state. However, Connecticut shall share investment information with partner states for the purposes of collective partnership decision-making on program investment changes. Any decisions made by the consortium to make a change to the investment strategy shall be communicated through the host state to the investment advisor.

**Secondary investment consultant.** Connecticut contracts with an independent investment consultant, Segal Marco Advisors, for additional oversight of program investments. If partner states wish to collectively contract for Segal Marco Advisors' services, this can be discussed.

Partner states may also contract their own investment consultant for oversight of investment portfolio performance, as desired.

## D. PROGRAM PRACTICES

**19. We assume that Nevada will have full access to data and contact lists specific to NEST account holders and employers, and that Nevada will control the communications with these groups. Please confirm or describe how your structure differs. What types of reports would be available to the NEST Board?**

**Data Sharing.** The partner state will retain ownership of trust accounts added through its program and of its data added to the program. Reporting of employer, saver, and other state-specific data will be kept separate and sent to each state's designated contact individually. Specific details from employer contact lists and account holders shall not be shared among states. However, certain aggregate program data—such as total assets—shall be shared among all participating states to ensure that contractor fees are appropriate to the shared asset thresholds.

**Branding and Identity.** The partner state will develop its own brand identity and public-facing program separately from the CRSP's "MyCTSAVINGS" brand. Visual assets, name, logo, brand, and taglines shall be owned and controlled in perpetuity by each partner state.

**Communications Prepared by the Contractor.** Other assets prepared and distributed by Vestwell, including boilerplate language for program descriptions, website structure and content materials, most FAQs except those that are unique to partner state statute, printed materials, and standard print and email communications to businesses and savers, will be

maintained by Connecticut and used among all partner states. Program details such as name and certain differences in statute shall be changed to fit each state, however, most standard materials will be the same across all states. A sample of Connecticut's recent printed materials is included in the appendices of this document. Significant changes to the substance of printed materials shall be decided between partner states in advance as outlined in the term sheet of the interstate agreement, available in the appendices of this document.

**Other Communications.** Communications developed and sent directly to account holders or businesses from the program office and not developed, sent, or maintained by Vestwell, such as compliance notices, shall be controlled by each state independently.

**20. Please describe the current user experience that would be offered to Nevada employers utilizing your program. What is the practice for employers to register utilizing your system? What is the practice for employers to integrate payroll when submitting a pay file (include details on the process for employers to upload the plan participant census, how often it is required, and what specific data points must be collected and included in the census?) Please specify if payroll process is manual, automated, or both and describe.**

**Employer Enrollment.** Vestwell works directly with the state to create a simple and straightforward enrollment process for employers. State employer data provided by Nevada will be used to preload the targeted universe of employers into Vestwell's system and send Program communications that provide the employer information about the program, when they will need to register and onboard employees, and how to exempt from the Program if they already offer (or begin offering) an employer-sponsored plan.

The employer enrollment or "onboarding" process includes two key steps - setting up their account and registering with the Program. The employer portal is designed to streamline this process and makes it incredibly easy and convenient. Employers will receive an invitation to register for the Program (either via email or hard copy mail). They can also access the employer portal directly through the Program's website. Employers will enter their FEIN and the access code provided in the Program invitation. Each employer user will be prompted to set up individual login credentials for their access to the portal. Once in the employer portal, they will go through the step-by-step process for the following items:

- Company Information (entering basic information like name, address, phone number)
- Payroll Set-Up (providing any payroll system used and their payroll schedule)
- Payment Set-Up (How the Employer will fund contributions - i.e., ACH pull, check, etc.)
- Adding Employees (uploading a file or manually inputting the required employee information)



Employers have additional functionality throughout this process, including adding additional employer account users (internal staff or external payroll/accounting partners), and will have access within the employer portal to step-by-step instructions, how-to videos, and direct assistance from the Vestwell Client Services Team.

The onboarding process is a one-time experience for employers. Thereafter they directly enter their employer account and can make contributions, see any employee changes, and maintain and make any updates to their company information. Given the need to provide specific employer information as well as a census file of employee information, Vestwell does not support a paper registration/enrollment process for employers.

An example of a registration help video can be found below. Vestwell will create this type of branded content for programs in the partnership.

MyCTSAvings Registration video: <https://myctsavings.zendesk.com/hc/en-us/articles/5078599878935-Onboard-your-company-for-MyCTSAvings>

**Contributions & Payroll Integrations.** Payroll integrations are available to any employer, regardless of industry or size. Existing payroll integrations are in use with employers with as few as one employee up to those with tens of thousands of employees.

Vestwell offers different types of integrations depending on how payroll companies are interested in partnering. With 180 integrations, new employee additions and payroll contributions are passed directly to the Program through an employer's payroll system, either via Secure File Transfer (SFTP) or API. With 360 integrations, new employee additions and payroll contributions continue to be passed to the Program, and additionally, the payroll service receives a direct notification for any deferral rate changes and eligibility status for employees from the Program. These integrations significantly reduce, and in some instances eliminate, the need for any manual effort from the employers after they are onboarded to the Program. Ultimately, the goal is to center automating the process for employers and limiting the scope of any new work to administer the program. Whether it is the employer, their staff-person, their accountant or bookkeeper, or their payroll provider, the more functionality that enabled through the employer's existing payroll system, the less they will have to visit the employer portal.

(To see the list of current integrations available to MyCTSAvings, [visit this help center article](#). These integrations would also be made available to partner states.)

For employers who do not have a payroll system, or who work with a system that is not yet integrated, the process for adding employees and processing contributions on the employer portal is simple and streamlined. Vestwell offers employee file templates, contribution file templates, and easy step by step instructions. A tool for data validations that identifies

potential anomalies and errors in payroll files is also available. This tool helps employers catch mistakes in their data to avoid payroll errors and processing delays before the file is ingested into the system. Program success hinges on systems being as easy as possible for any of the ways in which an employer runs and operates their payroll.

An example of how to submit contribution files in the portal is included below. A similar video would be produced for partner states.

MyCT Savings Contributions Video: <https://myctsavings.zendesk.com/hc/en-us/articles/5816669603607-Submitting-Contributions-to-Your-MyCT Savings-Portal>

**21. Please describe the current user experience that would be offered to Nevada employees utilizing your program. What would the steps or process be to allow employees to opt-out of automatic enrollment? What is the process for a distribution, including how distributions are requested?**

**Employee notification and opt-out period.** Once employers have added employees and invitations have been sent out, the Program's 30 day "opt-out" window begins. During this time, employees are listed as pending and no contributions are allowed. The opt-out window provides employees with time to receive their materials, learn more about the Program, make any changes to their default options, or opt-out. After the opt-out window ends, employees are automatically enrolled into the Program if they haven't opted-out and will receive communications from the Program about their enrollment along with the necessary Program documents, including their IRA agreements and disclosures. Employees can make changes to their default options or opt-out of the Program anytime, even after the 30-day opt-out window.

During the opt-out window, and consistent with applicable law, Vestwell completes Know Your Customer (KYC) checks and Customer Identification Program (CIP) processes for all employees to confirm that they can be auto-enrolled and that an account can be opened. If an employee fails the KYC or CIP process, employees are sent a communication directly, indicating that they need to contact the Program to update the information that was provided by their employer. Employers will see employees maintain a "pending" status in their portal until information is provided to the Program to confirm the CIP process.

**Investment selection defaults and changes to selections.** Employees are automatically enrolled in the system using the default contribution and investment elections set by the Program. Employees can make changes to their account or elections by logging in to the Saver portal or calling the customer service number. The system is designed so that an employee does not have to do anything to be enrolled in the Program and begin saving,

allowing for as much or as little interaction with the Program as an employee wants. Certain saver processes can be completed via paper forms, including changes to their account defaults, opting-out, adding beneficiaries, making withdrawals, requesting a distribution, or recharacterizing their IRA. These forms are located on the program websites for easy access by employees/savers. All these actions are also supported directly through the saver portal accessible on the program website. (More information about distributions is provided in the response to question 22.)

