

**THE
EMPLOYEES RETIREMENT SYSTEM OF TEXAS**

REQUEST FOR PROPOSAL

**FOR DEFERRED COMPENSATION THIRD PARTY ADMINISTRATIVE (“TPA”),
AND/OR ADVISORY, AND/OR CUSTODIAL SERVICES**

SEPTEMBER 30, 2008

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Deferred Compensation RFP Deliverables

CHECK LIST

Order of Return: The Vendor is required to submit a total of seven (7) sets of the Vendor’s proposal in the following formats: One (1) printed “Original” and three (3) additional printed copies. The “Original” should contain the fully executed Contractual Agreement, *signed in blue ink* and without amendment or revision with all the required and completed exhibits attached. The three (3) printed copies referenced above, should be exact replicas of the materials submitted in the “Original” binder, to include all required exhibits. The remaining three complete copies shall be submitted on three (3) separate **Response** CD-ROMs in Excel or Word format. No PDF documents (with the exception of sample marketing materials and financial materials) may be reflected on the CD-ROM.

All binders must contain:

<u>PAPER FORMAT</u>	<u>RFP REFERENCE</u>
RFP FEEDBACK FORM	Located on top of Table of Contents
TAB I General Information	I.
<input type="checkbox"/> Executed RFP Signature Page signed in <i>blue ink</i> (Appendix A)	I.B.7.
<input type="checkbox"/> Executed Contractual Agreement(s) signed in <i>blue ink</i> (Appendix B)	I.B.11.
<input type="checkbox"/> Detailed Implementation Plan	I.B.15.
<input type="checkbox"/> Confidential and Proprietary schedule	I.B.18. & I.B.19.a.- I.B.19.c.
<input type="checkbox"/> HUB Designation Confirmation	I.B.20.
<input type="checkbox"/> Minimum Requirements (<i>evidence of Vendor’s satisfaction of Requirements</i>)	I.E.
<input type="checkbox"/> Preferred Criteria (<i>evidence of Vendor’s satisfaction of Criteria</i>)	I.F.
TAB VIII Communication Requirements	VIII.
<input type="checkbox"/> Provide samples of communication materials to include but not be limited to brochures, participant communication and general information pieces, consumer-targeted educational materials (in print and electronic format), Texas\$aver Kit, and Welcome Packet	VIII.C.1.- VIII.C.2. & VIII. C.3.a.
<input type="checkbox"/> Provide a format of Vendor’s proposed website to include ALL screenshots	VIII.C.1. & VIII.C.5.d.
TAB X Price Proposal and Program Fees Requirements	X.
<input type="checkbox"/> DC Vendors Price Proposal and Program Fees Responses	X.
TAB XI Organizational Information	XI.
<input type="checkbox"/> Organizational Information Responses and Requested Materials.	XI.A. - XI.C.
TAB XII Deviations	XII.
<input type="checkbox"/> Deviation Responses	XII.1.-XII.11.
TAB XIII Interrogatories	XIII.
<input type="checkbox"/> Interrogatory Responses and Requested Materials.	XIII.A. - XIII.C.
<u>CD FORMAT</u>	<u>REFERENCE</u>
<input type="checkbox"/> All materials described above shall be received in CD-ROM Format. The three (3) separate Response CD-ROMs shall be in either Word or Excel format.	I.B.4.
<input type="checkbox"/> 2 complete sets of CD-ROMS – Set One (<i>Confidential and Proprietary Information</i>) and Set Two (<i>Public Information</i>)	I.B.18. & I.B.19.a.- I.B.19.c.
<input type="checkbox"/> Electronic draft copy of ALL proposed screen shots of Vendor’s proposed website on a CD-ROM – Both TPA and Advisor	VIII.C.5.d.

NOTE: Keep this Check List for your records. Do not return with your submission.



Request for Feedback

Employees Retirement System of Texas

The Employees Retirement System of Texas, Benefit Contracts Division, periodically publishes requests for proposals, applications or information and is interested in your organization's feedback regarding our request. To assist the Benefit Contracts Division in creating future requests, we would be interested in knowing what we could do differently or how we could make our request more user-friendly. Please take a moment to answer the following questions and return it at your earliest convenience.

1. Did your organization submit a bid?
 Yes
 No

2. If No, why did your organization elect not to bid? (Check all that apply)
 Timing, not enough time to complete bid
 Contract Provisions/Parts of the Contract
 Complexity of RFP
 Other:

3. Please elaborate on question #2 or provide other reasons for not submitting a bid.

4. Please provide any suggestions that might improve our process.

Additional Comments

About Your Organization

Name _____ Contact _____
E-mail _____
Address _____ Phone _____
City, State, _____
ZIP Code _____

We may, if necessary, contact you by email or telephone for further clarification of your responses.

Thank you for your participation!

I. Instructions to Proposers

A. Request for Proposal (“RFP”) Summary

- A.1. **Introduction.** In accordance with Chapter 609.509 of the Gov’t Code, the Board of Trustees (“Board”) of the Employees Retirement System of Texas (“ERS”) is authorized to contract for the necessary goods and consolidated billing, accounting, and other services provided with a deferred compensation plan. ERS is issuing a Request for Proposals (“RFP”) seeking to identify one or more experienced and qualified vendors (“Vendors”) to provide the state of Texas TexaSaver Deferred Compensation program (“TexaSaver” or “Program”) with one or more of the following: (i) Third Party Administrative (“TPA” or “Record Keeper”) services; (ii) Advisory (“Advice”) services; and (iii) Custodial (“Custodian”) services. Texas law currently prohibits the TPA from offering proprietary products to Program participants. Vendors currently offering proprietary products in the Program must agree to discontinue these offerings and cooperate with the transition of such products at no cost to ERS, the TexaSaver program or its participants as required by ERS, if awarded a Contractual Agreement to provide TPA services. The Board may award contracts for TPA, Advice, and Custodial services to a single company or may, at its discretion, award up to three (3) Contractual Agreements for these services.
- A.2. Qualified Vendors may respond to one or more parts of this RFP as discussed in greater detail in the Deferred Compensation (“DC”) RFP document. Following ERS’ selection of qualified Vendor(s) to provide these services, responsibilities will begin September 1, 2009 for Plan Year 2010 and continue for a four (4) year period through August 31, 2013, subject to the terms of the parties’ contract, as set forth in Appendix B. At ERS’ sole discretion, a contractual option for ERS to renew for additional periods will be subject to terms and conditions acceptable to ERS. Qualified Vendor(s) shall provide the level of services required in the RFP and meet other requirements that are in the best interest of the TexaSaver program, its participants, and ERS. Services shall begin following the Board’s selection of qualified Vendor(s) and upon ERS’ execution of the Contractual Agreement (“Contract”). Proposals will be accepted for the products and services identified in the RFP packet located on ERS’ website. The cost of the requirements described in this Article shall be recovered by the Vendor only by making provision for such expenses in the *Price Proposal*.
- A.3. **FAILURE TO PROVIDE RESPONSES IN THE FORMAT REQUESTED MAY RESULT IN THE VENDOR BEING ELIMINATED FROM FURTHER CONSIDERATION. ALL PROPOSALS SHALL BE VALID THROUGHOUT THE ENTIRE RFP PROCESS AND ANY RESULTING CONTRACT TERM.**

A.4. **Schedule of the DC RFP Process.** The RFP process and Contract award shall be conducted in accordance with the following schedule, unless notified otherwise by ERS:

On or After: 09/23/2008		RFP is available on ERS' Vendor website. To access the RFP, qualified Vendors shall e-mail their request to: Ivendorquestions@ers.state.tx.us A USERID and Password will be provided only to those qualified bidders requesting access to the secured sections of the DC RFP.
10/16/2008	4:00 p.m. (CT)	To register for the Mandatory Bidders Conference, send requests to: Ivendorquestions@ers.state.tx.us
On or After: 10/17/2008		Publication of Deferred Compensation Contractual Agreements
10/21/2008	2:00 p.m. (CT)	DC Mandatory Bidders Conference. Failure to attend will result in disqualification from the ERS DC RFP bid process. Deadline for submission of all questions regarding this RFP and referencing the products and services specified.
11/12/2008	4:00 p.m. (CT)	E-mail the Vendor's Intent to Submit a Proposal to: Ivendorquestions@ers.state.tx.us
11/18/2008	12:00 Noon (CT)	The Vendor is required to submit a total of seven (7) sets of the Vendor's proposal in the following formats: One (1) printed "Original" and three (3) additional printed copies. The "Original" should contain the fully executed Contractual Agreement, <i>signed in blue ink</i> and without amendment or revision with all the required and completed exhibits attached. The three (3) printed copies referenced above, should be exact replicas of the materials submitted in the "Original" binder, to include all required exhibits. The remaining three complete copies shall be submitted on three (3) separate Response CD-ROMs in Excel or Word format. No PDF documents (with the exception of sample marketing materials and financial materials) may be reflected on the CD-ROM. All materials shall be sealed and sent to the attention of: Ann S. Fuelberg, Executive Director Employees Retirement System of Texas 18 th & Brazos Streets; Post Office Box 13207 Austin, Texas 78711-3207
01/26-30/2009		Tentative Finalists Face-to-Face interview session to be announced at an ERS designated time and location. Required Vendor participants will be identified when meeting appointment is established by ERS.
02/2009		ERS' Board selects the Vendor(s)
07 through 08/ 2009		Annual Summer Enrollment ("SE") Period
09/01/2009		Fiscal Year ("FY") 2010 Contract Begins

ERS RESERVES THE RIGHT TO EXTEND ANY AND ALL DEADLINES ABOVE, TO REJECT ANY AND ALL RESPONSES, TO CONTRACT WITH ONE OR MORE FIRMS, OR TO ISSUE A NEW RFP AT ANY TIME, IN ITS SOLE DISCRETION. FAILURE TO PROVIDE RESPONSES IN THE FORMAT REQUESTED MAY RESULT IN RESPONDENT BEING ELIMINATED FROM FURTHER CONSIDERATION. ALL RESPONSES MUST BE VALID THROUGHOUT THE ENTIRE RFP PROCESS AND ANY RESULTING CONTRACT TERM, INCLUDING EXTENSIONS. ERS WILL NOT NOTIFY RESPONDENTS UNLESS THEY ARE SELECTED FOR INTERVIEWS OR ENGAGEMENT.

- A.5. The Vendor is responsible for reviewing and responding to the RFP materials available on the ERS Vendor website (<http://www.ers.state.tx.us/vendorbid/contracts/default.aspx>). ERS' Vendor website provides interested parties with the TexaSaver program background information, and online versions of each Article located in the RFP document. The information contained in this offering provides the instructions for the Vendor to submit a response to ERS' RFP.

