

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

01/05/2016

2. Department

California State Teachers' Retirement System

3. Organizational Placement (Division/Branch/Office Name)

Defined Contribution Solutions (DCS), Benefits & Services Branch

4. CEA Position Title

Director, Defined Contributions Solutions

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

Under general direction of the Benefits & Services Executive Officer, the Director of DCS is responsible for policy formulation and execution impacting defined contribution programs that compliment and supplement CalSTRS defined benefit programs. The Director of DCS provides leadership, management direction and policy guidance to the DCS Division. The incumbent plans, organizes and directs activities associated with the following defined contribution solution programs: 1) Pension2, 2) 403bComply, 3) 403bCompare.com, and 4) 403(b) and 457(b) Information Web Portal. The incumbent act as a policy advisor and internal staff expert to the Teachers' Retirement Board, CEO, Executive Staff, and Senior Investment Staff in recommending and implementing policies and strategies in support of the TRB's Strategic Plan, Annual Business Plan, Investment Policies and fiduciary responsibility.

6. Reports to: (Class Title/Level)

Benefits & Services Executive Officer, CEA Level C

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain): As a member of senior leadership team, serves as consultant to CEO, Executive staff, and the Teacher's Retirement Board.

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Under general direction of the Benefits & Services Executive Officer, the Director of DCS is responsible for policy formulation and execution impacting defined contribution programs that compliment and supplement CalSTRS defined benefit programs. The Director of DCS provides leadership, management direction and policy guidance to the DCS Division. The incumbent plans, organizes and directs activities associated with the following DCS programs: 1) Pension2, 2) 403bComply, 3) 403bCompare.com, and 4) 403(b) and 457(b) Information Web Portal. The incumbent provides advice and expertise to the Chief Executive Officer (CEO), Executive Staff, and the Teachers' Retirement Board (TRB) related to these responsibilities:

- Direct the development and implementation of policies for CalSTRS defined contribution programs and operations. Provide leadership, management and policy direction for the work, activities and performance of the DCS Division. Plan, direct, and organize the work of staff responsible for administering Pension2, 403bComply, 403BCompare.com, and the 403(b) and 457(b) Information Web Portal. Develop annual business plans for the division and ensure the division's work is clearly aligned with strategic priorities outlined by the TRB. Formulate and direct the development of new or revised defined contribution policies and strategies that enhance services and support CalSTRS mission of securing the financial future and sustaining the trust of California's educators. Develop, implement and maintain policies that ensure defined contribution programs meet requirements of authoritative and regulatory bodies (Federal, State, IRS, TRB, etc.) and are in compliance with applicable laws, rules and regulations.
- Preside over the meetings of the Pension2 Advisory Committee and advise the Chief Investment Officer (CIO) regarding the committee's recommendations on available investment options, core fund line-up, and target date portfolios to ensure the highest quality investment choices. In collaboration with senior Investment Staff, develop policy recommendations to ensure funds are continuously monitored and meeting performance standards and make recommendations to replace under performing funds. Continually assess DCS programs for operational risks and develop and implement risk mitigation strategies. Oversee external vendors and related contracts including the Pension2 third party administrator providing recordkeeping services and the 403bCompare program administrator. Develop and implement strategies to improve delivery of DCS programs, streamline plan administration, manage costs and meet fiduciary obligations. Establish long range goals to continue growth of the programs and benefits offered to members and district offices. Manage all resources effectively to ensure effective program deliverables and overall goals of the division/unit are met.
- Act as a policy advisor to the TRB, CEO, Executive Staff, and Senior Investment Staff in recommending and implementing policies and strategies in support of the TRB's Strategic Plan, Annual Business Plan, Investment Policies and fiduciary responsibility. Participate in board meetings and deliver formal written and oral presentations. Act as an internal technical advisor to the Benefits and Services Committee providing briefings, continuing education and expert consultation and advice in rendering decisions related to the administration of defined contribution programs. In conjunction with the CIO, make formal written and oral presentations to the Investment Committee; provide advice and recommendations for changes to the Investment Policy Statement that provides policy direction and procedural guidelines for the selection and ongoing monitoring of available investment options. Report potential and emerging program risks to the Committees. Serve as a Senior Leadership representative on other CalSTRS governance councils and organization-wide forums. Represent CalSTRS before constituent groups such as school districts, county offices of education, community colleges, teacher associations, employer advisory groups, State agencies and the legislature.
- Enhance communication channels to improve use of defined contribution programs. Oversee the marketing and promotion of programs and services. Develop well-defined marketing strategies to enhance and increase members' understanding of DCS programs in achieving retirement security. Develop strategies to gain new participants; partner with other CalSTRS business areas for enhanced outreach efforts; and build relationships with internal and external business partners. Direct the performance of on-site customer service activities at schools, community colleges and benefit fairs. Present information to a variety of client groups such as: members, employers, CalSTRS staff, and stakeholders in order to effectively promote, market and provide services.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The DCS programs are directly related to CalSTRS primary mission to secure the financial future and sustain the trust of California's educators and is critical to achieving the organization's goals. CalSTRS offers educational employees an opportunity to supplement their retirement savings through pre-tax or Roth payroll contributions to 403(b) and 457(b) retirement programs. These defined contribution programs are collectively offered as CalSTRS Pension2 which is an essential part of CalSTRS hybrid system, Because CalSTRS members do not participate in or receive Social Security for CalSTRS earned service, a key concern is the income gap that may occur between a member's pension and his/her financial needs after retirement. While CalSTRS defined benefit program will replace, on average, about 53 percent of a member's current salary, Pension2 provides educational employees with a supplemental program designed to help them reach their retirement goals and replace more of their working income in retirement.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