**22. Briefly describe your program's practices related to risk management. Describe your program's security against fraud. What is the audit process, if any, used to determine the employer's compliance with the program? What is the process to approve a distribution (e.g. does it require a third-party notary or medallion stamp)?**

**Risk Management & Oversight.** Vestwell has had a Legal and Compliance Department before it started any plan recordkeeping operations so that their platform would be built with security and compliance in mind.

Vestwell's compliance and security policies and procedures are incorporated into day-to-day business practices so that all Vestwell employees perform their duties with the highest legal and ethical standards. Vestwell employs a General Counsel and Chief Compliance Officer who oversees Vestwell's policies and procedures, and conducts ongoing employee compliance training through a mix of automated, sampling, and manual solutions. Vestwell's Legal and Compliance Team helped design the requirements for many of their platform features. Vestwell's compliance policies and activities incorporate guidance and updated rulings provided by the Department of Labor, the Internal Revenue Service, ERISA, and local State laws into its business practices.

All key compliance and security policies, including business continuity, disaster recovery, incident response, data management, privacy, and numerous security related protocols are independently audited and tested throughout the year by independent experts and auditors at Vestwell. Vestwell also conducts penetration testing to verify that its systems are secured, and undergoes an annual SOC 2 Type 2 audit by an independent third party approved by the American Institute of Certified Public Accountants. Thus far, all of Vestwell's SOC 2 Type 2 audits have resulted in an unqualified opinion without exceptions or deficiencies by the independent auditors, which translates to Vestwell's systems and risk controls operating at the highest standards. In addition to the SOC 2 audit, Vestwell will be undergoing a SOC 1 audit of its state savings business this year.

Additionally, risk management is also monitored by a centralized Risk Committee that reports to Vestwell's senior management and Board of Directors and meets monthly to review fraud detection and regularly to review risks and controls across the organization. Vestwell has never had a reportable data breach, investigation, regulatory matter, or litigation of any kind since its inception.

**Enforcement/Compliance Audit.** Vestwell does not oversee state enforcement or employer compliance but can support state efforts by providing detailed employer reporting as needed, including reports that document registration date, payroll dates (first payroll, last completed payroll, etc.), active employee count, number of added employees, etc. This information can be used by the state to determine whether employers have added employees (and added the expected number) and whether employers are regularly submitting payroll contributions. Since employers do not provide wage information as part of the registration process, Vestwell cannot provide data on whether employers are remitting appropriate contribution amounts.

**Distributions.** Distributions from a savers account can be made online, by phone, or by mailing a completed distribution form to the Program. Distribution requests received in good order before the close of the NYSE on any Business Day are processed that day based on the Unit Values of the Investment Options underlying the participants account calculated as of the close of the NYSE on that day. Requests received after the close of the NYSE are processed the next Business Day using the Unit Values calculated as of the close of the NYSE on that next Business Day. While most distributions are processed within one (1) Business Day, during periods of market volatility or at year-end, distribution requests may take up to three (3) Business Days to process. Saver plan documents notify savers that they should allow up to seven to ten (7-10) Business Days for the proceeds to reach them when processed via check or two to four (2-4) Business Days when processed electronically via ACH to their bank account.

For security purposes and to protect savers from potential fraud, Vestwell implements a hold time of nine (9) Business Days on distribution requests that include a change of address. We implement a hold time of fifteen (15) calendar days on distribution requests that include a change of banking information. In addition, contributed amounts made via an Employer payroll deduction are immediately available if not accompanied by a change of bank or address, however contributed amounts made via a personal check or a personal bank account are not available for withdrawal for seven (7) Business Days.

Vestwell also understands the importance of security in distributions, which are especially vulnerable to fraud. Vestwell's internal fraud detection team implemented a proprietary scoring method to evaluate risks associated with distributions against geolocation data, IP address, bank account verifications, prior distributions and account profile changes, and other relevant factors. This Team conducts direct outreach to savers to verify their distributions where appropriate and meets weekly to review Vestwell's distributions security review procedures and any changes needed to its risk scoring algorithm.

Non-Financial requests (change of address, adding or deleting a bank account, updating primary or contingent beneficiaries, changing deferral rate, or opting out of the program) can be made online, by phone, or by mailing a completed form. While most non-financial requests are processed within three (3) Business Days, during periods of market volatility or at year-end, non-financial requests may take up to five (5) Business Days to process. A saver

can add a new bank by either using Plaid or manually inputting the information, which requires them to upload a copy of a check or bank statement for validation purposes.

**23. Are there systems in place to identify non-compliant contributions (e.g. how are late or missing deposits monitored, managed, and communicated)? What is the process for a correction (e.g. how many days are required to correct an erroneous contribution and what steps are taken to avoid a penalty by the IRS?)**

**Reminders to employers and reporting to states.** When an employer registers for the program they will provide information on their payroll schedule, including when they run it and how frequently. They will also set up the process by which they intend to submit the contributions (most traditionally, an ACH Pull by Vestwell after a contribution file is submitted). The system will send automated reminders to employers four days before their scheduled payroll, reminding them to submit their contributions. If an employer misses a payroll cycle, the system will automatically send an email notice reminding them to take action. An employer's account also flags upcoming, missing, or incomplete payroll cycles - flagging them if an employer needs to take action. This information can also be passed onto the state at any time for further, escalated action.

**24. What support, if any, is available to Nevada in implementing and marketing, the program (e.g. marketing, outreach financial literacy, investment tools or resources) either from your state or the Program Administrator? What practices are in place for employer education regarding the retirement saving program? What is the specific support for launching the program to employers? What support, if any is for continuing outreach to employers after launch? What tools are available to help employees adopt into the program? Is your Program Administrator willing to assign an in-person field representative?**

**Host State Support.** Connecticut's administration will provide the expertise and experience of its program staff in an advisory capacity to the staff of partner states, including consultation on effective methods of implementation and outreach, sharing of its implementation and outreach plans, and of its marketing plans. Connecticut will also share its internally developed educational outreach materials, such as slide decks and presentations, for adaptation in partner states.

**Vestwell Marketing Support.** Vestwell provides significant marketing and communications support as part of its administrative services to partner states. From the development and management of the program website, to all the direct communications for employers and savers, to additional supportive materials that the state can use to promote the program,

Vestwell creates marketing and educational materials using easy to understand language and clear directions. The sections below provide a more in-depth understanding of the services and materials provided.

#### *Program Communications & Materials.*

Using the lead state website as the template for layout and content, Vestwell will build and manage a custom branded program website for partner states. In addition to core content for savers and employers, Vestwell also creates help content, financial resources, a news page, a contact us page, and three Spanish pages that include a summary of the main content found in other parts of the site. Vestwell also creates a full Employer Help Center, that includes FAQs and dozens of help articles and videos for employers. The Help Center is made available on the program website, in the employer portal, and frequently linked to in program communications.

Vestwell will prepare and send all direct program communications to employers and employees/savers. Employer program notices include:

- Program open notice - Sent to all employers when the program first opens, this notice captures early adopters who are excited and motivated to engage with the program.
- Using a notification schedule informed by time-based economic behavior principles, we'll communicate with employers on or about 45, 25, and 7 days prior to their deadline.
- Following the deadline, we'll remind employers of the need for action on or about 7 and 31 days past their deadline.
- As program rules allow, and where applicable, we'll also send a final reminder to take action before enforcement begins.

