savingsplus

PLAN PROFILE

Plan: California Savings Plus
401(k) pre-tax and Roth
457(b) pre-tax and Roth

Participants: 262,110
Assets: $26.8B
Administrator: Nationwide
Investment Consultant: Callan
Category: Plan Design & Administration
Initiative: Savings Plus 2025 Fund Mapping & Redesign

BACKGROUND

Over time, the California Savings Plus investment lineup evolved incrementally to reflect changing markets and participant needs. While this approach supported continuity, it also resulted in a lineup that had become **more complex and less efficient than current best practices would support** a plan of this scale and fiduciary responsibility.

The lineup included overlapping active strategies, legacy target date fund vintages, and a short-term investment option that no longer aligned with modern retirement income principles. Participant paid investment fees exceeded available institutional pricing standards, and the growing complexity increased the decision making burden for participants—particularly those who relied on default investments or maintained static allocations.

For a program serving hundreds of thousands of participants and managing tens of billions of dollars in assets, even modest inefficiencies had meaningful long-term consequences. Plan leadership recognized that incremental adjustments would be insufficient. Instead, Savings Plus required a **comprehensive, thoughtfully sequenced fund redesign** that could modernize the investment structure, lower costs, simplify choice, and strengthen participant outcomes—while maintaining participant confidence throughout the transition.

To achieve these objectives, Savings Plus implemented a **two phase investment redesign**, prioritizing the plan's default investments first, followed by enhancements to the broader core lineup and the PST plan.

"With a plan of our size, stewardship decisions are magnified. This redesign allowed us to simplify choice, reduce costs, and modernize our investment structure — all while maintaining participant confidence. The result is a stronger foundation for long-term retirement outcomes and a clearer demonstration of our fiduciary responsibility to the people we serve."
— Sandy Blair, Administrator, California Savings Plus Program

GOALS

The Fund Redesign initiative was guided by clearly defined, participant focused goals that balanced fiduciary improvement with execution risk management.

Phase 1 – Target Date Funds & Short-Term Investment Fund

- Modernize the plan's default investment by transitioning to the **State Street Target Retirement Series**, including the addition of a 2070 fund and removal of the obsolete 2020 vintage.
- Close the Short-Term Investment Fund (STIF) and automatically map participants into **age-appropriate target date funds**, while preserving a STIFCash option for near term liquidity needs.

- Deliver **meaningful, measurable participant value** through an estimated **14-basis-point fee reduction on $7.1 billion in assets**, generating approximately **$10 million in annualized participant fee savings**.
- Execute the transition with **zero mapping errors**, stable service levels, and strong participant comprehension.

Phase 2 – Core Fund Lineup & PST

- Improve diversification and simplify participant choice by introducing **Stable Value**, **Small/MidCap active and index funds**, and refining large cap and real return exposure.
- Redesign the PST investment lineup to better align with participant objectives, including the addition of **Stable Value PST**.
- Map more than **140,000 participants** across the main plan and PST while maintaining clear communication, minimal disruption, and consistent education.

PROJECT DESCRIPTION

The Savings Plus Fund Redesign was executed as a multiyear initiative grounded in the plan's Operational Strategy Map and long-term retirement readiness objectives. Rather than focusing on individual funds in isolation, the redesign treated the investment lineup as an integrated system—one that must work effectively for participants across career stages, particularly those who rely on default investments.

Phase 1 – Strengthening the Default

Because the majority of plan assets were invested in target date funds, Phase 1 focused on improving the plan's default investment structure.

Legacy proprietary target date funds were replaced with the **State Street Target Retirement Series**, providing institutionally priced, professionally diversified glide paths extending through 2070. The outdated 2020 fund was removed and a 2070 fund added to better support younger participants entering public service.

The Short-Term Investment Fund (STIF) was closed, and participant assets were mapped automatically into age appropriate target date funds, while retaining a STIFCash option for participants with short-term needs. Mapping logic was tested extensively to ensure accuracy and consistency.

Execution emphasized transparency and preparedness. Participants received 60day advance notice, postimplementation communications, access to detailed fund mapping webpages, and live and OnDemand webinars. Call center staff were trained to provide consistent, plain language explanations, and reinforcing trust throughout the transition.

Phase 2 – Simplifying and Enhancing the Core Lineup

Phase 2 expanded the redesign to the broader investment menu and PST plan.

Savings Plus introduced **Stable Value** options aligned with capital preservation needs, consolidated small and midcap exposure into intuitive active and index choices, and integrated real return assets into professionally managed target date funds to streamline inflation management.

The PST lineup was redesigned to better match participant intent and risk tolerance, including the launch of **Stable Value PST**. As in Phase 1, communications centered on explaining what was changing, why it mattered, and what actions—if any—participants needed to take.