In recognition of the continued growth and operational complexity of CalSTRS defined contribution programs, CalSTRS is proposing to establish this new senior leadership position. The establishment of a CEA position will provide high level leadership and oversight of the defined contribution programs and will more effectively provide services to our customers. This position's role will be directly tied to CalSTRS Strategic Goal to: Enhance services to members and customers. This position will play a key role in meeting the strategic goal's related objective to: Increase members' understanding of the role of CalSTRS hybrid benefit program elements in achieving financial security for retirement, and the associated initiatives to: 1) Enhance communication channels to improve the use of CalSTRS benefit programs in achieving retirement security, and 2) Educate members on their roles in achieving retirement security. The Director of DCS will be responsible for policy formulation and execution impacting defined contribution programs that compliment and supplement CalSTRS defined benefit programs. At CalSTRS, a key area of concern is the income gap that may occur between a CalSTRS member's defined benefit pension and his or her financial needs after retirement. CalSTRS recognizes that in today's changing environment it is more challenging than ever to meet post retirement financial needs. The DCS programs are designed to support member goals for a secure financial future. CalSTRS offers educational employees an opportunity to supplement their retirement savings through pre-tax or Roth payroll contributions to 403(b) and 457(b) retirement programs. The DCS programs are an essential part of CalSTRS hybrid system. While CalSTRS defined benefit program will replace, on average, about 53 percent of a member's current salary, the defined contribution programs provide educational employees with a supplemental program designed to help them reach their retirement goals and replace more of their working income in retirement. This offering is made all the more important because CalSTRS members do not participate in or receive Social Security for CalSTRS earned service.

When established, the Director of DCS will report to CalSTRS Benefits & Services Executive Officer and will serve as a policy advisor to the CEO, Executive staff, Senior Investment staff and the Teachers' Retirement Board. The Director of DCS will serve as an internal expert and technical advisor to the board's Benefits and Services Committee providing briefings, continuing education and expert consultation and advice in rendering decisions related to the administration of CalSTRS defined contribution programs. In conjunction with CalSTRS Chief Investment Officer, the Director of DCS will make formal presentations to the board's Investments Committee providing advice and recommendations for changes to the Investment Policy Statement that provides policy direction for the selection and ongoing monitoring of investment options. The Director will have full management responsibility for the operation of the DCS division and for the overall planning, organizing, directing, monitoring and evaluation of the following DCS programs; 1) Pension2, 2), 403bComply, 3) 403bCompare.com and 4) 403(b) and 457(b) Information Web Portal. The Director will also develop and implement marketing and advertising policies and strategies that effectively communicate the benefits and risks of participating in CalSTRS defined contribution programs to a variety of stakeholders.