B. General Information

- B.1. **Agent of Record.** ERS shall not designate an Agent of Record or any other such company employee or commissioned representative to act on behalf of either ERS or the Vendor. Any requests for ERS to provide such designation shall be rejected. Vendors are specifically instructed to submit proposals directly to ERS as specified in Paragraph A.4. above, and Paragraph B.4. below.
- B.2. **News Release.** Prior written approval by ERS shall be required for any news releases regarding a Contract awarded to a Vendor.
- B.3. **Inquiries.** Questions about ERS and the RFP shall be submitted in writing, email, regular mail or facsimile. In its sole discretion, ERS shall post the question and response it deems appropriate on ERS' Vendor website in a timely manner. Such inquiries should be directed to:

Robert P. Kukla, ChFC
Director of Benefit Contracts
Employees Retirement System of Texas
Post Office Box 13207
Austin, Texas 78711-3207
FAX (512) 867-3380
Email: ivendorquestions@ers.state.tx.us

- B.4. **Proposal Submission.** All proposals submitted to ERS shall be sealed. ERS shall not consider a proposal unless one (1) "Original" and six (6) copies are received by ERS at the appropriate address no later than 12:00 Noon, CT on November 18, 2008. The mailing label for the proposal shall be clearly marked as a Vendor Request for Proposal Response. The one (1) printed "Original" (which shall be labeled as such) and three (3) additional printed copies shall be submitted with all requested supporting documentation, including, but not limited to, the fully executed Contractual Agreement, (see Article I.B.11.) in printed formats. The remaining three (3) copies shall be submitted on three (3) separate **Response** CD-ROMs in Excel or Word format. No PDF documents (with the exception of sample marketing materials and financial materials) may be reflected on the CD-ROM.

Vendor shall mail sealed proposal materials or deliver its response to ERS at the following address:

Ann S. Fuelberg, Executive Director
Employees Retirement System of Texas
18th & Brazos Streets; Post Office Box 13207
Austin, Texas 78711-3207

- B.5. **Retention of Proposals.** All proposals submitted become the sole property of ERS. As reflected in greater detail below at B.18, ERS is required to provide access to certain records in accordance with the provisions of Chapter 552, Tex. Gov't Code, and the Texas Public Information Act ("PIA"), formerly known as the Open Records Act. During the evaluation process, ERS shall make reasonable efforts as allowed by law to maintain proposals in confidence, and shall release proposals only to personnel involved with the evaluation of the proposals and implementation of the Contract unless otherwise required by law.
- B.6. **Order of Response Documents.** Vendor shall submit its Proposal and signed RFP Signature page in the order prescribed in the *Deliverables Check List* located behind the *Table of Contents* contained in this RFP.
- B.7. **Signature Page.** The Chief Executive Officer or other authorized officer who is at a Vice President or higher level of the Vendor shall execute, in **blue ink**, the Signature Page referenced as Appendix A, which is a part of this RFP. The individual executing the Contractual Agreement and Signature Page should be the same authorized person reflected in Article XI.A.11, and must have full legal authority, on behalf of the Vendor, to execute a Contract that constitutes a valid, binding and legally enforceable agreement.
- B.8. **Supplements to RFP.** In the event that it becomes necessary, in ERS' discretion*, to revise any part of this RFP, or if ERS determines that any additional information is needed to clarify the provisions of this RFP, supplemental information shall be provided to each Vendor that has indicated interest in this RFP. However, ERS shall not be bound by any deviations from or to this RFP unless ERS specifically agrees in writing to the specific deviation.
- B.9. **Reserved Rights.** ERS is not required to select the lowest bid, but shall take into consideration other relevant criteria, including, but not limited to, an administering firm's ability to service large group programs, and past experience. Evaluation criteria are described in Article II, *Proposal Evaluation Criteria*, of the RFP. ERS staff and Board may determine that other factors may be considered important based on their review of a Vendor's responses to the RFP and the Interrogatories. ERS also reserves the right to reject any proposal submitted that does not fully comply with the RFP's instructions and criteria, including minimum requirements as reflected herein at Article I. E.1-E.4.

* All references in this RFP to matters within ERS' discretion mean ERS' sole discretion.

- B.9.a. ERS reserves the right to reject any and all proposals and call for new proposals if deemed by ERS to be in the best interest of the TexaSaver program, its participants, ERS or the state of Texas. ERS is under no legal requirement to execute a Contractual Agreement on the basis of this RFP.
- B.9.b. The Contract shall be awarded to a Vendor or Vendor(s) that, in the opinion of the Board, is best qualified to perform the services for a fair and reasonable price, and based upon the Vendor's demonstrated competence and qualifications as indicated in its response to this RFP.
- B.9.c. ERS shall not pay any costs incurred by any Vendor prior to execution of a Contract. Issuance of this RFP in no way obligates ERS to award a Contract or to pay any costs incurred in the preparation of a proposal or response. ERS specifically reserves the right to vary all provisions set forth at any time prior to execution of a Contract where ERS deems it to be in the best interest of ERS, the TexaSaver program, its participants, or the state of Texas.
- B.9.d. The selected Vendor(s) agree to act in good faith and to cooperate with ERS in the execution of any documents necessary to effect a change to the RFP or Contract, following execution of the Contract by ERS, if ERS reasonably deems it to be in the best interest of the TexaSaver program, its participants, ERS, or the state of Texas.
- B.9.e. ERS and the selected Vendor(s) shall enter into a Contract acceptable to ERS which shall include, but not be limited to the Contractual Agreement identified in Appendix B. On or after October 17, 2008, ERS will publish to the ERS Vendor website, the Contractual Agreements for each of the requested services reflected herein.
- B.9.f. The experience and professional qualifications of the Vendor(s) Account Team member are critical elements to the awarding of the Contract; therefore, substitutions of or other changes in assigned personnel shall require the prior approval of ERS' Executive Director. In any event, ERS may, at any time, reasonably request the removal or reassignment of the Vendor's staff in connection with the Vendor's performance under this Contract.
- B.9.g. Vendor acknowledges that it is impossible or impractical to estimate certain damages with any degree of certainty. Therefore, the Vendor agrees that its failure to comply with these requirements may subject the Vendor to the Liquidated Damages and *Performance Guarantee* provisions of the Contract and RFP.
- B.9.h. ERS reserves the right to modify the performance requirements, Program design and offerings during this RFP process and Contract term as well as for subsequent fiscal years.
- B.9.i. ERS reserves the exclusive right to determine major changes to the TexaSaver program; Vendor compensation arrangements, or other major areas likely to impact the TexaSaver program or that may impact Program participants, and if so, when the changes may apply.

B.9.j. The selected Vendor(s) agree to work with all ERS staff and other such necessary resources as identified by ERS, in a manner that reflects the best industry practices, with full cooperation and professionalism at all times. Further, the Vendor shall fully cooperate and professionally assist all Vendors in the timely delivery of services, supplies and/or quality products to the TexaSaver program and its participants.

B.10. **Prohibited Interest.** Except as a participant in the TexaSaver program, a participant, Board member, or employee of ERS may not have a direct interest in the gains or profits of any Contract executed by ERS pursuant to this RFP, and may not receive any pay or emolument for any service performed for the Vendor.

In the case where a participant, Board member or employee of ERS receives any payment from the Vendor for any services performed for the TexaSaver program or for any gains or profits of any Contract executed by ERS pursuant to this RFP, ERS may terminate its relationship with the Vendor immediately upon ERS' finding of any conflict of interest as determined by ERS in its discretion, and ERS reserves the right to seek any legal, equitable or contractual relief to which it may be entitled. Under such circumstances, the Vendor shall complete any outstanding transactions with ERS as soon as possible. In its discretion, ERS may choose not to consider any future proposals from the Vendor concerning any plan or program in the TexaSaver program.

By submitting its Proposal, Vendor warrants and represents that it does not have, nor shall it permit, any conflicts of interest that would impair its ability to perform the services required by the Contract in the best interests of the TexaSaver program, its participants, ERS and the state of Texas. The Contract shall have additional requirements in this regard.

B.11. **Execution of Contractual Agreement.** As noted in paragraph B.4. above, Vendor shall be required to sign a Contractual Agreement with ERS relating to the services described in this RFP. Vendor is hereby notified that the execution of the Contractual Agreement ("Contract"), attached as Appendix B, pursuant to and in accordance with this RFP, is a condition precedent to eligibility for selection by the ERS Board of Trustees. ERS requires that the Contractual Agreement be fully executed in *blue ink* by a duly authorized officer of the Vendor and returned without amendment or revision with the appropriate exhibits attached as part of the Vendor's response submission. ERS reserves the right to reject any Proposal if the Contract is revised or returned unsigned, and ERS further retains the right to modify Contractual Agreement terms and to add additional terms at its discretion. Additional related agreements may also be required. The entire Contract is comprised of the Contractual Agreement with all related exhibits, the RFP, Vendor's Proposal, Clarifications, if applicable, and any other information, duties or obligations Vendor may be required to provide or perform.

- B.11.a. The Contract includes important requirements that may not be expressly referenced in this RFP. By submitting a Proposal, the Vendor acknowledges and affirms it has reviewed, understood and accepted all terms stated in the Contract, and that the Vendor has submitted its Proposal after taking into account the Contract's terms. Vendor accepts that ERS will not pay any costs incurred by any entity in responding to the RFP, or in connection with the preparation thereof for the term of the Contract and further, that the cost of the requirements described in this RFP shall be recovered by the Vendor only by making provisions for such expenses in Article X, *Price Proposal*, of this RFP. Upon approval of the Proposal, notification to the Vendor of its selection by the Board and any Clarifications to be required in the Proposal, and upon execution of the Contract by ERS, it is ERS' intent that the written Contract shall be in force.
- B.12. **Contract Term and Chronology of Responsibility.** The Contract and all its aspects shall be for a term beginning after the Board has accepted the Vendor's Response and has notified the Vendor of its selection and immediately upon the execution of the Contract by ERS, and extending through the 31st day of August 2013, unless terminated, renewed or extended as provided by the Contract.
- B.12.a. Vendor services to be provided under the Contract shall occur between September 1, 2009 and August 31, 2013. ERS and the Vendor also agree and acknowledge that there are duties and obligations specified by the Agreement to be performed prior to September 1, 2009 and following August 31, 2013, and the parties each agree to perform all such duties and obligations, and all damage provisions included herein and in the Contract shall thereby be in effect. Such prerequisites, duties and obligations include, but are not limited to the following:
- Selection by the Board of Trustees at the February 2009 meeting;
 - Execution of the Contract by ERS' Executive Director after all clarifications have been agreed to and accepted or rejected by ERS;
 - The parties each agree to perform all such duties and obligations, and all damage provisions included in the Contract shall be in effect;
 - Vendor shall place at risk for each product and/or service being bid, no less than 10% of the total Contract value as determined by ERS and as reflected in Article X, *Price Proposal*.
 - The Contract includes the RFP, the Vendor's response thereto as accepted by ERS and that does not conflict with terms of the Contractual Agreement executed by the parties;
 - ERS reserves the right to renew the Contract for additional periods subject to terms and conditions acceptable to ERS, unless ERS determines that rebidding is in the best interests of ERS, the TexaSaver program, its participants;
 - Vendor shall act in utmost good faith in connection with such contract renewal process and shall provide all information requested by ERS in order to facilitate such negotiation of an extended agreement; and
 - Any and all activities required by the Vendor to effectively implement the requirements of this Contract.