Saver/enrollee program notices include:

- Saver/enrollees receive a notification that their employer has added them to the program and explains their options to do nothing and start saving automatically, modify their savings elections to meet their needs, or opt-out with the option to opt back in at any time.
- 10 days before they are automatically enrolled, the savers are sent a reminder.
- Finally, if the saver/enrollee takes no action we provide a confirmation of their automatic enrollment with the program that outlines the standard savings elections, including the required IRA application and disclosures and the Program Description Booklet.

Vestwell communicates with employers and savers electronically whenever possible as it is the best way to engage with the recipient and provide useful resources and tools, but will utilize hard copy methods if electronic is not available.

In addition to the initial employer and saver notices, Vestwell develops and send a variety of

administrative and operationally communications for both employers and savers. These include: payroll contribution reminders and follow-ups, registration/onboarding completion reminders, auto-escalation notices, account maintenance reminders, payroll integration opportunities, etc. All ongoing notices are intended to support employer and saver engagement with the program, increase adoption, and facilitate program growth.

#### Educational Materials & Tools.

Vestwell provides core marketing services for each partner state program, including:

- Employer fact sheet which outlines facts about the program, eligibility requirements and registration deadlines, and the benefits of the program for the employer and their employees.
- Video tutorials that review the registration process, how to submit contributions, and how to enable payroll integrations.
- Registration checklist for employers to prepare and guide them through the process.
- Webinar decks which includes an introduction to the program as a whole, then provides details on employer eligibility, employee eligibility, registration deadlines, how the program contacts employees, payroll - including payroll integrations. The content has been informed and evolved based on frequently asked questions from live audiences.

These materials are included in program notices, and available on the program website and the Help Center, which can be also accessed from the saver or employer portals.

As part of core product marketing materials for savers, Vestwell also currently provides:

- Auto-enroll notice/Employee Information Packet that explains the employee's options for engaging with or opting out of the program. This piece also details the savings elections set by the program for employees who are auto-enrolled in the program as well as how to customize saving elections with information on available investment options.
- Saver fact sheet: outlines facts about the program, eligibility requirements, and the benefits of saving with the program.
- Retirement calculator tool: provided on the program website and targeted towards novice investors to help increase financial literacy.
- Video tutorial that provides step by step instructions for how to register as Saver and set-up an account.

#### Direct employer engagement.

While Vestwell does not provide for an in-person field representative, direct employer and saver engagement opportunities with interactive live webinars are offered to help employers learn about the program and begin making payroll contributions, and to increase employee understanding of how to participate and why it's important to save for retirement. In addition, Vestwell's employer-focused client services team has the capacity to not only

support inbound calls but will begin outbound calls to engage employers that may need additional assistance completing registration or beginning contributions.

Examples.

A previously recorded payroll webinar may be found at this [link](#), and an example of the program website webinar page with upcoming payroll webinars from MyCTSAvings is below. Additional marketing materials are available for view in the appendices

### Welcome webinar

The MyCTSAvings team and the program administrator, Vestwell, will review the impact of MyCTSAvings on retirement security, business eligibility, employer registration, and responsibilities. If your business has been notified to register, you support businesses who may be eligible, or just want a refresher on how the program works, this is the webinar for you.

[Watch a previously recorded webinar here.](#)

### Payroll submission webinar

This webinar reviews the process for submitting payroll contributions. It is a chance for employers or other administrators to ask questions about submitting payroll contributions, learn about payroll integrations, as well as watch a demo of the process from start to finish.

[Watch a previously recorded webinar here.](#)

#### Upcoming dates

[October 22, 2024, 3-3:45pm EST](#)

[November 7, 2024, 4-4:45pm EST](#)

[November 21, 2024, 2-2:45pm EST](#)

[December 5, 2024, 3-3:45pm EST](#)



## **APPENDICES**

Interstate Collaboration Agreement Term Sheet  
Target Date Retirement Fund Allocations  
Marketing Material Examples

## **Non-Binding Confidential Term Sheet for Collaboration Agreement**

This term sheet (this “Term Sheet”), dated as of \_\_\_\_\_, summarizes the principal terms of the proposed collaboration (the “Collaboration”) between the Connecticut Office of the State Comptroller (“CT OSC”) and the Nevada Office of the State Treasurer (or another body appointed by such) (the “RI OST”) in connection with the state-run retirement savings programs run, or to be run, by the CT OSC and NV OST, respectively. The purpose of the Collaboration is to enable the parties to establish a two-state retirement savings program for residents of Connecticut and Nevada (the “Program”) through the sharing of resources and expertise to achieve cost efficiencies and economies of scale. The Program might also include the state-run retirement savings programs of other States as described below.

This Term Sheet is for discussion purposes only and does not constitute a binding agreement or commitment of either party, except as provided below regarding “Confidentiality,” “Fees and Expenses” and “Governing Law.”

**Collaboration Arrangement** The CT OSC and the NV OST would enter into an agreement (the “Collaboration Agreement”), pursuant to which the parties would operate the Program in a collaborative manner.

As part of the Collaboration, it is anticipated that the Services Agreement, dated as of February 24, 2021, among Sunday Administration, LLC, The Bank of New York Mellon, BNY Mellon Investment Servicing Trust Company, Lockwood Advisors, Inc. and the CT OSC (the “Services Agreement”) would be amended to provide more explicitly for the provision of services on behalf of the Program.

It is further contemplated that the NV OST would execute addendum agreements with those vendors of the CT OSC whose services would be required in connection with the Program. The provisions of each of these agreements would be substantially the same as the provisions in the contracts executed by the CT OSC with such vendors, with variations for such provisions as governing law, jurisdiction and venue and state-required provisions. The CT OSC would have the right to approve each such agreement prior to its execution. If the CT OSC suggests changes to an agreement that the NV OST does not agree to, the matter would be put before the Panel (as defined below), which would meet to resolve the matter. If the Panel does not reach a resolution of the matter that is reasonably satisfactory to both parties, the parties would follow the procedures described below under “Disagreements between the CT OSC and the NV OST.” If, after resolution of any dispute regarding the terms of a contract, the NV OST fails to sign such agreement within the time period specified in the Collaboration Agreement or fails

to comply with the terms of such contract, the CT OSC would have the right to remove the NV OST from the Program.

The Collaboration Agreement and the vendor agreements may be open to public inspection unless exempt from disclosure under applicable law.

### **Commonalities of Programs**

The CT OSC and the NV OST would agree that, throughout the Collaboration, each State will have enacted certain minimum statutory requirements regarding its own state-run retirement savings program, including, but not limited to: the establishment and maintenance of an individual retirement account for each employee participating in its program; mandatory participation by employers who do not otherwise offer a qualifying retirement savings program for their employees (with exemptions for employers who, among other things, do not employ the requisite number of employees as required by each state's program requirements and associated laws); automatic enrollment of employees through payroll deductions (with opportunity for the employee to opt-out); required distribution of program information to participating employees; and opportunity for program participants to select an investment vehicle from among investment choices offered by the program, with default investment vehicles established for program participants who do not affirmatively select an investment vehicle.

The parties intend that each party's state-run program, the Collaboration Agreement, the Services Agreement and all agreements entered into by the NV OST related to the Program would be authorized under the laws of the respective states and would not relate to an employee benefit plan governed by The Employee Retirement Income Security Act, 29 U.S.C. 1001, et seq., as amended.

As will be required by the CT OSC's vendors, the investment policy established by the NV OST would be the same as the investment policy established by the CT OSC. Through the Panel, the VST OST and the CT OSC would collaborate regarding the determination of investment options line-up, investment strategy, and investment election offerings under the Program.

### **Program Assets**

The Program assets would be held in the name of the Collaboration, but the assets would be identifiable at the State level and at the participant account level.

