
SAVINGS PLUS PROGRAM STATEMENT OF INVESTMENT BELIEFS

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I. BACKGROUND

The Savings Plus Program (“Program” or “Plan”) consists of a deferred compensation plan (“457(b) Plan”) established in 1974 under Section 457(b) of the Internal Revenue Code (IRC); a tax-deferred thrift plan (“401(k) Plan”) established in 1985 and implemented in 1989 under Section 401(k) of the IRC; and a Part-time, Seasonal, and Temporary Employees Retirement Program (“PST Program”) established in 1991 under Section 457 of the IRC.

The Program is administered by the State of California, Department of Human Resources (“CalHR”), rather than by a governing board or board of directors. CalHR’s Director serves as the Named Fiduciary of the Program and has delegated fiduciary authority with respect to Plan investments to the Program’s Investment Committee (the “Committee” or “Investment Committee”). The Investment Committee operates under the guidance of the Program’s Investment Consultants (“Consultants”) and reviews recommendations from Consultants regarding investment-related matters, such as portfolio design, investment structure, and investment changes; establishes and maintains the Investment Policy Statement; and periodically evaluates the Program’s investment performance, investment costs, and administrative costs to participants.

II. PURPOSE

The Investment Committee adopts this Statement of Investment Beliefs (“Statement”) to serve as a general guide for its work. This Statement memorializes the beliefs held by the Committee that inform Committee action related to the Plan’s investment menu, specific manager engagements and terminations, and overall Plan design. The Statement also provides information to staff, consultants, and participants about the Committee’s views on Program investments, in conjunction with other governing documents, such as the Investment Committee Charter and Investment Policy Statement.

This Statement is not an amendment to the terms of the Plan, nor is it made part of any other document creating or governing the Plan. The sole purpose of this Statement is to document the Committee’s principles and beliefs that guide the Committee’s work. This Statement is not intended to create any responsibilities beyond what is otherwise required under applicable laws and regulations. The Committee may revise this Statement from time to time in response to changes in market conditions, investment options, or applicable law.

III. BELIEFS

As fiduciaries of the Program, the Committee is obligated to exercise its authority in the best interest of Program participants and beneficiaries. The Committee strives to support participants’ desired retirement outcomes in accordance with the documents including but not limited to the following: Program’s Strategic Plan, Plan Documents, Investment Policy Statement, and Fee Policy Statement.

1. Fees

The Committee believes in:

- Attempting to maintain an equitable participant administrative fee structure;
- Offering quality investment products and services at a reasonable cost;
- Searching for opportunities to leverage assets under management to attain competitive fees; and

- Keeping investment management and administrative fees reasonable while generating sufficient revenue to administer the Program.

2. Menu of investment options

The Committee believes in:

- Offering asset classes and investment strategies that are appropriate for participants in a defined contribution retirement plan with participant-directed accounts;
- Providing a basic yet diversified menu of core investment options;
- Maintaining investment options both for participants who desire to create a customized investment portfolio and for participants who desire guided, preallocated funds such as Target Date Funds; and
- Offering a brokerage window for participants who prefer to invest in a broader variety of investment choices.

3. Environmental, Social, and Governance (ESG)

The Committee believes:

- ESG factors impact investment performance; and
- There is value in exploring ways to integrate ESG analysis into the Program's investment manager selection and evaluation processes.

4. Transparency

The Committee believes:

- Transparency fosters trust between the Program and its participants; and
- Providing clear communications can help participants in making their investment decisions.

5. Innovative Solutions

The Committee believes in:

- Leveraging the Program's size and resources as practicable to offer innovative plan design options; and
- Applying a methodical approach to implement new solutions and standards while considering industry best practices.

6. Governance

The Committee believes in:

- Clear and distinct delineation of responsibilities between the Investment Committee, Program management, and other Program staff and in accordance with the Governance Manual; and
- Maintaining delineated responsibilities to ensure accountability.

7. Committee Education

The Committee believes:

- Committee members should be knowledgeable about fundamentals and best practices in portfolio design and institutional investing principles for defined contribution retirement plans with participant-directed accounts; and
- Continuing education is critical in supporting Committee members' role as fiduciaries.

IV. APPROVAL SIGN-OFF

CalHR approves this Statement of Investment Beliefs as adopted by the Investment Committee on 12/01/2021. The Committee may amend this Statement in writing from time to time, with approval of CalHR.

The undersigned hereby acknowledges and approves the foregoing Statement of Investment Beliefs in its current form effective as of December 1, 2021.

/s/E. Ortega
Eraina Ortega
CalHR Director

12/01/2021
Date