- B.13. **Calendar/Fiscal Year.** The Texas Employees Group Benefit Program's ("GBP") Fiscal/Plan year ("FY" or "PY") begins each September 1st, and ends each August 31st. The TexaSaver program is based on a calendar year and shall be determinative for all Contract reporting requirements. The Contract expands upon this provision.
- B.14. **Termination of Contract.** In the event the Vendor fails or refuses to perform any of its duties or obligations as provided by the Contract, which includes this RFP, the Vendor's Response, to the extent accepted by ERS, and the signed Contract, ERS, without limiting any other rights or remedies it may have by law, equity or under contract, shall have the right to terminate the Contract immediately. Vendor understands and acknowledges that, notwithstanding any termination of the Contract, certain obligations of the Vendor shall survive the termination of the Contract. The Contract expands upon this provision.
- B.15. **Contract Implementation.** The "Implementation Period" shall be the period of time beginning with the selection of the Vendor by the Board and upon ERS' execution of the Contract and concluding on August 1, 2009. All costs associated with the Vendor's Implementation efforts shall be included in the proposed fees reflected in Article X, *Price Proposal*. Vendor shall submit with its response to this RFP, for review and approval by ERS, a detailed Implementation Plan using standard industry Project Management software: such as, MS Project or Open Workbench, which shall include, without limitation, the following:
- A detailed description and manner in which all work is to be performed by the Vendor, to include a detailed description and manner in which all work is to be performed by ERS;
 - A list of sample reports relevant to the Vendor's general reporting. Specific TexaSaver program reports will be determined following contract award;
 - A detailed description of all activities the Vendor expects ERS to perform related to the Implementation Plan;
 - Schedules of meetings between the Vendor and ERS to facilitate the transition;
 - Schedules of meetings between other contracted TexaSaver Vendors and ERS to facilitate transition; and
 - Scheduled updates and/or amendments to the Implementation Plan, at least weekly, to reflect mutually agreed-upon changes as additional work is defined;
 - To ensure the successful implementation of the Vendor's products and/or services to the TexaSaver program and its participants, the Vendor shall place at risk for each service being bid, no less than 10% of the total Contract value as determined by ERS and as reflected in Article X, *Price Proposal*.
- B.15.a. Following selection of the Vendor(s) by the Board at its February 2009 meeting, and upon ERS' notification to the Vendor that it has executed this Contract, the Vendor shall immediately staff an Implementation Team and name an Implementation Manager. The names, positions and qualifications of the Implementation Team shall be communicated to ERS no later than fifteen (15) calendar days following Board selection.

- B.15.b. The Implementation Manager shall serve as ERS' primary contact throughout the Implementation Period, shall have the legal authority to make binding decisions for the Vendor, and be readily accessible during the Implementation Period.
- B.15.c. Vendor acknowledges that it is impossible or impractical to estimate with any degree or certainty, the impact or damage that the failure of particular implementation activities may have on the TexaSaver program and/or its participants. Therefore, the Vendor agrees that implementation failures, judged by ERS to have adversely harmed the TexaSaver program and/or its participants, may immediately subject the Vendor to the Liquidated Damages and *Implementation Performance Guarantee* provisions.
- B.15.d. During the Implementation Period, the Vendor warrants and represents the following:
- It shall maintain appropriate, sufficient and qualified staff, technical capabilities and resources that are fully and solely devoted to the TexaSaver program Implementation;
 - ERS reserves the right to require the Vendor to add additional staff or remove staff from the Implementation Team;
 - It shall not permit any current or prospective business, projects or other matters to interfere in any manner with the smooth and timely implementation of the TexaSaver program;
 - Vendor understands and agrees that time is of the essence in the implementation and performance of required products and services necessary for the successful launch of new Vendor(s) in support of the TexaSaver program and its participants;
 - Vendor acknowledges and agrees that the TexaSaver program, its participants and ERS shall suffer irreparable harm if the TexaSaver program is not fully and completely transitioned on or before August 1, 2009;
 - To the extent the Liquidated Damages and/or *Implementation Performance Guarantee* provisions of the Contract require prior notice, the Vendor hereby waives such prior notice during the Implementation Period;
 - ERS may immediately assess against the Vendor the agreed upon Liquidated Damages as referenced in Appendix C to this RFP, without prior notice, in the event the Vendor fails, refuses or if it reasonably appears that it will fail or refuse to complete or perform any aspect of this Contract in connection with the timely and smooth implementation of the TexaSaver program;
 - All communication materials dealing with the implementation, including participant communication materials, call center staff training materials, Interactive Voice Response system ("IVR"), and website design are subject to ERS' review and approval before implementation;
 - Vendor's proposed Implementation Plan shall reflect adequate time for ERS staff to review and approve all TexaSaver program deliverables; and
 - Vendor shall successfully complete and/or implement all critical components identified in the selected Vendor's Implementation Plan as required by ERS no later than August 1, 2009.

- B.16. **Payment Methodology.** The methodology to be used in paying the Vendor is specifically outlined in Article IV, *Financial Requirements and Structure*.
- B.17. **Finalist Interview.** Following ERS' initial review of the Vendor's Proposed materials, and if the Vendor is selected as a finalist in the selection process, ERS may request that personnel from the Vendor, at the Vendor's expense, attend a meeting at an ERS-designated location to clarify responses and to answer questions regarding the Vendor's Proposal. If ERS deems necessary, a site visit to the Vendor may be conducted during the RFP review period at ERS' expense.
- B.18. **Disclosure of Information.** ERS is required to provide access to certain records in accordance with the provisions of Chapter 552, Tex. Gov't Code, and the Texas Public Information Act ("PIA"), formerly known as the Open Records Act. In order to protect and prevent inadvertent access to confidential information submitted in support of its Proposal, the Vendor is required to supply a separate schedule of all pages that the Vendor in good faith, and with legally sufficient due diligence, considers to contain any confidential and/or proprietary information. **By submitting a Proposal, the Vendor acknowledges and agrees that ERS shall have no liability to the Vendor or to any other person or entity for disclosing information in accordance with the PIA.** ERS shall not have any obligation or duty to advocate the confidentiality of the Vendor's material to the Texas Attorney General or to any other person or entity. Vendor further understands and agrees that upon ERS' receipt of a PIA request for a copy of the Vendor contract, including the Proposal and any exhibits to the Contract and Proposal, the only documents that ERS shall treat as the Vendor's confidential and proprietary information shall be the documents the Vendor identifies as required above. It is the Vendor's sole obligation to advocate in good faith the confidential or proprietary nature of any information it provides in its Proposal, and the Vendor understands that the Texas Attorney General may nonetheless determine that all or part of the claimed confidential or proprietary information shall be publicly disclosed.

In addition, the Vendor specifically agrees that ERS may release the Vendor's entire Proposal, including alleged confidential or proprietary information, upon request from individual participants, agencies or committees of the Texas Legislature where needed for legislative purposes, as provided for in the PIA or to any other person or entity as otherwise permitted by law.

- B.19. **Confidential and/or Proprietary - Public Information Submission.** In order to protect and prevent inadvertent access to confidential information submitted in support of its Proposal, each Vendor submitting a proposal to this RFP is required to supply two (2) sets of CD-ROMs containing full and complete copies of all information that the Vendor in good faith, and with sufficient legal due diligence considers to: (set one) contain any confidential and/or proprietary information regarding all materials contained in the Vendor's response; and (set two) contain all public material contained in the Vendor's response. The documents reflected on the CD-ROMs shall correlate in order and by title to those reflected on the summary sheet required above in Article I.B.18., *Instructions to Proposers*.

- B.19.a. Additionally, **EACH** Vendor, excluding the Selected Vendor, responding to this RFP shall provide to ERS no later than the fifth (5th) business day following Board selection, two (2) sets of CD-ROMs containing full and complete copies of any and all additional documents developed subsequent to the submission of the Vendor's proposal to ERS which the Vendor considers to be (set one) confidential and/or proprietary and (set two) public.
- B.19.b. The Selected Vendor(s) shall provide to ERS no later than the fifth (5th) business day following final execution of the contract, two sets of CD-ROMs containing full and complete copies of any and all additional documents developed subsequent to the submission of the Vendor's proposal to ERS which the Vendor considers to be (set one) confidential and/or proprietary and (set two) public.
- B.19.c. Upon ERS' receipt of a Public Information Act request which may include the materials submitted by the Vendor responding to this RFP, and without notification to the Vendor, ERS will provide the requestor the information provided on the Vendor's public CD-ROM(s).
- B.20. **Historically Underutilized Businesses.** ERS encourages utilization of historically underutilized businesses ("HUB") that are qualified to provide services required by the Contract. If HUBs are not appropriate, please so indicate in the Vendor's response to this RFP. If HUBs are utilized by the Vendor in the performance of the Contract, then the requirements applicable to subcontractors shall apply. Additional HUB information can be accessed on the ERS website by using the following link: <http://www.ers.state.tx.us/about/contracts/default.aspx>.
- B.21. **Subcontractors.** Any planned or proposed use of subcontractors by the Vendor shall be clearly disclosed and documented in the Proposal response and agreed to by ERS. Vendor shall be completely responsible for all services performed and for fulfillment of its obligations under the Contract, even if such services are delegated to a subcontractor.
- B.22. **Board Rules.** The Board has sole rulemaking authority in connection with the Texa\$aver program pursuant to Chapter 87, Title 34, Part IV, Tex. Admin. Code, except where the Board Rules may conflict with state laws. In accordance with Texas law, the Board Rules, and any amendments adopted by the Board of Trustees to said Board Rules and duly enacted state statutes, are a part of any Contract executed in accordance with this RFP process for all purposes as if they were contained verbatim therein. The Vendor agrees to comply with all such Board Rules, all Texas and Federal laws and regulations.
- B.23. **No Solicitation.** Vendor shall not use, or otherwise disseminate, sell, copy, or make available to any person or entity, lists of Texa\$aver program participants or employees, or any other participant or Program data for any purpose other than what is necessary in order to perform the services required under the Contract, including, but not limited to marketing purposes, solicitation of any other investment or annuity products, or any other service or product, unless specifically approved in writing by ERS' authorized representatives. This requirement shall survive the termination of the Contract. The Contract has additional requirements in this regard.