## **Collaboration Panel**

The parties would form a Collaboration Panel (the “Panel”) which would implement and maintain the Program’s standards.

Each party would have the right to appoint one member to the Panel. Each Panel member would also appoint a designee to participate on the Panel in the event the appointed Panel member is not able to participate. Such designee would have all of the rights of such State’s Panel member, including without limitation, the right to vote on behalf of his/her State. The Panel would work cooperatively and make their mutually agreed upon recommendations to the CT OSC and NV OST.

All material matters concerning the Program and the Collaboration would be brought before the Panel for discussion and resolution, including without limitation: modifications to the Program as deemed necessary or appropriate; investment policy; vendor performance; new and amended contracts with vendors; requests for proposals for new services when required and a process for reviewing responses to requests for proposals; and the admission of one or more state-run retirement savings programs of other States to the Program.

The Panel would meet regularly at the times set forth in the Collaboration Agreement. The Collaboration Agreement would also address the calling of special meetings. Each member of the Panel (or such Panel member’s designee) would be required to attend the meetings by phone, videoconference or in-person, as specified in the Collaboration Agreement and would be authorized to vote on behalf of his/her State. The CT OSC Panel member would preside over the meetings and prepare minutes of the meetings.

The CT OSC and the NV OST would agree on a meeting agenda prior to each meeting.

The Collaboration Agreement would specify those matters which require a vote. Each party would have one vote. In the event that the Panel disagrees on a matter put to vote, the parties would follow the procedures described below under “Disagreements between the CT OSC and the NV OST.”

All Panel governance matters (including without limitation, agendas, meeting notices, and minutes) must comply with each State’s public disclosure laws and the notice

requirements contained therein.

**External Advisors**

Each party may, at its own cost, retain a consultant or other third party to assist the Program in carrying out its monitoring and evaluation of vendors. The parties may agree to retain such consultant or third party collectively, and if so, would agree on sharing the costs of such consultant or third party.

**Role and Duties of NV OST**

The NV OST would assist the CT OSC in all material matters concerning the Program and the Collaboration.

The NV OST would conduct outreach and marketing efforts to promote the Program within the State of Nevada at its own cost.

The NV OST would be required to ensure that its participation in the Collaboration and the Program complies with the laws and regulations of the State of Nevada.

**Data Sharing**

The Collaboration Agreement would include provisions governing the sharing of documentation relating to vendor performance, as well as the confidentiality of information provided by one party to the other, including but not limited to, information concerning participants in the Program and financial information of a party.

**Apportionment of Expenses**

The Collaboration Agreement would address expenses incurred for the benefit of the Program and specify how such expenses would be allocated between the parties.

**Vendor Communications**

A single spokesperson, appointed by the CT OSC (the “Spokesperson”), would consult with the vendors to the Program, and the vendors would take direction from the Spokesperson with respect to matters that affect the Program.

**Vendor Grievances**

The Collaboration Agreement would address the process by which the Program can attempt to resolve a vendor’s failure to perform a contractual obligation. Such process would require each party to notify the other party regarding any failure by a vendor to perform a contractual obligation. Following notification, the Panel would meet to discuss the matter. If the Panel agrees on the nature of the vendor’s failure and the failure affected the Program (and did not solely affect the rights of the CT OSC or the NV OST), the Spokesperson would notify the vendor and the CT OSC would commence the enforcement process on behalf of itself and the NV OST. The NV OST would agree to execute any

documents the CT OSC would require to enable the CT OSC to pursue remedies against the vendor on behalf of the Program. If the failure solely affected the rights of the NV OST under its direct agreement with the affected vendor, the NV OST may pursue contractual remedies directly against the vendor, but in no case may the NV OST seek to terminate, invalidate, revoke or amend the vendor agreement without consulting with, and obtaining the prior written consent of, the CT OSC.

**Disagreements between the CT OSC and the NV OST**

In the event that, following a discussion, the Panel fails to agree on a matter coming before it (whether or not explicitly referred to in this Term Sheet or the Collaboration Agreement), the CT OSC would make a decision and set forth its reasons for such decision in writing. The reasons for such decision will be provided to the NV OST Panel member, who would distribute such writing to the Nevada State Treasurer. If the NV OST does not agree with the decision of the CT OSC, the matter would be brought before the Connecticut Comptroller and the Nevada State Treasurer and these individuals (or their designees) would seek a resolution of the parties' differences. The Connecticut Comptroller would make the final determination of the matter after consultation with the Nevada State Treasurer.

**Limitation of Liability**

The Collaboration Agreement would provide that: (1) the CT OSC does not guarantee and is not responsible for any vendor's performance or compliance with the terms of any vendor agreement; (2) neither party accepts liability or responsibility for the acts, errors or omissions of the other party; and (3) no commissioner, officer, agent, board member, or employee of either State or the State itself may be charged with any liability or be held liable under any term or provision of the Collaboration Agreement.

Each party retains its independent fiduciary duty to the Program participants located within that party's State. Neither party may rely upon the other party in the exercise of its fiduciary obligations with respect to Program participants located in such party's State.

The Collaboration Agreement would also provide that nothing in the Collaboration Agreement would be deemed to create a partnership, joint venture, and/or principal and agent relationship between the parties and/or their respective counsel and that neither party would be liable for any

representations, acts or omissions of the other party contrary to the provisions of the Collaboration Agreement.

**Additional States**

The Collaboration Agreement would include provisions regarding the inclusion of the state-run retirement savings programs of other States to join the Program in the future. The appropriate State agency of such additional State(s) would be required to sign the Collaboration Agreement and would be subject to all of the same standards that the NV OST would be held to under the terms of the Collaboration Agreement, including without limitation, execution of vendor agreements with those vendors whose services would be required in connection with the Program. If the NV OST does not agree to the inclusion of any such additional State, the parties would engage in the process described above under “Disagreements between the CT OSC and the NV OST.” The NV OST would also have the right to withdraw from the Program.

**Order of Precedence**

The vendor agreements executed by the parties in connection with the Program would take precedence over any conflicting term in the Collaboration Agreement.

**Confidentiality**

This Term Sheet and all terms described herein are and shall remain confidential, and the parties shall not disclose same to anyone other than their respective advisors, internal staff and necessary third parties, except as required by law.

**Fees and Expenses**

Each of the CT OSC and the NV OST will be responsible for their own respective transaction expenses (including legal, accounting, financial advisory fees and expenses) incident to the negotiation of this Term Sheet and the Collaboration.

**Governing Law**

This Term Sheet is, and the Collaboration Agreement would be, governed by Connecticut law. Each agreement entered into by the NV OST with a vendor would be governed by the laws of the State specified in such contract.

The parties hereto understand and acknowledge that this Term Sheet is for discussion purposes only and, except as set forth in the “Fees and Expenses,” “Confidentiality,” and “Governing Law” provisions above (which shall be binding on the parties), is not a legally binding agreement and that the failure to execute and deliver a definitive agreement shall impose no liability on the CT OSC or the NV OST. The Collaboration requires further negotiation and documentation, including preparing and executing a final Collaboration Agreement, an amendment to the Services Agreement, vendor agreements for the NV OST and such other documents as may be required to effectuate the Collaboration. This Term Sheet does not require either party to proceed to the

completion of a binding final Collaboration Agreement. The parties shall not be contractually bound to the Collaboration described above unless and until they enter a formal, written, final Collaboration Agreement, which must be in form and content satisfactory to each party and to each party's legal counsel, in their sole discretion.

IN WITNESS WHEREOF, the parties have executed this Term Sheet as of the date first set forth above.