Throughout both phases, Savings Plus leadership played an active fiduciary role. Administrator Sandy Blair and senior staff chaired Investment Committee discussions, approved design decisions, coordinated sequencing with Secure 2.0 and other initiatives, and ensured the redesign was embedded into ongoing governance policies rather than treated as a one-time project.

RESULTS

Phase 1 Results – Target Date Funds & Short-Term Investment Fund

Phase 1 represented the most consequential component of the overall redesign, focusing intentionally on the investments **most relied upon by participants**. By prioritizing defaults first, Savings Plus ensured that the greatest impact would be delivered to the broadest segment of participants — including those least likely to actively manage their accounts.

In total, Phase 1 redesigned **$7.1 billion in participant assets**, delivering approximately **$10 million in estimated annualized participant fee savings** through a **14-basis-point reduction**. Because these savings were embedded directly into the plan's default structure, participants benefited immediately and automatically, without needing to make investment changes or take action.

Approximately **208,000 participants — representing 80% of the plan — were seamlessly mapped** into the new State Street Target Retirement Series based on age-appropriate- vintages. For many participants, this transition improved diversification, lowered costs, and strengthened the alignment between investments and long-term retirement income objectives-.

Execution quality and participant protection were defining outcomes of Phase 1. Despite the scale of the transition:

- **Zero mapping errors** occurred
- The Solutions Center maintained an **87.5% service level agreement** throughout the implementation period

These results reflect extensive operational testing, advance preparation, and cross functional coordination — ensuring participant confidence was preserved during a major structural change.

Participant engagement data further reinforces the effectiveness of the education strategy. Communications achieved strong reach and comprehension:

- **60-day advance notice email:**
    - 193,867 recipients
    - **66% open rate** and **4.3% clickthrough** to the fund mapping webpage
- **Post-implementation email:**
    - **65.3% open rate**, indicating sustained engagement after changes took effect
- **Fund mapping webpage:**
    - **11,403 unique visitors**, reflecting proactive participant review
- **OnDemand webinars:**
    - **78% of viewers watched to completion**, suggesting understanding rather than confusion

Call center results provided additional context. While **3,807 calls referenced "investment changes"** across the pre and post notification window, volumes remained only modestly above normal investment related baselines. This outcome is especially meaningful given the size of the transition and indicates that participants largely understood and accepted the changes without requiring intervention.

Taken together, Phase 1 results demonstrate that Savings Plus was able to **strengthen its default investment structure at scale**, deliver substantial participant savings, and execute complex fiduciary decisions **without introducing participant disruption or operational strain**. This phase established a foundation of confidence, clarity, and trust that directly enabled the successful execution of Phase 2.

Phase 2 Results – Core Lineup & PST

Phase 2 extended the redesign beyond defaults to address the **full investment ecosystem**, including the core fund lineup and the PST plan—adding complexity in both design and execution while maintaining the same high standards established in Phase 1.

In total, Phase 2 affected **147,101 participants** and approximately **$6.94 billion in assets**, spanning two distinct plan populations with different savings behaviors, risk tolerances, and objectives:

- **78,814 main-plan participants** were mapped approximately **$6.82 billion** into newly refined core options and target date structures.
- **68,287 PST participants** were mapped **$123 million** into the newly introduced **Stable Value PST**, improving alignment between participant intent and investment design.

Despite the scope and technical complexity of multiple fund closures, consolidations, and new introductions, the transition was executed with **strong participant understanding and operational stability**.

Participant experience and confidence remained consistent across phases. Call center inquiries referencing investment changes during Phase 2 totaled **3,795 calls**, comparable to Phase 1 and closely aligned with typical investment related call baselines. This consistency is notable: Phase 2 involved a larger number of individualized fund level changes, yet participants demonstrated **no increase in confusion, concern, or disruption**, indicating that education strategies from Phase 1 translated effectively.

Educational webinars, enhanced fund mapping webpages, and clear "what's changing and why" communications continued to guide participants through the transition, reinforcing confidence and minimizing the need for corrective outreach.

Taken together, Phase 2 results demonstrate that Savings Plus was able to **scale complexity without sacrificing clarity**, successfully executing a broad investment redesign while preserving participant trust and service quality.

FEASIBILITY

The Savings Plus Fund Redesign demonstrates that **large, complex public sector retirement programs can modernize investment structures successfully** when design decisions are grounded in fiduciary intent and supported by disciplined execution.