C. General Specifications

- C.1. **Changes Required by Statute, Regulation, Court Orders, or Program Funding.** ERS acknowledges that certain factors may change conditions with regard to the TexaSaver program plan design, offerings, and/or administration. Some factors that may affect the Program include, but are not limited to:
- Changes in federal and state statutes, regulations, and new court decisions and administrative rulings;
 - Changes in funding; and
 - Changes in TexaSaver program plan design.
- C.1.a. Vendor agrees to make a good faith effort to comply with any additional responsibilities or changes to the TexaSaver program imposed as a result of the above factors, and other factors that may arise, requiring plan design changes and/or an increase or decrease of Vendor fees, and to cooperate with ERS to effect such changes and to execute any agreements that may be required as a result. However, should a mandated change materially affect the Vendor's obligations under the Contract, ERS reserves the right to negotiate with the Vendor regarding any fee increase (or decrease), that may be appropriate under the circumstances, as provided in the Contract.
- C.2. The following considerations should be kept in mind when responding to ERS' RFP:
- The TexaSaver program includes both a 401(k) plan and a 457 plan;
 - There is no state match for this Program;
 - No commissions will be paid;
 - TexaSaver program promotes an "open enrollment" so that eligible state employees can enroll in the Program at any time during the year;
 - All State employees hired after January 1, 2008 are auto enrolled in the TexaSaver 401(k) at 1% of the employee's eligible salary;
 - All employees auto enrolled will automatically be provided basic advice services;
 - The University of Texas ("UT") System transitioned out of the TexaSaver 457 plan and into their proprietary plan known as the UTSaver Deferred Compensation Plan; therefore, references made to Higher Education Institutions shall exclude the UT System;
 - TexaSaver program is a non-ERISA Plan;
 - TexaSaver program is reviewing the features and benefits of offering a Roth product and an employer match program;
 - Currently the state of Texas provides a Defined Benefit Plan ("DB") to State employees, contributing 6.45% to an employee's mandated 6.0% of their eligible salary into an ERS administered DB Plan;
 - By Vendor's promotion of the TexaSaver program, ERS seeks to increase participation by an additional 10% of active employees, as well as increase individual deferrals to 5% of an employee's eligible salary; and
 - ERS supports a modernization initiative to seek, among other things, to provide near 24/7 customer communication channels, business processes that are efficiently enabled by technology, and customer information that is secure, timely, accurate and highly integrated between ERS and its business partners.

- C.3. **Materials.** A copy of all materials to be used by the Vendor in administering the TexaSaver program shall be provided as requested in Article VIII, *Communication Requirements*. Vendor shall submit proposed marketing and other informational materials in ERS' required format according to deadlines to be set by ERS. In addition to the marketing materials, this also includes, but is not limited to, forms to be used by Vendor's customer service representatives. The cost for preparation of these materials for the term of the Contract, see Article I.B.11.a., shall be included in the *Price Proposal* quoted by the Vendor. ERS shall retain the right to review and approve all such documents prior to distribution.
- C.4. **Service-Oriented Architecture.** ERS is moving toward a service-oriented architecture ("SOA"), which will combine a number of technologies to provide comprehensive and cost-effective technical solutions that will integrate our front-end information ("website") and processes ("ERS OnLine") with our back-end information systems. SOA deployment at ERS will be incremental and scaled as business processes, opportunities, and capabilities require. An example of such technology would include ERS' ability to extract XML-tagged content from a Vendor's website through the use of "data feeds". Throughout ERS' SOA evolutionary processes, the Vendor shall provide compliant information in a timely manner and provide all necessary technological support as required by ERS staff and its designated representatives.
- C.5. **Eligibility and Enrollment.** ERS is responsible for determining the eligibility of employees for participation in the TexaSaver program and for reporting eligibility to the TPA. TexaSaver program participants and new hires access the TexaSaver website at www.texasaver.com to enroll in or change their contribution elections for the 401(k) and 457 plans at any time. ERS provides a Weekly Change File via Secure File Transfer Protocol ("SFTP").
- C.6. **Employee Identification ("EID") Number.** ERS currently uses an ERS Employee Identification Number ("EID") of an eleven (11) digit number to identify current or retired employees (collectively known as "participants") and for most Program reporting purposes. Vendor shall have the capability to apply either the EID and/or use the individual's Social Security Number ("SSN") for all Program requirements.
- C.7. **Internet Access.** To protect the confidentiality of member information, Vendor shall provide access to any information reasonably related to the TexaSaver Program, its participants, and the services, benefits, and products specified hereunder using secure point-to-point Virtual Private Network ("VPN") to ERS and its designated representatives.

Such access, at a minimum, shall give ERS the ability to view, download and print such information. Thus, any information regarding the services, supplies or products that the Vendor is required to perform, deliver or provide in connection with the TexaSaver program shall be fully accessible and available to ERS via secure, encrypted point-to-point VPN.

D. Alternative Program Design or Financial Arrangements

- D.1. Alternative Program plan design or financial arrangements, other than as requested herein, shall not be considered in selecting a Vendor. However, ERS reserves the right to revise the Program plan design and/or financial arrangements should that become necessary due to legislative, budgetary, or other factors. The purpose of this RFP and the subsequent review process is to select the Vendor that ERS considers to be most qualified to provide the most effective, efficient and high-quality services, supplies and products to the Texa\$aver program, its participants, ERS and the state of Texas. ERS views the relationship with the Vendor(s) as a cooperative one, and nothing contained in this RFP, nor any action taken in the review and approval process, shall prevent ERS from continuing negotiations with specific Vendor(s) after the selection is made.
- D.2. Vendor agrees to act in utmost good faith in connection with all such negotiations and in performing all of its services, and duties related to the Texa\$aver program.

E. Minimum Requirements

Those wishing to respond to the RFP shall demonstrate their competence to perform the services required by ERS, and shall evidence the ability to satisfy each of the following minimum requirements by specifically identifying supporting documentation contained in the Vendor's response. ***If Vendor fails to reflect the ability to meet the following minimum requirements, its proposal will not be considered.***

- E.1. Vendor shall maintain its principal place of operations in the United States of America and representatives shall have at minimum, a Series 6 certification.
- E.2. Vendor shall have been providing TPA, and/or Advice, and/or Custodian services for either 401(k) or 457 plans for at least two (2) large employers, consisting of a minimum of 10,000 participants since January 1, 2003.

Note: Vendor's response to this requirement officially authorizes ERS to contact these organizations or any other entity to discuss the services and other considerations which the Vendor has provided to such organizations and entities and authorizes the organizations or any other entities to provide such information to ERS. **Vendor shall and hereby does release and hold harmless ERS, the state of Texas, and the organization/other entity of any and all liability whatsoever, in connection with providing and receiving all such information.**

Vendor may not provide sponsoring, or parent organizations, subsidiaries, or subcontractors as references.

- E.3. Vendor shall demonstrate successful transition capabilities since January 1, 2003 by evidencing at least one (1) large program (10,000 participants) transition that provided services and products for either 401(k) or 457 plans.

- E.4. Vendor shall have a current net worth available, on average, throughout its 2007 financial period of: \$25 million for the TPA services, \$5 million for Advice services, and \$50 million for Custodian services, as evidenced by a 2007 audited financial statement. If a Vendor intends to bid on a combination of any services offered, they shall be capable of evidencing an ability to meet the cumulative net worth sum for the total of those services.

F. Preferred Criteria

Those Vendors wishing to respond to the RFP shall demonstrate their competence to perform the services and provide the products required by ERS, and shall evidence the ability to satisfy (or not), each of the following by providing specific supporting documentation contained in the Vendor's response evidencing Vendor's ability to meet the criteria as reflected below.

- F.1. Vendor should have experience working with and/or extensive knowledge of applicable Federal and State laws and regulations relating to 401(k) and 457 plan administrations.
- F.2. Vendor shall have experience working with and/or extensive knowledge of public or governmental DC plans that are not subject to ERISA.
- F.3. Vendor shall evidence a successful track-record of implementing technological advancements to enhance participant services, for example: auto enrollment processes, Single Sign On ("SSO") capability, electronic signature acceptance, plan data integration (i.e. the ability to access defined benefit information in addition to deferred compensation data).

II. Proposal Evaluation Criteria

- A. Proposals submitted in response to this RFP shall be evaluated on the basis of the criteria listed below. The criteria are not listed in order of importance. While the criteria shall provide the basis for an objective evaluation of each proposal, the experience and judgment of ERS' staff, Board and their advisors shall also be important in the selection process. The criteria include the Vendor's response to all items reflected in their proposal, and any clarifications, and:
- Compliance with and adherence to the specifications of all terms contained in the RFP and Contractual Agreement;
 - Minimum requirements;
 - Preferred criteria;
 - Vendor's Fee Proposal and Program Fees;
 - Past experience working with both 401(k) and 457 plans;
 - Ability to service large group programs;
 - Technological capabilities;
 - Operating requirements;
 - Administrative quality;
 - Financial strength and stability;
 - References;
 - Site Visits; and
 - Other factors, as determined during evaluation review process.
- B. ERS reserves the right to reject any and/or all proposals and/or call for new proposals if deemed by ERS to be in the best interests of the TexaSaver program, its participants or ERS. ERS also reserves the right to reject any proposal submitted that does not fully comply with the RFP's instructions and criteria. ERS is under no legal requirement to execute a Contractual Agreement on the basis of this notice or upon issuance of the RFP or in connection with the preparation thereof. ERS specifically reserves the right to vary all provisions set forth at any time prior to execution of a contract where ERS deems it to be in the best interest of the TexaSaver program, its participants or ERS.

III. TexaSaver Program Background

Under the auspices of the Texas Comptroller of Public Accounts (“CPA”), the State of Texas introduced a 457 Plan as the state’s Deferred Compensation Program (“Program”) in 1974.

By 1985 the TexaSaver 401(k) Plan was added to the Program. IDS served as the record keeper for the 401(k) Plan from 1985 until 1988. The Holden Group (“THG”) succeeded IDS as the plan’s record keeper. In 1995 THG was renamed and began operating as Security First Group (“SFG”). MetLife acquired SFG in 1997 and, by combining this company with its 2000 acquisition of COVA, created MetLife Investors.

In the 71st Texas Legislative Session, Senate Bill 897 transferred the administrative control and supervision of the 401(k) and 457 Plans from CPA to Employee’s Retirement System of Texas (“ERS”) effective January 1, 1991.

Effective January 2000, ERS froze deferrals to the 401(k) Plan.

ERS put a moratorium on new investment products into the 457 Plan and operated the Plan under a new name: Prior 457 Plan. ERS developed guidelines for the administration of the Prior 457 Plan. Deferrals to the Prior 457 Plan were frozen effective September 1, 2000 with the exception of life insurance payments.

In 2000, ERS began offering all new products for the 401(k) and 457 Plans under the TexaSaver Program name. Core funds with low management fees and a history of above average performance were selected for the Program. Deferrals to the TexaSaver Program were made to these new product offerings. With these new core funds, the TexaSaver Program offered enhanced product choices, low fees and fund performance for participants. Additionally, the Board authorized that a single TPA would provide record keeping services for both plans under the Program; MetLife Investors was named as the Program’s TPA.

In April 2001, the Board authorized CitiStreet L.L.C. to serve as the Program’s TPA. State Street Bank was later named the Program’s Custodian. The TPA and Custodian contracts will expire August 2009.