Connecticut Office of the State Comptroller:

By: \_\_\_\_\_  
Name:  
Title:

Nevada Office of the State Treasurer:

By: \_\_\_\_\_  
Name:  
Title:



## Target Retirement Date Portfolio Allocations (August 2024)

	2070	2065	2060	2055	2050	2045	2040	2035	2030	2025	Target Retirement Date	Cash Preservation	Income Portfolio	Income and Growth Portfolio	Balanced Portfolio	Conservative Growth Portfolio	Moderate Growth Portfolio	Growth Portfolio
Vanguard Cash Reserve Federal Money Market Fund - <a href="#">VMRXX</a>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%
Fidelity® Total Market Index Fund - <a href="#">FSKAX</a>	30%	30%	30%	30%	30%	30%	30%	30%	29%	23%	23%	0%	0%	26%	30%	30%	30%	32%
Schwab Total Stock Market Index Fund® - <a href="#">SWTSX</a>	29%	29%	27%	22%	17%	15%	10%	5%	0%	0%	0%	0%	0%	0%	3%	9%	22%	32%
Fidelity® International Index Fund - <a href="#">FSPSX</a>	22%	22%	22%	20%	18%	16%	14%	12%	10%	8%	8%	0%	0%	10%	12%	15%	20%	25%
Fidelity® Emerging Markets Index Fund - <a href="#">FPADX</a>	9%	9%	9%	9%	8%	7%	7%	6%	5%	4%	4%	0%	0%	4%	5%	6%	8%	10%
Fidelity® U.S. Bond Index Fund - <a href="#">FXNAX</a>	0%	0%	0%	2%	6%	8%	12%	16%	20%	30%	30%	0%	30%	30%	30%	21%	5%	0%
Schwab U.S. Aggregate Bond Index Fund - <a href="#">SWAGX</a>	0%	0%	0%	2%	5%	8%	11%	16%	20%	20%	20%	0%	30%	15%	4%	15%	11%	0%
Fidelity® Long-Term Treasury Bond Index Fund - <a href="#">FNBGX</a>	7%	7%	9%	12%	13%	13%	12%	10%	9%	7%	7%	0%	5%	10%	12%	1%	1%	0%
Schwab Treasury Inflation Protected Securities Index Fund - <a href="#">SWRSX</a>	0%	0%	0%	0%	0%	0%	1%	2%	4%	5%	5%	0%	3%	1%	1%	1%	1%	0%
Vanguard Emerging Markets Bond Fund Admiral Shares - <a href="#">VEGBX</a>	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	0%	6%	1%	1%	1%	1%	0%
Vanguard High-Yield Corporate Fund - <a href="#">VWEAX</a>	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	0%	6%	2%	1%	1%	1%	0%
Vanguard Cash Reserves Federal Money Market Fund - <a href="#">VMRXX</a>	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	0%	20%	1%	1%	1%	1%	1%

Current portfolio options and allocations are also available to view any time on <https://myctsavings.com/savers/investments>.



P.O. Box 534420, Pittsburgh, PA 15253-4420

## MyCT Savings First Print Mail Communication Example

EMPLOYER CONTACT NAME  
TIRE STORE  
2002 MAILING ROAD  
HARTFORD, CT, 99999

**MyCT Savings.com**

**Access Code:**

**THIS IS AN OFFICIAL COMMUNICATION FROM THE STATE OF CONNECTICUT.  
YOUR RESPONSE IS REQUIRED.**

Dear Employer Contact Name,

We're contacting you because it's time for you to register with MyCT Savings, the State of Connecticut's retirement savings program. Connecticut State Law requires businesses with 5 or more employees, that do not already offer a qualified retirement plan, to register or certify exemption with MyCT Savings. You must respond by [REDACTED].

This program is free to businesses like yours and provides a simple way to help employees save for the future, and it benefits you, too. It is completely voluntary for employees — they can stay automatically enrolled or opt out and re-enroll later.

Register now at [MyCT Savings.com](https://MyCT Savings.com). Registration is the first simple step in helping your employees save for their future. It only takes a few minutes to register using your unique Access Code above.

### **Ready to register or certify your exemption?**

**STEP 1:** Visit [MyCT Savings.com/register](https://MyCT Savings.com/register)

**STEP 2:** Enter your company's EIN

**STEP 3:** Enter your unique Access Code (located above) and register

If you already offer a qualified retirement plan, you must certify your company's exemption from the program using your unique Access Code at [MyCT Savings.com/exempt](https://MyCT Savings.com/exempt).

*Please do not share your unique access code with any other entity. This code is specific to your business.*

### **Need help or have questions?**

We're here for you. Find helpful resources and answers to many common questions online at [MyCT Savings.com/help](https://MyCT Savings.com/help).

**Para ver información en español, visite [MyCT Savings.com/espanol](https://MyCT Savings.com/espanol).**

MyCT Savings is overseen by the Connecticut Office of the State Comptroller ("Comptroller"). Vestwell State Savings, LLC, dba Sumday Administration ("Sumday"), is the State's contracted program administrator.



MyCT Savings.com | 833-811-7435



## Embrace the opportunity.

### Help your employees build financial security and attract the new employees you need.

As businesses work to recover from the pandemic's financial impact, employees are looking for benefits that give them more financial security. In fact, **51% of Americans have increased concern about their retirement** due to the COVID-19 pandemic.<sup>1</sup>

Here in Connecticut, more than 600,000 private-sector employees have no employer-sponsored retirement savings plan. **MyCT Savings was created by law to meet this urgent need.**

### What is MyCT Savings?

**MyCT Savings** is an exciting, new retirement program that's sponsored by the state of Connecticut's Retirement Security Authority. Registering for this new program will be required for all qualified employers with five or more employees in Connecticut (at least five of whom have been paid more than \$5,000 in the calendar year) if they don't already offer a qualified retirement savings plan.<sup>2</sup>

This program is designed to help employees reach their financial goals with easy, automatic payroll contributions to a Roth IRA. And MyCT Savings comes at **no cost to employers**. That's good news for employers and employees.



### MyCT Savings can benefit your business.

- **Free** for employers and **easy** to facilitate
- **Funded by** participant contributions
- Works smoothly with your **payroll process**
- Can help you **attract and retain** employees

## Help improve worker satisfaction and productivity.

The Employee Benefit Research Institute, found a direct correlation between employers offering financial wellness initiatives and increased employee productivity and satisfaction.<sup>3</sup>

### It's easy for employers to participate.

Your role is simply to facilitate the program and maintain accurate employee records. MyCT Savings provides seamless integration with your payroll process, even if there's an external provider. And registration is quick and easy.








### Help your employees save for a secure retirement.

- MyCT Savings makes it **easy to save**, with automatic payroll contributions to a Roth IRA.
- The default savings rate is **3% of gross pay** that employees can **adjust at any time**.
- Employees can **access tools** to help them reach their financial goals.
- **Participation is voluntary**. Employees can choose to stay automatically enrolled or opt out and re-enroll later—it's totally up to them!
- **MyCT Savings.com** offers employees access to all program details and helpful FAQs.

#### Want to learn more?

-  Visit [MyCT Savings.com](https://MyCT Savings.com)
-  Call us Monday – Friday 11 a.m. – 6 p.m. ET at 1-833-811-7435
-  Email us at [clientservices@myctsavings.com](mailto:clientservices@myctsavings.com)



#### References

1. Bond, Tyler, et al. "Retirement Insecurity 2021: Americans' Views of Retirement." *National Institute on Retirement Security*, 26 Feb. 2021, [www.nirsonline.org/reports/retirementinsecurity2021](http://www.nirsonline.org/reports/retirementinsecurity2021).
2. A qualified employer is any employer, whether for profit or not for profit, that had five or more employees in Connecticut on October 1, 2021, at least five of whom were paid \$5000 or more in taxable wages in 2021. Qualified employers do not include those who were not in existence at all times during the current and preceding calendar years, and they do not include any employer employing only individuals whose services are excluded under the unemployment compensation law.
3. Craig Copeland, "2020 EBRI Financial Wellbeing Employer Survey: COVID-19 Driving Benefit Offerings and Potentially Forcing Tough Budget Decisions," *EBRI Issue Brief*, no. 515 (Employee Benefit Research Institute, October 22, 2020).