Because the policy areas under the responsibility of the Director of DCS have a direct impact on the 1,700 school districts, county offices of education, community college districts, school employees and their families, it is imperative that CalSTRS has the appropriate senior leadership and policy oversight to ensure that our defined contribution programs are operating within the highest fiduciary standards.

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The Director of DCS will be a member of CalSTRS Senior Management team which is responsible for providing program and policy direction, carrying out the Strategic Plan and formulating and implementing department-wide policies related to CalSTRS programs. This position is also responsible for working with external employers and employee groups and maintaining a high level of communication regarding policy and program implementation. The incumbent will be responsible for the formulation, modification and implementation of new and existing policies related to CalSTRS defined benefit programs. The CEA's policy making role will provide:

- Policy decisions and recommendations to ensure compliance with federal and state laws surrounding defined contribution plans.
- Policy decisions and recommendations to ensure compliance with Teacher Retirement Law and Education Code in respect to defined contribution programs and the mandated responsibilities of the TRB.
- Development and implementation of policies in response to regulatory requirements that impose fiduciary standards on plan administrators and trustees.
- Recommendations for changes to the TRB's Investment Policy Statement for Pension2, in conjunction with the CIO. The Investment Policy Statement for Pension2 provides strategic objectives and policy direction for the selection and on-going monitoring of investment options, including the following:
 - * Core fund line-up
 - * Criteria for core fund line-up selection
 - * Criteria for monitoring investment options
 - * Watch-list procedures
 - * Mapping plan for reallocation of assets as a result of fund replacement or removal
- Development and implementation of marketing and advertising policies and strategies that effectively communicate the benefits and risks of participating in CalSTRS defined contribution programs to a variety of stakeholders.

These policy areas have a direct impact on the 1,700 school districts, county offices of education, community college districts, school employees and their families. CalSTRS defined benefit programs replace approximately 53 percent of a member's current salary. CalSTRS members do not participate in or receive Social Security for CalSTRS earned service. The DC programs offered by CalSTRS help school districts and their employees navigate the 403(b) and 457(b) marketplace and assists school employees in securing their financial future by replacing more of their working income. As a fiduciary, it is necessary for CalSTRS to have a policy framework that promotes prudent investment oversight and administration of defined contribution programs.

Additionally, the Director of DCS is responsible for the administration and budget oversight of the DCS division's program (\$1.8 Million), which also includes the special fund allocation for each of the Pension2 programs that are separate from the Teachers' Retirement Fund. The Director also has dual responsibility for managing the revenue that is generated from member and employer participation in the Pension2 programs and 403bCompare, which is estimated at \$815 million.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The CEA provides high level policy direction and oversight to all Defined Contribution Solution programs and division operations. Through subordinate managers, plans, organizes and directs the work of multi-disciplinary professional and administrative staff responsible for the Pension2, 403bComply, 403bCompare.com, 403(b) and 457(b) Information Web Portal programs and related marketing strategies. The Director of DCS will develop and execute policies related to the development and administration of Pension2 programs that are offered to school employees from the 1,700 school districts, county offices of education and community college districts. In collaboration with the Chief Investment Officer, this will include decisions related to available Investment options, investment fund lineup changes and the establishment of fund monitoring and performance standards, which impact thousands of members across the state.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

The CEA will formulate and direct the development of new or revised defined contribution policies and strategies that enhance services and support CalSTRS mission of securing the financial future and sustaining the trust of California's educators. Each year, CalSTRS business strategy is reviewed and fine-tuned to represent the focus of the organization, allowing CalSTRS to continuously assess the changing environment including regulatory changes, operational risks, financial market risk, and the changing needs and desires of CalSTRS members. The CEA will develop new policies, programs and strategies in response to these on-going changes.