Through a Request for Proposal (“RFP”) process, ERS contracted with CitiStreet Advisors L.L.C. to provide investment advice for the Program’s participants in 2004. Like the aforementioned contracts, the advisory service contract will expire August 2009.

In 2005, the TexaSaver 457 Plan was made available to employees of the community college systems.

In 2007, the University of Texas System (“UT”) transitioned out of the TexaSaver 457 Plan into UT’s proprietary plan known as the UTSaver Deferred Compensation Plan.

Texas Gov’t Code §609.5025 stipulates auto enrollment into the TexaSaver 401(k) Plan for all state employees hired on or after January 1, 2008. New employees are enrolled at a rate of 1.0% of their eligible salary. Also in January 2008, ERS added Target Date Retirement Funds (“TDFs”) to the Core Funds of the TexaSaver Program. TDFs have been established as the default investment option for the 401(k) Plan.

ERS has implemented all federally mandated regulations and changes over the years. These changes include, but are not limited to, the Tax Reform Act of 1986, Small Business Job Protection Act, Economic Growth and Tax Relief Reconciliation Act of 2001 (“EGTRRA”) and Pension Protection Act of 2006 (“PPA”).

Program Statistics are provided in Appendix C.

IV. Financial Requirements and Structure

The TexaSaver program contributions are funded through payroll deductions. The cost of the requirements described in this RFP shall be recovered by the Vendor only by making provisions for such expenses in the DC Services *Price Proposal*, Article X of this RFP. The financial and funding requirements for the Program are further described below.

A. Financial Strength

- A.1. To be eligible for consideration, the responding Vendor(s) shall have a current net worth, on average, throughout its 2007 financial period evidenced by a 2007 audited financial statement as follows:
- TPA - \$25 (twenty-five) million;
 - Advice Service - \$5 (five) million; and
 - Qualified Custodial Vendor - \$50 (fifty) million.

To affirm financial capability, the proposing Vendor(s) shall submit all documentation as requested in the *Organizational Information*, Article XI. If a Vendor intends to bid on a combination of any services, they shall be capable of evidencing an ability to meet the cumulative net worth for the total of those services.

B. Funding Methodology

- B.1. Vendor is solely compensated in accordance with an agreed upon funding methodology paid by the participants in the Program. The funding methodology used must be fully disclosed by the Vendor. ERS will not pay any of the administrative cost. See the DC Services *Price Proposal*, Article X.

C. Funds Flow

- C.1. Contributions to the TexaSaver program begin with participant payroll deductions; however, the funds flow will vary by the Plan type. For the 401(k) plan, the Comptroller of Public Accounts (“CPA”) retains contributions in a designated internal Appropriated Fund (“AF”). CPA classifies this AF as a Suspense Funds account to serve as a temporary depository for the 401(k) deferral funds pending electronic transmittal to Custodian Bank. CPA sends the 401(k) plan deferrals to the Custodian once monthly in a single Automated Clearing House (“ACH”) transmittal.
- C.2. For the 457 plan, CPA and Higher Education Institutions send the deferrals to the Custodian throughout the month through various ACH transmittals. Custodian will be in receipt of all primary payroll contributions no later than the second business day of the month. Following a reconciliation process, ERS will notify the TPA that the participant deferrals are available to be invested.

Further operational requirements are provided in Article IX.

D. Plan Expense Reimbursement Methodology with Investment Vendors

ERS negotiates with investment Vendors to rebate plan expense reimbursements back to participants' TexaSaver accounts. Periodically ERS reviews those investment Vendors not providing a plan expense reimbursement and negotiates with them when applicable. The TPA shall assist ERS in negotiating revenue sharing amounts from all sources available in accordance with applicable laws and regulations. Neither the TexaSaver 401(k) plan nor the 457 plan retain plan expense reimbursements to offset administration fees of the TexaSaver program. All plan expense reimbursements are rebated back to participants who invest with that Vendor, thereby directly reducing the amount they pay in administrative fees. The Vendor disburses plan expense reimbursements to the TPA within thirty (30) calendar days after the end of each quarter. After the TPA receives the plan expense reimbursements, they are applied to participants' accounts within two (2) business days.

Vendor's plan expense reimbursements and revenue-sharing arrangements with ERS can be discontinued or changed at any time.

D.1. Vendor shall provide full disclosure regarding the handling of financial gains. ERS shall be reimbursed for all financial gains resulting from Short Term Investment Funds ("STIFS"), floats, revenue sharing on accounts with the TexaSaver program unless otherwise agreed upon. The Vendor shall report within fifteen (15) business days after the close of the quarter all earned interest on client funds that accrue during the refund process (check float). Interest earned must be paid to ERS.

D.1.a. The TPA *Price Proposal* shall designate an amount of no less than \$1.6 million of the fidelity bond required in the Contractual Agreement to cover TexaSaver Program internal administrative expenses for the term of the Contract. ERS reserves the right to modify the amount to be allocated by TPA annually to cover internal administrative expenses.

E. Annual Experience Accounting

E.1. Within ninety (90) calendar days after the end of each Calendar Year the Vendor shall:

- Provide an executive review of the utilization and performance of the ERS TexaSaver program;
- Provide ERS with an accounting of the Vendor financial experience under the Contract to include monthly enrollment, loans, administrative fee(s) collected from participants, plan expense reimbursements/rebates revenue paid to ERS participants, financial gains from floats and/or STIF's and *Performance Guarantees*; and
- Provide ERS with such other experience data and accounting information, as ERS shall reasonably require (including, but not limited to, insurance contracts, commingled/trust funds, mutual funds, separate accounts and independently managed funds).

V. Third Party Administration / Record Keeper Services

A. General Information

The Texa\$aver program is offered as a voluntary benefits program to all state employees and does not receive any state appropriated funds for its operations nor any employee contributions. The 401(k) plan has the largest enrollment in the Program and is offered to all state employees. Except as noted in Article I.C.2. regarding the University of Texas, the 457 plan is offered to all State and higher education employees, including some community colleges.

Program reporting is detailed in Article IX, *Operational Specifications*.

B. Participant Records

Vendor shall establish accounts for each participant in either or both Plans as specified by the participant. Vendor shall maintain a participant demographic file as stipulated in Article IX, *Operational Specifications*.

C. Administration of Texa\$aver Investment Offerings

C.1. The 401(k) and 457 plans are designed in an unbundled structure. Companies affiliated with the Vendor are not permitted by state law to offer investment options in the plans. Vendor shall coordinate with all investment managers, including self-directed brokerage account Vendor as selected by ERS on investments, transfers and reporting. Participants have the option of changing their allocation percentages and investment options at any time. Participants may also contact the Vendor to transfer monies among investment options (according to established rules) at any time via online, phone, Interactive Voice Response (“IVR”) System or by meeting with a Vendor representative.

C.1.a. Vendor’s IVR shall have the ability to perform transactions to include, but shall not be limited to, asset allocation/investment changes for current portfolio and future contributions.

C.1.b. Vendor shall be capable of accommodating investment manager short term trading protocols and policies.

C.2. Vendor shall maintain participant records and report on participant account balances for the proposed investment options as specified in Article IX, *Operational Specifications*. Both the 401(k) and 457 plans offer the following investment classes which may change at the discretion of ERS:

- Money Market Fund;
- Stable Value Account;
- Bond Index Fund;
- Balanced Fund;
- Large Cap Value Fund;
- Large Cap Blend Fund;
- Large Cap Growth Index Fund;
- Mid-Cap Fund;
- Small Cap Fund;
- International Fund;

- Target Date Funds; and
- Self-Directed Brokerage Account.

C.2.a. TexaSaver offers the self-directed brokerage account option utilizing Charles Schwab’s Personal Choice Retirement Account (“PCRA”). This PCRA is a brokerage option that offers Program Participants the ability to invest in most New York Stock Exchange, American Stock Exchange and NASDAQ listed stocks, as well as most corporate and government bonds, and thousands of mutual funds.

C.2.a.1. In order to open a PCRA, Program participants must complete a Limited Power of Attorney (“LPOA”) Form. The LPOA will provide participants with the authority to trade within their PCRA. Vendor shall make this LPOA available to participants using the Internet through the TexaSaver website (www.texasaver.com) and the Call Center. Vendor shall coordinate with Schwab on all completed LPOA requests. Vendor shall provide the LPOA form to the DC Manager or designee for approval, prior to use.

C.2.a.2. Vendor shall facilitate the offering of the self-directed brokerage account to Program participants with balances of at least \$5,000.00. Participants can invest up to ninety percent (90%) of their TexaSaver balances in the self-directed brokerage account option. Vendor shall enforce the balance and percentage controls specified and related to the self-directed brokerage account option.

C.3. **Product Review Committee (“PRC”).** ERS leverages the PRC in a consultative capacity. Prior to recommending any changes with an investment manager or investment option with the Program, ERS will confer with PRC. Thus, PRC is responsible for the prudent guidance of the Program’s investments with specific responsibilities which include, but shall not be limited to:

- Assist in the evaluation of investment objectives, guidelines, and performance standards for each investment option based on accepted investment principles and standards;
- Assist in the evaluation of appropriate guidelines for the evaluation of the overall adequacy of each Vendor’s investment option;
- Assist in the evaluation of the performance results of each investment option;
- Assist, as needed, in the modification of the overall investment Program including guidelines, performance standards, and investment offerings; and;
- Verify that investment managers perform in accordance with Program objectives, guidelines, and performance measures.

C.3.a. As required by ERS, Vendor shall provide an Institutional Investment Services professional (“Professional”) to attend PRC meetings and serve as an additional financial investment resource for Committee. Vendor’s Professional shall be responsible for, but shall not be limited to, the following:

- Assist in screening of investment managers;
- Provide ERS with investment manager advice;
- Provide Zephyr style charts or comparable analytical tools for investment analysis; and,
- Assist in the investment Vendor presentations to PRC.

- C.3.a.1. Institutional Investment Services Professional shall have as minimum of a Chartered Financial Analyst (“CFA”) designation.
- C.3.b. ERS conducts periodic reviews of all investment Vendors and reserves the right to make changes to investment Vendors at ERS’ discretion. The current investment vendors may be added to or change as determined by ERS to be appropriate for the Program.
- C.3.c. ERS conducts periodic reviews of all investment options and reserves the right to make changes to investment options at ERS’ discretion. The current investment options are primarily mutual funds, but other investment options may be added to the Program to include, but shall not limited to, mutual funds, separate accounts, commingled trusts, or other investment options determined by ERS to be appropriate for the Program.
- C.4. Vendor shall value the Program accounts on a daily basis by aggregating the value of a participant’s separate interest(s), if any, in each fund.
- C.5. Vendor shall facilitate asset allocation changes through the Call Center, IVR, Internet or Advisor. Participants in all plans have the option of changing the allocation percentages among the various plan investment options.
- C.5.a. Participants in all plans can transfer existing assets between one or more investment options on a daily basis by utilizing one of the mechanisms listed above. Transfers, however, may be subject to some restrictions as outlined in the fund profile sheets.
- C.5.b. When asset allocation changes are made, Vendor shall provide a written confirmation to the participant.
- C.5.c. Vendor, in accordance with all applicable laws and regulations, shall be responsible for providing prospectuses to participants as requested. Current prospectus materials shall be available on the Program website or as requested by ERS.