MyCT Savings is overseen by the Connecticut Retirement Security Authority ("CRSA"). Vestwell State Savings, LLC, dba Sumday Administration, LLC ("Sumday") is the program administrator. Sumday and its affiliates are responsible for day-to-day program operations. Participants' who use MyCT Savings beneficially own and have control over their Roth Individual Retirement Accounts ("IRA"), as provided in the program offering set out at [MyCT Savings.com](https://MyCT Savings.com).

MyCT Savings' Portfolios offer investment options selected by the CRSA. For more information on MyCT Savings' Portfolios, go to [MyCT Savings.com](https://MyCT Savings.com). Account balances in MyCT Savings will vary with market conditions and are not guaranteed or insured by the CRSA, the State of Connecticut, the Federal Deposit Insurance Corporation ("FDIC") or any other organization.

MyCT Savings is a completely voluntary retirement program. Saving through a Roth IRA will not be appropriate for all individuals. Employer facilitation of MyCT Savings should not be considered an endorsement or recommendation by your employer of MyCT Savings, Roth IRAs, or these investments. Roth IRAs are not exclusive to MyCT Savings and can be obtained outside of the program and contributed to outside of payroll deduction. Contributing to a MyCT Savings Roth IRA through payroll deduction offers some tax benefits and consequences. You should consult appropriate professional advice or consultation if you have questions related to taxes or investments.

The MyCT Savings name and the MyCT Savings logo are trademarks of the CRSA and may not be used without permission.



## Aproveche la oportunidad.

**Ayude a que sus empleados desarrollen su seguridad financiera y atraiga al personal nuevo que necesita.**

Mientras las empresas trabajan para recuperarse del impacto financiero de la pandemia, los empleados buscan beneficios que les brinden mayor seguridad financiera. De hecho, el **51 % de la población estadounidense mostró una creciente preocupación por la jubilación** como consecuencia de la pandemia de la COVID19.<sup>1</sup>

En Connecticut, más de 600 000 empleados del sector privado carecen de un plan de ahorro para la jubilación patrocinado por el empleador. **MyCTSAvings se creó por ley para cubrir esta necesidad apremiante.**

### ¿Qué es MyCTSAvings?

**MyCTSAvings** es un interesante y novedoso programa de jubilación patrocinado por la Autoridad de Seguridad de Jubilación del Estado de Connecticut. Se requerirá la inscripción en este nuevo programa para todos los empleadores calificados con cinco o más empleados en Connecticut (al menos cinco de los cuales hayan recibido un pago de más de \$5,000 en el año calendario) si aún no ofrecen un plan de ahorro para la jubilación calificado.<sup>2</sup>

El programa está diseñado con el objeto de ayudar a los empleados a lograr sus objetivos financieros con contribuciones sobre la nómina simples y automáticas a una cuenta Roth IRA. Además, **MyCTSAvings no implica ningún costo para los empleadores.** Son buenas noticias para empleadores y empleados.



### **MyCTSAvings puede beneficiar a su empresa.**

- Es **gratuito** para los empleadores y de **fácil** prestación.
- **Se financia** mediante las contribuciones de los participantes.
- Funciona a la perfección con su **proceso de nómina.**
- Puede ayudar a **atraer y retener** empleados.

## Ayude a mejorar la satisfacción y productividad del trabajador.

El instituto Employee Benefit Research Institute descubrió una correlación directa entre los empleadores que ofrecen iniciativas de bienestar financiero y el aumento de la productividad y la satisfacción de los empleados.<sup>3</sup>

### **La participación de los empleadores es simple.**

Su función se limita a ofrecer el programa y mantener registros precisos de los empleados. MyCTSAvings se integra perfectamente con su proceso de nómina, incluso si hay un proveedor externo. Además, el registro es rápido y sencillo.





### Ayude a que sus empleados ahorren para una jubilación segura.

- MyCT Savings hace que sea **fácil ahorrar**, mediante contribuciones automáticas sobre la nómina a una cuenta Roth IRA.
- El porcentaje predeterminado de ahorro es del **3 % del sueldo bruto** que los empleados pueden **ajustar en cualquier momento**.
- Los empleados pueden **acceder a herramientas** que les ayuden a lograr sus objetivos financieros.
- **La participación es voluntaria**. Los empleados pueden optar por permanecer inscritos de forma automática o cancelar la suscripción, y volver a inscribirse más adelante. Depende completamente de ellos.
- En **MyCT Savings.com**, los empleados podrán acceder a información sobre el programa y a preguntas frecuentes que les resultarán de utilidad.

#### ¿Desea obtener información adicional?

- Visite [MyCT Savings.com](https://www.myctsavings.com)
- Llámenos de lunes a viernes, de 11 a.m. a 6 p.m., hora del este, al 1-833-811-7435
- Escribanos a [clientservices@myctsavings.com](mailto:clientservices@myctsavings.com)



#### Referencias

1. Bond, Tyler, et al. "Retirement Insecurity 2021: Americans' Views of Retirement" (Inseguridad en la jubilación 2021: la opinión de los estadounidenses sobre la jubilación). National Institute on Retirement Security, 26 de febrero de 2021, [www.nirsonline.org/reports/retirementinsecurity2021](https://www.nirsonline.org/reports/retirementinsecurity2021).
2. Un empleador calificado es cualquier empleador, con o sin fines de lucro, que tenía cinco o más empleados en Connecticut el 1 de octubre de 2021, de los cuales al menos cinco recibieron \$5000 o más en salarios imponibles en 2021. Los empleadores calificados no incluyen aquellos que no existieron en todo momento durante el año calendario actual y anterior, y no incluyen a ningún empleador que emplee solo a personas cuyos servicios están excluidos bajo la ley de compensación por desempleo.
2. Craig Copeland, "2020 EBRI Financial Wellbeing Employer Survey: COVID19 Driving Benefit Offerings and Potentially Forcing Tough Budget Decisions" (Encuesta del EBRI sobre el bienestar financiero de los empleadores en 2020: COVID19 impulsa la oferta de beneficios y puede obligar a tomar decisiones presupuestarias difíciles) EBRI Issue Brief, n.º 515 (Employee Benefit Research Institute, 22 de octubre de 2020).

MyCT Savings es supervisado por la Autoridad de Seguridad de Jubilación de Connecticut (Connecticut Retirement Security Authority, "CRSA"). Vestwell State Savings, LLC, dba Sumday Administration, LLC ("Sumday") es el administrador del programa. Sumday y sus filiales son responsables de las operaciones diarias del programa. Los participantes que utilizan MyCT Savings son propietarios y tienen el control de sus cuentas Roth IRA (Individual Retirement Accounts, "IRA"), tal y como se establece en la oferta del programa en MyCT Savings.com.

Las carteras de MyCT Savings ofrecen opciones de inversión seleccionadas por la CRSA. Si desea obtener información adicional sobre las carteras de MyCT Savings, visite MyCT Savings.com. Los saldos de las cuentas en MyCT Savings variarán según las condiciones del mercado y no están garantizados ni asegurados por la CRSA, el estado de Connecticut, la Corporación Federal de Seguros de Depósitos (Federal Deposit Insurance Corporation, "FDIC") o cualquier otra organización.