Several features of the initiative are highly replicable for other government plans:

- **Phased implementation** allowed Savings Plus to prioritize the most impactful investments first (defaults), apply lessons learned, and reduce risk before expanding changes across the broader lineup.
- **Clear fiduciary success metrics**, established before execution—including targeted fee reductions, participant mapping thresholds, service level expectations, and zero error standards—provided alignment across governance, operations, and communications.
- **Plain language transparency** through fund mapping tools, webinars, and advance notifications reduced participant anxiety and limited call center strain, even during largescale transitions.
- **Strong government staff leadership** ensured that investment design, timing, and communications reflected long-term participant outcomes rather than vendor preferences or short-term convenience.

Equally important, the redesign shows that **investment modernization does not require sacrificing participant confidence or operational stability**. By investing in readiness, testing, staff training, and education, Savings Plus demonstrated that significant change can be introduced thoughtfully—even within highly visible public plans.

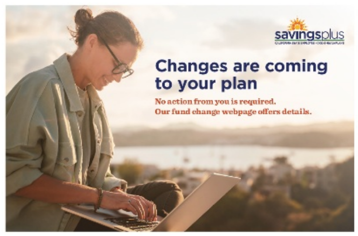
Other government sponsors can replicate this approach to:

- Reduce participant paid fees
- Simplify investment menus
- Improve default effectiveness
- Strengthen fiduciary governance

—while maintaining participant trust and minimizing disruption.

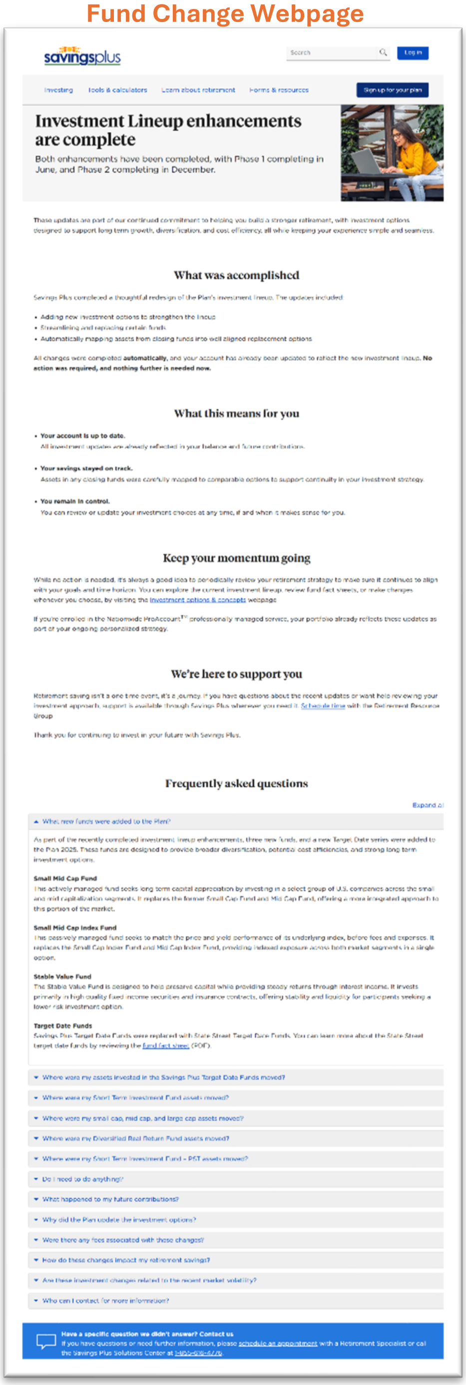
SUPPORTING EXAMPLES

Fund Change Postcard



Social Cards

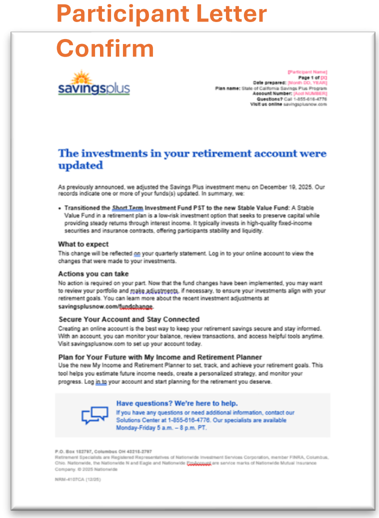
Fund Change Webpage



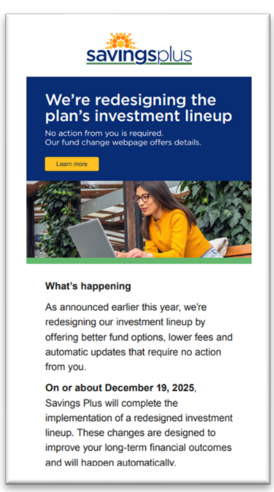
Participant Flyer

Newsletter Articles

Participant Letter Confirm



1 of 6 participant emails



Participant Webinar