D. Program Enrollment

- D.1. As indicated in Article III, *Texa\$aver Program Background*, the Texa\$aver program offers auto enrollment to all newly hired State employees since January 1, 2008. Vendor shall accept deferrals that have been contributed to the Program through automatic payroll deduction.
- D.1.a. There is currently a 1% auto enrollment contribution of an employee’s eligible salary into the 401(k) plan. Texa\$aver’s auto enrollment statistics through June 30, 2008 are provided in Appendix D.
- D.1.b. Vendor shall be capable of accommodating future enhancements to the auto enrollment processes.

- D.2. General enrollment is available to all State and higher education employees who are not covered under auto enrollment. These salaried and wage employees wanting to enroll in the 401(k) and/or 457 plans may obtain enrollment information from their agency's Benefits Coordinator, by calling the Vendor's Call Center/Voice Response Unit ("VRU"), by meeting with the Vendor's TexaSaver Account Representatives, or accessing the plans' website (www.texasaver.com).

E. Program Contributions

- E.1. The TexaSaver program consists of contributions made from employees through payroll deduction or rollovers from qualified plans. The handling of contributions for the Program is provided in Article IX, *Operational Specifications*.
- E.2. ERS shall identify all funds eligible to be invested. Vendor shall have the capability to invest eligible contributions within twenty-four (24) hours of eligibility identification. Funds shall be invested in accordance with investment elections provided by the participant.
- E.3. **Elective Deferral Limits.** Vendor shall monitor annual dollar contribution limits including 457 Plan traditional catch-up and age 50+ catch-up limits for both plans.
- E.3.a. Vendor shall have system edits and compliance testing in place to ensure that plan contributions do not exceed the applicable plan limits under the federal code. Vendor shall notify ERS and agency Benefits Coordinators in the 4th quarter or when participant is nearing the maximum deferral limits. Notification will ensure that participants do not exceed the maximum deferral limits set forth in the Internal Revenue Code ("IRC").
- E.3.b. Vendor shall follow the direction of ERS regarding refunding excess deferrals and mistaken contributions, earnings and adjustments to be consistent with all laws and rules governing the plans.
- E.4. Vendor shall provide Program participants with the ability to suspend contributions at any time through the TexaSaver website (www.texasaver.com) or by calling the toll-free TexaSaver Information Line at (800) 634-5091.

F. Program Distributions

Vendor shall make payouts of allowable withdrawals to participants, beneficiaries, or alternate payees. This includes the actions necessary to withhold, remit, and report income taxes deducted from payouts, and to produce and distribute to participants and other interested parties all income tax reports and statements required by applicable federal and state laws, and regulations.

- F.1. For all program distributions that are disbursed using a check, Vendor shall monitor all check disbursements that are not negotiated within one hundred twenty (120) days. Vendor shall have established procedures to remedy outstanding checks prior to the one hundred eighty (180) days stale date. Vendor shall have a process to locate and contact the payees regarding any outstanding check distributions. Vendor shall perform skip tracing to locate payees as necessary.
- F.1.a. The handling of outstanding check items for the Program is provided in Article IX, *Operational Specifications*. Vendor shall provide procedures utilized to reduce the risk of stale distribution items. Vendor shall provide these procedures within sixty (60) business days following contract award for ERS' review.
- F.2. Vendor shall provide for benefit payments and distributions in accordance with IRS regulations for the following reasons:
- Termination of employment;
 - Retirement;
 - Qualified Domestic Relations Order (“QDRO”);
 - Death (payment made to the participant’s beneficiary); and
 - Distributions from rollover accounts.
- F.2.a. Participants are not required to take a distribution when they terminate employment unless they have attained the required minimum distribution age of 70-1/2.
- F.3. Vendor shall offer an annuity service to participants interested in annuitizing their accounts. Consideration shall be provided to Vendor if Vendor offers an “annuity shopping service” to participants. This process will provide rates from multiple insurance companies available to the participant at the time of annuitization.
- F.3.a. Vendor shall provide, but not be limited to, the following Distribution Options for plan participants:
- Periodic Payments (monthly, quarterly, semi-annual or annual);
 - Partial Distributions;
 - Required Minimum Distributions (“RMDs”);
 - Rollovers out and into an immediate annuity; or,
 - Lump sum distribution.
- F.3.b. All participant accounts are credited with income or loss through the date of payment.
- F.3.c. Pursuant to internal policies, the Texa\$aver program requires all participant’s separating from employment to wait fifty-one (51) calendar days prior to receiving access to Program funds. Providing that Program participant is no longer an active State employee following the wait period, Vendor shall process all participant distribution requests in accordance with Program guidelines. Participants who have separated from State service have the option to retain their Texa\$aver account although further contributions are not permissible.

- F.4. In compliance with the Pension Protection Act (“PPA”), ERS acknowledges that certain State employees whose job classifications fall into the categories as listed below may have access to their TexaSaver 401(k) or 457 plan before Age 50.
- Firefighter;
 - Police (including Public Safety Officers as defined in US Code Title 42 § 3796b)
 - Ambulance crew; and
 - Emergency Medical Services.
- F.5. **Processing Beneficiary Distribution.** Vendor shall determine beneficiary entitlement based on participant account information and beneficiary identification information. Upon email notification from ERS of the death of a participant, Vendor shall:
- Request a copy of the death certificate and retrieve the latest Designation of Beneficiary form.
 - Send notification to named beneficiary of account amount and payout options available with Payout Guide.
 - Set up account for beneficiary with above account information plus information about the deceased participant.
 - Make distributions to beneficiary as requested.
- F.6. **Processing RMDs.** Vendor shall process RMDs as required by federal mandate and provide ERS with a listing of RMDs for review February and October of each contract year.

G. Program Withdrawals

- G.1. Vendor shall process all withdrawals in accordance with applicable state and federal laws and regulations and Program requirements. The withdrawals shall be made on a prorated basis from the participant’s investments unless the participant gives written instructions to take the distribution from a specific investment(s). Vendor shall determine and process eligibility for all emergency and hardship withdrawals for Program participants.
- G.1.a. **Processing Hardship Withdrawals in the 401(k) plan.** Vendor shall determine eligibility, process and administer hardship withdrawals in compliance with IRC Section 401(k). Eligible hardship withdrawals for the TexaSaver program include, but shall not be limited to:
- Medical expenses not eligible for reimbursement;
 - Primary residence purchase;
 - Qualified post-secondary education expenses;
 - Funeral expenses for dependants; and
 - Prevention of a foreclosure or eviction.
- G.1.b. **Processing Unforeseeable Emergency Withdrawals in the 457 plan.** Vendor shall determine eligibility, process and administer unforeseeable emergency withdrawals in compliance with IRC Section 457. The TexaSaver program permits withdrawals for sudden and unexpected illness or accident of participant or dependent and other unforeseeable events beyond participant’s control, prevention of a foreclosure or eviction on primary residence, to pay for non-reimbursed medical expenses, loss of property due to uninsured casualty not reimbursed by insurance, and funeral expenses for immediate family member.

H. Qualified Domestic Relations Orders

- H.1. Vendor shall provide model QDRO language on the TexaSaver program website.
- H.2. Vendor shall review and determine eligibility of QDROs.
- H.3. Upon notification from ERS or participant of a pending QDRO, the participant's account shall be flagged to reflect upcoming QDRO processing. Once Vendor receives a legally certified QDRO, the Vendor shall send letters to the alternate payee and the TexaSaver account holder notifying the parties that a portion of the account has been qualified and established in name of the alternate payee. Vendor shall divide and distribute the amounts as specified by the QDRO. Vendor shall provide specific QDRO processing procedures within sixty (60) business days following contract award for ERS' review.

I. Service Purchases

Eligible program participants may purchase service to retire earlier or enhance retirement annuities.

- I.1. Vendor shall support a Direct Rollover Program for service purchase. Program participants may purchase service credit with a rollover of funds from their TexaSaver account for all or part of the service credit purchase. Vendor shall work with ERS to determine eligibility and approve the rollover.
- I.2. Refunded ERS service purchases may also be made by participants of the Teacher Retirement System or of other retirement systems participating in the Proportionate Retirement Program ("PRP") without being re-employed by the State.

J. Defer Annual Leave Payments

As directed by Section 415 of the IRC, participants can defer any portion of the unused annual leave payment to their retirement savings when separating from service.

- J.1. Before a participant's last day on payroll, they shall inform the Benefits Coordinator or payroll office that they wish to deposit all or part of their annual leave payment into their TexaSaver 401(k) or 457 plan account. This shall be completed within seventy-five (75) days (2.5 months) of termination or retirement. Eligible higher education employees can also defer annual leave payments to the TexaSaver 457 Plan, if the plan is offered by their employer.

K. Program Rollovers

Vendor shall be capable of providing rollovers into and out of the Program and reporting all such actions to ERS as specified in Article IX, *Operational Specifications*.

L. Program Loans

Both the 401(k) and 457 plans allow participants to borrow a portion of their account balance in the form of a Plan loan. Vendor shall administer the Loan Program according to the Plan Document and in compliance with applicable state and federal laws and regulations and Program requirements.

- L.1. Vendor shall be responsible for the timely administration of the loan process to include, but shall not be limited to, determining loan availability, processing loan requests, and posting loan payments.
- L.2. Vendor shall support up to two (2) loans per Plan at any one time.
- L.3. Vendor shall accept participant's loan payments through payroll deduction. Vendor shall be responsible for the timely processing of all loan payments.
 - L.3.a. Program loan participants under an authorized leave of absence may suspend loan payments up to but not exceeding twelve (12) months but shall not exceed the original loan term.
 - L.3.b. Program loan participants called to military duty may suspend loan payments and the loan repayment period shall be extended for the period of time the participant is on active military duty under the Uniform Services Employment and Reemployment Rights Act of 1994 ("USERRA").
- L.4. The interest rate shall be equal to the prime rate plus one percent (1%), as printed in the *Wall Street Journal* on the last business day of the prior month.
- L.5. Per Plan Document Loan amounts available to Program participants are correlated to a participant's TexaSaver account balance:
 - When a participant's TexaSaver account balance is \$1,000-\$10,000, participant may borrow the entire balance, excluding an application fee.
 - When a participant's TexaSaver account balance is \$10,000-\$20,000, participant may borrow up to \$10,000.
 - When a participant's TexaSaver account balance is \$20,001 and higher, participant may borrow 50% of the balance, not to exceed \$50,000.