MyCT Savings es un programa de jubilación completamente voluntario. El ahorro a través de una cuenta Roth IRA no será apropiado para todas las personas. El hecho de que el empleador ofrezca MyCT Savings no implica su aprobación o recomendación de MyCT Savings, las cuentas Roth IRA o estas inversiones. Las cuentas Roth IRA no son exclusivas de MyCT Savings, pueden obtenerse fuera del programa y recibir aportes desde fuera de la deducción de la nómina. Contribuir a una cuenta Roth IRA en MyCT Savings a través de la deducción de nómina tiene algunas consecuencias y beneficios impositivos. Si tiene preguntas sobre impuestos o inversiones, debe asesorarse o consultar a un profesional idóneo.

El nombre MyCT Savings y el logotipo de MyCT Savings son marcas comerciales de la CRSA y no podrán utilizarse sin permiso.

THE BOARD OF TRUSTEES OF THE  
NEVADA EMPLOYEE SAVINGS TRUST

**Agenda Item 5**  
**November 20, 2024**

**Item: Board to provide input on draft study on the feasibility of including independent contractors and other nontraditional workers in the Nevada Employee Savings Trust Program.**

**Summary:**

Pursuant to Section 36.5 of Senate Bill 305 of the 2023 Legislative Session, the Board shall conduct a study on the feasibility of including independent contractors in the Nevada Employee Savings Trust Program. A report on the findings of the study must be delivered to the Director of the Legislative Counsel Bureau no later than December 31, 2024.

Staff is providing the Board with the draft study for discussion and input.

**Staff recommended motion:**

**Move to direct Staff to finalize draft study on feasibility to include independent contractors in Program, along with any final Board changes, and submit to the Director of the Legislative Counsel Bureau no later than December 31, 2024**

## **Draft Report on the Inclusion of Independent Contractors And Other Nontraditional Workers**

### **Introduction**

Nontraditional workers (NTWs), who have long existed in the American economy, might be an Uber or Lyft driver, a software engineer on a temporary contract, a freelance photographer, a musician, or a life insurance agent.

Automated retirement savings programs, commonly called auto-IRAs, like the Nevada Employee Savings Trust (NEST), are innovative retirement savings programs being implemented across the country. To date, 17 states<sup>1</sup> have created auto-IRA programs. Under a state-facilitated auto-IRA program, private-sector employees who don't have access to workplace retirement savings plans are automatically enrolled in an individual retirement account (IRA) and contribute a percentage of their wages or salaries. Employees can change their contribution percentage or opt out entirely. The accounts are portable from one workplace to the next.

Most NTWs don't establish their own retirement accounts even though they could contribute to an individual retirement account (IRA), Savings Match Plan for Employees or Simplified Employee Pension plan on their own.<sup>2</sup> An auto-IRA, by setting up a savings account for the worker, eliminates the need to research IRA providers and may have a better chance of enrollment success.

While auto-IRAs were designed for traditional workers, some programs allow self-employed workers like independent contractors to participate, including those in California, Illinois, and Oregon. However, because enrollment by self-employed workers is voluntary, participation by these workers is low.<sup>3</sup> This paper explores the issues of including nontraditional workers into state-facilitated retirement programs like NEST.

### **Background: NEST**

The Nevada Employee Savings Trust or NEST Program was established by Senate Bill 305 ("the Bill") of the 2023 Legislative Session. The Bill was passed by the Nevada Legislature on June 3, 2023 and signed by Governor Lombardo on June 13, 2023. The legislation was codified under NRS 353D. NEST creates an automatic Individual Retirement Account (Auto-IRA) Program by which certain Nevadans employed by certain entities are automatically enrolled into a State-sponsored retirement plan.

The NEST Program is governed by the Board of Trustees of the Nevada Employee Savings Trust, whose six members serve as fiduciaries to the Program. Staff support and Program administration is provided by the State Treasury's Financial Literacy and Security Division. Members of the Board include:

- Treasurer or designee (Chair)

---

<sup>1</sup> States that have enacted auto-IRA legislation include California, Colorado, Connecticut, Delaware, Hawaii, Illinois, Maine, Maryland, Minnesota, Nevada, New Jersey, New York, Oregon, Rhode Island, Vermont, Virginia, and Washington.

<sup>2</sup> The Pew Charitable Trusts, "Freelancers, Sole Proprietors, and Other Nontraditional Workers Have Little Retirement Savings," accessed July 29, 2021, <https://www.pewtrusts.org/en/research-and-analysis/articles/2021/07/13/freelancers-sole-proprietors-and-other-nontraditional-workers-have-little-retirement-savings>.

<sup>3</sup> For example, [as of June 30, 2024](#), there are 515,941 funded accounts in the CalSavers auto-IRA program but only 2,586 of which are for self-employed persons.



- Lt. Governor or designee
- Member appointed by the Governor, represents employers
- Member appointed by the Governor, experience in field of investments
- Member appointed by the Majority Leader of the Nevada Senate, represents retirees
- Member appointed by the Speaker of the Nevada Assembly, experience in small business

According to Section 353D.310(9), the “Board shall determine a method for employers other than covered employers and employees other than covered employees to participate in the Program, if allowed under federal law.”

This report focuses on the feasibility of including NTWs like independent contractors in the NEST program.

### **Estimates of self-employed workers in Nevada without workplace retirement plans**

Estimates of the nontraditional workforce range widely—from 4% and 40% of America’s workforce.<sup>4</sup> Nontraditional workers generally don’t have access to workplace retirement plans. As a result, only 22% in these lines of work participated in a workplace defined contribution (DC) plan according to a 2021 survey by the Pew Charitable Trusts (Pew) of nontraditional workers.<sup>5</sup> Yet when asked about the types of benefits that were important to them, two-thirds cited retirement benefits, ranking them second after health benefits.<sup>6</sup>

Table 1 below provides estimates of the total labor force in Nevada and an estimate of the workforce – by work type – that does not have access to a retirement plan at their workplace. The estimates are based on the Current Population Survey, which is conducted every year by the U.S. Census Bureau. To avoid wide variations in specific years, the estimates are an average of a pooled sample that covers the years 2018-2022. As of 2024, the total labor force in Nevada now is about 1.6 million, but since this table covers the period from 2018-2022, the results slightly lag current numbers and there has likely been growth in the labor force over that time and since then.

The data does not distinguish between different types of employers and workers who are not covered by NEST, such as independent contractors, online platform workers, etc. The data only breaks out self-employed persons in the state. Self-employed workers make up 8% of the Nevada workforce or approximately 111,215 workers. However, while an estimated 51% of private sector employees lack access to workplace retirement benefits, 91% of self-employed workers do not have access to retirement benefits.

---

<sup>4</sup> For the 3.8% figure, see U.S. Bureau of Labor Statistics, “Contingent and Alternative Employment Arrangements—May 2017,” news release, June 7, 2018, <https://www.bls.gov/news.release/conemp.nr0.htm>. For the 40.4% figure, see U.S. Government Accountability Office, “Contingent Workforce: Size, Characteristics, Earnings, and Benefits” (2015), <https://www.gao.gov/products/GAO-15-168R>.

<sup>5</sup> The Pew Charitable Trusts, “Nontraditional Workers Face Multiple Barriers to Saving for Retirement.”

<sup>6</sup> Ibid.

**Table 1: Estimate of Private Sector Workers by Worker Type and Access to Retirement Benefits**

Type of worker	Total Workers in Nevada		Without Access to Retirement Benefits	
	Share of workforce	Estimated labor force	% without Access	Estimated number without access
Private Sector	79%	1,159,689	51%	594,429
Government	13%	189,799	23%	44,382
Self-Employed	8%	111,215	91%	101,006
<i>Total</i>	<i>100%</i>	<i>1,460,703</i>	<i>51%</i>	<i>739,817</i>

Source: Pew analysis of the Current Population Survey, 2018-2022

### Keys issues in including NTWs in state-facilitated auto-IRA programs

#### Identifying and communicating with nontraditional workers

A key first step in any program implementation is identifying and communicating with eligible workers. State government has multiple touchpoints with nontraditional workers although possibly not enough for facilitating participation in NEST. State labor data sources usually are scattered around agencies (departments of labor, revenue, workmen's compensation, occupational licensing, etc.) such that significant resources could be needed to connect them into usable data for identifying and communicating with nontraditional workers.