M. Participant Statements

Vendor shall mail quarterly statements that conform to federal guidelines to participants' homes along with the quarterly participant newsletter. The statement combines all plans in which the participant has an account. Participants may also obtain their statements via the Internet. Vendor shall provide notice to participants when their electronic statement is available.

N. Tax Statements

Vendor shall be required to issue tax statements directly to participants at the end of each year.

O. Proxy Voting

Vendor shall vote securities held in account or issue proxies to vote such securities as directed by ERS.

P. Transition Responsibilities upon Termination

P.1. Upon termination of its contract, Vendor shall fully cooperate with ERS in an orderly transfer of administrative responsibilities and records to the new Vendor. In the event that ERS elects not to renew its contract at the end of its term, or otherwise terminates the contract, the Vendor shall fully cooperate in the transition to the new Vendor.

P.1.a. Vendor shall provide all necessary documents and computer files and generally assist the new Vendor and ERS in learning the content of such documents and files, or otherwise as will be mutually agreed upon. Per standard industry practice, certain historical data/records that cannot be transferred to a new Vendor shall be made available for future inquiries regarding qualified domestic relations orders, beneficiary claims, etc.

P.1.b. Once the Vendor has been notified of its termination, all general participant communications shall be prior approved by ERS. No unauthorized communications with participants shall be permitted.

VI. Advisory Services

A. General Information

- A.1. Vendor shall provide registered representatives who are Program knowledgeable about the Program and all applicable federal and state laws and regulations, and capable of educating Program participants on investment options, risk tolerance, diversification, and retirement savings objectives.
- A.1.a. Vendor shall possess a minimum of Series 63 with Series 6 and/or Series 7 licenses, applicable Texas state licensure and be in good standing to do business in the state of Texas as an investment advisor, since at least January 1, 2002.
- A.2. Financial advice will be available to Program participants regarding all investments vehicles offered within the TexaSaver program.
- A.3. Advice Program reporting is detailed in Article IX, *Operations Specifications*.

B. Investment Advice

- B.1. Vendor shall apply methodologies based on generally accepted financial planning and investment principles. Such investment advice shall strictly conform to the structure described in the Department of Labor Advisory Opinion Letter No. 2001-09A (commonly known as the “SunAmerica Opinion Letter”) issued to SunAmerica Retirement Markets, Inc. on December 14, 2001 and to the definition of “eligible investment advice arrangement” in the Pension Protection Act of 2006(“PPA”).

C. Advice Levels

- C.1. Vendor shall provide individualize investment advice for Program participants. For newly selected Advice Provider, this Vendor shall provide no less than two (2) levels of advice: basic advice and professional account management for accounts with balances of, at minimum, \$5,000. The incumbent Advice Vendor shall grandfather existing accounts with balances of less than \$5,000 that currently have professional account management services.
- C.2. Vendor shall offer an Internet Basic Advice service to all participants. This service shall provide personalized savings and investment recommendations designed to help participants manage their account independently and improve their capability of meeting their identified retirement goals.

- C.2.a. Basic Advice service is ideal for participants who choose to manage their own investments with resources available to assist in their fund selections. Basic Advice will offer, but will not be limited to, the following services:
- Online review of personal holdings;
 - Personal evaluation statement mailed annually;
 - Electronic quarterly progress reports;
 - Electronic retirement income progress reports;
 - Electronic investment recommendation notifications; and
 - Online investment recommendations.
- C.2.b. Vendor shall assess all Program participants with a balance in either the 401(k) or 457 plan for Basic Advice services. For participants with balances in both Plans, Vendor shall assess the fees to the participant's 401(k) account.
- C.3. Vendor shall offer a professional account management service to provide for the professional management of the participant's account. This service shall provide a financial research team to analyze the funds available and create a customized investment strategy based on the participant's retirement horizon and financial profile.
- C.3.a. The Professional Account Management service is ideal for participants who choose to have Advisor Services manage their account for them. In addition to services provided in Basic Advice, Professional Account Management will also offer, but will not be limited to, the following:
- Professional investment advice;
 - Automatic quarterly account rebalancing;
 - Automatic contribution escalator;
 - Annual account assessment with proactive adjustments; and
 - Online access to account statements and reports.
- C.3.b. Vendor shall assess Professional Account Management fees to all Program participants enrolled in this advisory service.

D. Information Integration

Vendor shall have the capability to integrate information from retirement services outside of the Texa\$aver program to include, but shall not be limited to, the participant's Defined Benefit program.

VII. Custodian Services

A. General Information

- A.1. Custodian shall provide full accounting and custody services for the TexaSaver program while delivering customized solutions and superior service to ERS. The 401(k) plan is offered to all State employees. The 457 plan is offered to all State and higher education employees, including some community colleges except as reflected in Article I.C.2.
- A.2. Participant contributions to the 401(k) and 457 plans are processed through payroll deductions. Custodian shall recover the cost of the requirements described in this article only by making provision of such expenses in the Custodian Price Proposal.
- A.3. Custodial reports are detailed in Article IX, *Operations Specifications*.

B. Account Management

- B.1. Vendor shall establish a TexaSaver custodial account to hold the contributions, investment earnings and/or financial gains, and the assets yet to be invested in the Program.
- B.2. Vendor shall receive contributions for the 401(k) and 457 plans, as referenced in Article IX, *Operational Specifications*. Vendor shall have the capability to receive contributions through various electronic transmissions to include, but not limited to Electronic Funds Transfer (“EFT”), Wire Transfer and Automated Clearing House (“ACH”), as well as through paper item processing.
- B.3. Upon receipt of contributions, Vendor shall deposit the required eligible assets to the appropriate TexaSaver account and confirm the amount of the deposit with the TPA and ERS, as required in Article IX, *Operational Specifications*.

C. Custodian Services

- C.1. Vendor shall process all transactions in accordance with generally accepted accounting principles (“GAAP”), all state and federal laws and regulations, Plan rules and the Plan document. Vendor shall work cooperatively with the selected TPA to ensure accurate and timely processing for Program participants.
- C.2. Vendor shall utilize a custody model that meets the specific needs of the TexaSaver program to include, but shall not be limited to, the safekeeping of Program assets, managing risk, and the timely transmission of Program deferrals for investment as designated by Participants.

- C.3. Custodian shall have an accounting method to identify and resolve [by cancellation and reissue] all outstanding or non-negotiated checks. Vendor shall provide procedures utilized to reduce the risk of stale date distribution items. Custodian shall provide these procedures within sixty (60) business days following contract award for ERS' review.
- C.3.a. Vendor shall identify all issued checks that have been negotiated within one hundred twenty (120) days of issuance. Custodian shall provide a rolling listing of all outstanding check items to mitigate the risk of stale date check items.
- C.4. Vendor shall have the capability to identify, on a monthly basis, all gains from Float and/or Short Term Investment Funds ("STIFs") directly attributed to the TexaSaver book of business. Custodian shall credit all such financial gains to ERS within ten (10) business days following the end of the month.

D. Contribution Processing

- D.1. The Comptroller of Public Accounts ("CPA") collects contributions for both the 401(k) and 457 plans through all payroll cycles.
- D.1.a. For the 401(k) deferrals, CPA retains custody of these contributions throughout the month. Upon receipt of deferrals, CPA deposits funds into a designated internal Appropriated Fund ("AF"). CPA classifies this AF as a Suspense Funds account to serve as a temporary depository for the 401(k) deferral funds pending electronic transmittal to Custodian Bank
 - D.1.a.1. As further discussed in Article IX, *Operational Specifications*, CPA remits eligible funds from the AF to the Custodian Bank for investment when the Primary Payroll Cycle is generated. Custodian shall make the 401(k) contributions available to the TPA for investment after the one-time monthly transmission is completed.
 - D.1.a.2. ERS shall notify TPA regarding all funds eligible to be invested. Within twenty-four (24) hours of this notification, TPA shall invest all eligible payroll deferrals as specified by the Participants.
- D.1.b. For the 457 deferrals, both the CPA and Higher Education Institutions transmit the 457 payroll deductions directly to the Vendor. Deferral transmissions can occur daily throughout the month. CPA shall not utilize an AF process for the 457 contributions. Custodian shall make the 401(k) contributions available to the TPA for investment after the one-time monthly transmission is completed.
 - D.1.b.1. ERS shall notify TPA regarding all funds eligible to be invested. Within twenty-four (24) hours of this notification, TPA shall invest all eligible payroll deferrals as specified by the Participants

- D.2. Although there is not currently an employee match available in connection with the TexaSaver program, Vendor shall have the capability to monitor and process employer contributions separately from the participants' contributions made through payroll deduction should the State implement a matching contribution program. Vendor shall be prepared to implement an employee match within one hundred twenty (120) calendar days from the date of notification. Costs associated with this service shall be identified in Article X, *Price Proposal*.

VIII. Communication Requirements

This Article describes the Vendor's requirements in communicating with TexaSaver participants and potential participants, agency Benefits Coordinators ("BC"), and ERS staff. The Vendor shall administer the TexaSaver program in a manner consistent with applicable state and federal statutory law, regulations and Rules of ERS, and at the direction of the ERS Board, its Executive Director, and ERS' staff. The cost of the requirements described in this article shall be recovered by the Vendor only by making provision for such expenses in the Vendor *Price Proposal*.

Vendor communication materials designed for TexaSaver participants cannot, and the Vendor represents and warrants that it shall not, advertise or promote financial or retirement services, products or materials, other than those relating to Vendor participation in the TexaSaver program. Prior approval of ALL communication material design and content shall follow a formal process that requires ERS' documented authorization. In all cases, the Vendor is not allowed to disseminate materials or information relating to the TexaSaver program, the GBP, or ERS without prior written ERS approval. The final materials used by the Vendor must not differ in form or utility from those approved by ERS.

A. General Information

- A.1. Costs associated with required communication functions described in this RFP, including start-up costs, may be recovered only by making provision for such costs in Article X, *Price Proposal*.
- A.2. **Vendor Contacts.** No later than the fifteenth (15th) calendar day following Board selection, the Vendor shall provide to the DC Manager, or designee, a thorough listing of the Vendor Account Team contacts assigned to support the Vendor's Contract. The list shall identify an account "key point of contact" responsible for the coordination and maintenance of the business relationship and continuity of services pertaining to all business matters in support of the Vendor's Contractual Agreement.
- A.2.a. **Account Team.** The Vendor Account Team contact list should reflect key contact information (office, fax and cell phone numbers, email, and physical mailing addresses) for each Vendor Account Team representative. The Vendor shall ensure a smooth transition in the event of a change in Vendors and ensure complete continuity, without exception, of all ERS communication processes and requirements as follows:
- Vendor shall have a core team dedicated to the administration of the TexaSaver program with a designated team lead and back-up team lead. This core Account Team will consist of, but will not be limited to, the following:
 - Program monitoring staff of no less than two (2) dedicated full time employees ("FTE");
 - Administration staff; and
 - Communication staff.
 - Vendor shall provide in their response materials a general Account Team profile, as well as individual resume summaries for each of the proposed core team members and leaders for ERS' consideration and final approval.