External stakeholders could be a source for identifying and outreach to nontraditional workers. Organizations that contract with nontraditional workers, e.g., businesses that use independent contractors, could provide accurate and timely data on these workers as could "nontraditional employers" such as staffing firms and Professional Employer Organizations (PEOs). In Auto-IRAs for *traditional* employees, employers upload a data file that lists the employees, and it is not hard to see companies that use independent contractors performing a similar function for those workers. Payroll firms that process payments to 1099 workers may also be a source of information for identifying workers.

- Communication is important. According to the Pew survey of nontraditional workers, outreach and education are important for these workers. Not knowing how to save for retirement was cited by 19% of nontraditional workers as a barrier to saving.<sup>7</sup>

The variety of types of nontraditional workers may mean that different channels of communication as well as different messaging will be needed if a program wants a broad scope of coverage. A process of identifying and communicating with as many nontraditional workers as possible will likely be costly and time-intensive, and an effort focused on identifying and communicating with a significant segment of nontraditional workers is likely a better strategy.

#### Maximizing participation by nontraditional workers

<sup>7</sup> The Pew Charitable Trusts, "Nontraditional Workers Face Multiple Barriers to Saving for Retirement" (2021), <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2021/11/nontraditional-workers-face-multiple-barriers-to-saving-for-retirement>.

There are three approaches to participation in a retirement plan: voluntary or opting into the program; automatic enrollment or opt-out; and active choice. Automatic enrollment has greatly increased retirement plan participation relative to voluntary enrollment.

- *Voluntary/Opt-in*: Under a voluntary approach, the worker takes the steps to enroll themselves into the program. Most state programs allow the self-employed or other workers not covered by the program to self-register. For example, here is the OregonSaves [registration page](#) that includes a section, “Self-register for an individual account.” However, voluntary self-enrollment is not effective either in the state auto-IRA programs or in the private sector. For example, out of 130,702 total funded accounts in OregonSaves, 1,189 are self-enrolled accounts, and other states report similarly low numbers for self-enrolled workers.
- *Automatic enrollment*: Could NEST automatically enroll nontraditional workers by requiring firms that contract with nontraditional workers to enroll them into the program as is done with traditional workers? This is a legal question that is likely grounded in labor law that would probably require a change in statute. The theory would be that the state is mandating enrollment, and the contractor-employer is facilitating that mandate. However, contractor-firms might resist this process out of a fear that using their payment systems to enroll nontraditional workers might trigger reclassification of the workers as traditional employees.
  - Automatic enrollment could also occur via legislative mandate over a certain segment of workers. For example, limo drivers in New York City are automatically covered by the so-called Black Car Fund that is funded by fare surcharges to cover workmen’s compensation claims.
  - Practical concerns aside, Pew’s survey found that nontraditional workers were receptive to automatic enrollment.<sup>8</sup> There was no significant differences in nontraditional workers’ interest in a hypothetical auto-IRA plan when that plan was presented in terms of auto-enrollment versus having 30 days to join.
- *Active choice* is a process in which a person must make an affirmative choice (e.g., participate or opt out), and inertia is not an option. How would an active choice work in this context? At what point in the process would the nontraditional worker make the choice in a way that avoids inertia? In theory, there could be opportunities for making a choice to enroll in NEST. For example, an independent contractor could decide to participate or opt out of an auto-IRA program such as, for example, when: (a) signing an agreement with a firm to provide services, (b) when filing a tax return, or (c) renewing a state professional license or permit. But whether the state can compel that choice will depend on state law.
  - Oregon provides an example of a choice situation involving its 529 college savings plan. When filing state tax returns, taxpayers can elect to deposit part of their refund into the Oregon College Savings Plan, and if they do not have a 529 account, they open an account through the tax filing process.<sup>9</sup> While Nevada has a different tax structure than Oregon, one could imagine similar opportunities for self-employed workers and independent contractors given the choice to open a NEST account when interacting with the State in other contexts.

---

<sup>8</sup> The Black Car Fund: <https://www.nybcf.org/>.

<sup>9</sup> “Can I open an Oregon College Savings Plan account while filing my taxes?”

<https://www.oregoncollegesavings.com/faqs/can-i-open-an-oregon-college-savings-plan-account-while-filing-my-taxes>.

### Facilitating contributions from the worker to their IRA

Almost all retirement savings within an employer-sponsored retirement plan, like a 401(K), are generated by payroll deduction, but IRAs are often funded by both payroll deduction and transfers or contributions from an individual bank account.

How nontraditional workers are paid can affect their participation in auto-IRAs. While people can make voluntary contributions from a bank account, participation is much higher when it is done automatically on a regular schedule like monthly. Pew's survey of nontraditional workers allowed respondents to report multiple payment channels. Seven in ten (70%) said they were paid, at least some of the time, by direct deposit to a bank account or through an electronic transfer platform such as PayPal or Venmo. Payment by check was the second most frequent method (35%). Cash payments were reported by 18% of nontraditional workers. The method of funding accounts reflects the nature of the diversity of this segment of the labor force.

- Accounts payable-based: Many independent contractors are paid via an accounts payable (AP) system that differs from the payroll systems for wage-and-salary employees. The AP infrastructure is not usually designed for regular deductions.
- Transaction-based: Other nontraditional workers are paid from a portion of the proceeds of a transaction such as payment for a DoorDash delivery. The amount of the contribution to the IRA might be a flat percentage of the total transaction amount, which could be deducted at the time of the transaction or calculated and paid at specific intervals such as quarterly. A model of this approach is the New York City Black Car Fund, noted above, which adds a surcharge to limousine fares to fund workmen's compensation benefits for over 100,000 drivers.<sup>10</sup>
- Company-funded: Other states are considering portable benefits legislation for gig workers in which an online platform company like DoorDash pays a percentage of the payments made to workers into a bank account that can be used for a variety of uses, from paid time off to health insurance to retirement.<sup>11</sup> In exchange, the participating worker is classified under state law as an independent contractor.
- Individual contributions: Workers could sign up to make contributions on a regular basis from a bank account. The downside of this approach is that it lacks the automatic nature of enrollment.

### **Recommendations for NEST**

- As a first step, NEST should be open to independent contractors who would voluntarily enroll themselves in the program using easy to complete forms that can be found on the Program website.
  - NEST staff could explore cost-effective marketing strategies that focus on certain types of NTWs that provide scale and for which there are clear lines for identifying and communicating with them.
- The Program could, over the long term, take additional steps to assess the feasibility of including nontraditional workers in a more robust manner. For example:

---

<sup>10</sup> More information about the Black Car Fund can be found [here](#).

<sup>11</sup> National Conference of State Legislatures, 2022, "[Portable Benefits for Gig Workers](#)." DoorDash, 2024, "[Portable Benefits](#)."

- The Program should Inventory state agency data sources that provide information on nontraditional workers as well as the need for cooperation and coordination across state agencies.
- Assess legal aspects of the automatic enrollment of nontraditional workers, particularly by firms that contract with these workers.
- Identify and test points of contact for enrollment into the NEST program. For example, can a check box for auto-IRA participation be used on state forms?
- Identify and test processes for making contributions to the NEST program whether that is through tax filings, surcharges on transactions, or portable benefits programs.
- While state laws and regulations are diverse, bring state programs together to share lessons learned and best practices.