- Vendor shall inform, via email notification, the DC Manager, or designee, in advance of any planned periods of unavailability by the Account Team's key point of contact.
- In any instance where an Account Team key point of contact is not available to ERS, the Vendor shall immediately secure, and provide details of alternate coverage sufficient to meet ERS expectations.
- All Account and Implementation Team modifications require ERS pre-approval in writing.

A.2.b. **Implementation Team.** All selected TexaSaver Vendors shall provide an Implementation Team to coordinate and expedite all Contract requirements as outlined and prioritized by the DC Manager, or designee, to ensure complete continuity, without exception, of all interactive TexaSaver Vendor functions, deliverables, and objectives prior to and during the Contract's onset. At minimum, the Implementation Team shall have a designated Team Lead and back-up Team Lead with availability to ERS staff throughout the Implementation Period. Should additional team members become necessary to support implementation functions, Vendor will dedicate such appropriate staff at ERS' direction. Vendor shall provide brief summary resumes with this RFP response of the proposed Implementation Team's points of contact for ERS' consideration and approval. ERS will confirm acceptance of the Implementation Team on the thirtieth (30th) calendar day following Board selection via email notification from the DC Manager. At this time, Vendor shall provide the DC Manager, or designee, with (office, fax and cell phone numbers, email, and physical mailing addresses) for each Vendor Implementation Team representative.

A.3. **Vendor Training Requirements.** The Vendor's Account Team shall be responsible for providing training to ERS staff and to Benefit Coordinators explaining plan operations as necessary and at ERS' request. Initially, Vendor shall be required to provide a series of on-site training sessions for ERS staff not to exceed fifteen (15) two-hour (2) sessions. Training related to Vendor internal operations shall be provided to ERS Customer Benefits and Benefit Contracts staff upon ERS' request. Staff training shall occur randomly throughout the year based on changes to operations or plan design and as ERS determines to be necessary.

A.4. **Plain Language Requirement.** ERS requires all Vendors to comply with TDI's plain language requirements as outlined in the Texas Administrative Code, Title 28, Part I, Chapter 3, subchapter G § 3.602, and as it may be amended in the future for all communication materials related to the Vendor. Communication to participants in the TexaSaver program shall be clear and understandable, using terminology familiar to participants, customized, as required by ERS, to comport with the benefit plan design and approved by ERS prior to dissemination. All printed material shall be available electronically. All Vendor TexaSaver program communication materials shall meet ADA requirements for accessibility.

- A.5. **Program Communication Materials.** All Vendors shall create **selected** communication pieces in both English and Spanish as required by ERS to include, but not limited to:
- Texa\$aver brochures and newsletters;
 - Vendor website;
 - Presentations to benefits coordinators and participants;
 - Advertising materials in association with Texa\$aver enrollment;
 - Welcome packets;
 - Targeted postcards, letters, statements;
 - Texa\$aver kits;
 - Beneficiary forms;
 - Target campaign information/messaging;
 - Tax forms;
 - Training materials;
 - Employment separation package;
 - Survey materials;
 - Interactive Voice Response system scripting (“IVR”);
 - Scripted responses used by customer service representatives;
 - Press releases/Contract signing announcements;
 - Token giveaways for enrollment fairs, events;
 - Annual fee disclosures;
 - Confirmation notices on auto enrollment; and
 - Advice materials.
- A.6. **Communication Strategic Plan.** Working with ERS, the Vendor shall create an annual Communication Strategic Plan to establish one-year and four-year goals to promote employees’ financial preparedness for retirement.
- A.6.a. **Strategic Plan Development.** The Communication Strategic Plan is developed and/or updated by the TPA and ERS annually on a date to be established by ERS. During this time, the four-year goals will be reviewed to ensure appropriateness in terms of objective and measurement.
- A.6.b. **Strategic Plan Approval.** The DC Manager, or designee, provides approval of the Communications Strategic Plan no later than December 1st. During the year, the Vendor shall provide updates and attainable measurements within sixty (60) days of the onset of each campaign period on how each goal was attained.

A.6.c. **Strategic Plan Objectives.** The plan will outline mutually agreed-upon objectives along with established best-practices strategies to attain ERS' established and approved goals. Additionally, the plan will also provide detail on measuring the effectiveness of the strategies outlined.

Plan objectives will include, but not be limited to, the following:

- Increase participation in the TexaSaver program (*participation is defined as active and contributing*) by targeting existing non-participants.
- Maintain participation of no less than seventy-five percent (75%) of employees automatically enrolled in 401(k) plan. Establish and maintain contact with Agency/Benefits Coordinators quarterly.
- Reduce number of participants rolling dollars out of the TexaSaver program.
- Increase number of participants rolling dollars into the TexaSaver program.
- Improve diversification and asset allocation by the:
 - Increase usage of Target Date Funds, and
 - Reduce number of participants invested in less than three (3) core funds.
- Increase participant deferral dollars.

A.7. **TPA and Advisor Surveys.** TPA and Advisor Vendors guarantee that the Participant Satisfaction Rate for each Plan Year shall be ninety-five percent (95%) or greater. "Participant Satisfaction Rate" means the number of Program participants responding to Vendor's annual standard Participant Satisfaction Survey as being satisfied with the Vendor divided by the total number of Program participants responding to such annual Participant Satisfaction Survey. ERS must provide timely approvals of survey materials and the method of randomly selected participants. A minimum of 550 surveys must be returned for the performance standard calculation.

A.8. **Communication Material Management Protocols.** Prior approval of any and all materials shall follow a formal process, and requires ERS' written approval. At all times, the Vendor shall provide the material to ERS at least thirty (30) calendar days before approval is required to allow sufficient time for this review and approval process. Vendor shall not disseminate material without prior ERS approval or pressure ERS to advance the timeline as provided herein, other than at ERS' discretion.

A.8.a. **Standardized Communication Materials.** Vendor shall provide to the DC Manager or designee, for ERS' approval, a template or form letter or other means of standardized communication prior to sending, disseminating or otherwise providing such written or oral communications to any person or entity reasonably connected to or involved in the TexaSaver program. Vendor shall regularly review, revise and update, where necessary, all information contained on its website that relates to, or may be utilized by, TexaSaver participants.

- A.8.b. **Communication/Marketing Material Review Process.** Communication materials may be considered “approved” when a final “printer’s proof” is delivered to the DC Manager, or designee, and is accepted by the DC Manager, or designee, in writing. The following review and material approval process shall be followed for all communication/marketing materials:
- Vendor supplies the DC Manager, or designee, with materials for review.
 - The DC Manager, or designee, forwards the materials to the ERS Communications team for review and edits.
 - The ERS Communications team shall return all edits to the DC Manager, or designee.
 - The DC Manager, or designee, will return edited materials to the Vendor for conformation of all ERS edits.
 - Vendor resubmits the edited materials to the DC Manager, or designee, for a second/final review.
 - The DC Manager, or designee, forwards the materials to the ERS Communication team for a second/final review.
 - The ERS Communications team shall provide any additional edits and final sign-off to the DC Manager, or designee.
 - The DC Manager, or designee, shall forward any additional edits to the Vendor to conform.
 - Vendor resubmits the final mock-up of materials to the DC Manager, or designee, for ERS review and final approval.
 - The DC Manager, or designee, shall provide the Vendor with authorization to produce final materials as instructed via email or fax.
 - Vendor shall provide copies of all final and approved materials in the “printer’s proof” version for the DC Manager’s, or designee’s, file.

- A.9. **Requests for Information from TexaSaver Vendor.** As a Vendor for the TexaSaver program, respondent may receive numerous inquiries from interested third parties relating to the Vendor’s program involvement. Vendor shall notify the DC Manager or designee immediately in writing of any such inquiries. Any response or material responding to such an inquiry shall be submitted to the DC Manager, or designee, for approval prior to its dissemination by the Vendor. The Contract contains additional requirements in this regard.

- A.10. **Quality Control.** All TexaSaver Vendors shall ensure that all materials submitted to ERS will reflect quality production, accuracy, timeliness, and thorough review. All approved documents, required reports (to include all *ad hoc* reports), and dated materials shall at the minimum, reflect the following criteria:
- Appropriate Plan Year;
 - Accurate data related exclusively to the TexaSaver program, unless otherwise specified by ERS; and
 - Contain TexaSaver-specific language.

All such materials shall be provided within the required time lines as directed by ERS staff and/or its consultants and may not be released to outside sources without prior ERS consent. Vendor’s failure to adhere to quality production standards may result in ERS levying *Performance Guarantees* as reflected in Appendix E.

A.11. **Participant Requests for Communication Materials.** The TexaSaver Vendor shall, at its expense, respond to all participant requests for mailed materials within five (5) business days following a participant’s request. As appropriate, certain materials shall also be available in printed copies including, but not limited to those as further listed in section A.5. of this Article.

A.11.a. **Agency and High-Education Institution Materials Requests.** Additionally, the TexaSaver Vendor shall mail, at its expense, to agencies, institutions of higher education, and ERS a supply of materials equal to five (5) percent of the employer’s workforce. Certain agencies, however, may require larger quantities of printed material to be available on demand. In the event that printed materials are not immediately available, the Vendor shall facilitate delivery of required materials within a mutually agreed upon period as designated by the requesting agency.

The TPA Vendor shall service a minimum of 75,000 existing accounts with support of an auto-enrollment process that increases Program participation throughout the Plan Year.

B. Benefits Coordinator Conference, Summer Enrollment Fairs, and TexaSaver Fairs

B.1. **TexaSaver Primary Agency Contacts.** The primary contact for actively employed TexaSaver participants is through a Benefits Coordinator (“BC”) who is a staff member of an individual agency or higher education institution. There are approximately two hundred thirty (230) agencies of the State and institutions of higher education. Currently the BC’s primary responsibilities include program information, enrollment, contribution change activity, payroll interface, notification of demographic data changes, setting up loan payment, and reconciliation.

B.1.a. **Benefits Coordinator Training Manual.** The TPA Vendor shall provide a reference manual that provides, but not be limited to, the following:

- Overview of the Vendor’s systems;
- Description of Plan Administration’s responsibilities and tasks;
- Description of the working relationship between ERS and Vendor;
- Definition of the role of the BC; and
- Procedures relating to the Program that the BC should follow.

The contents of the manual will not change the provisions of the Program, any investment option, terms of Administration Service Agreement, Texas state laws and/or the Internal Revenue Code (“IRC”). The Vendor shall be responsible for maintaining and updating the manual as required by ERS.

- B.1.b. **Training Manual Distribution.** Vendor shall provide one (1) hard copy of the manual to each state of Texas Agency to total approximately two hundred thirty (230). The manual shall be made available to ERS no later than the last Thursday in June for each calendar year. Additionally, the Vendor shall provide a fully complete, electronic copy of TexaSaver program- specific Training Manual for publication on the ERS website as specified by the DC Manager, or designee.

Appendix F reflects the TexaSaver program's most current BC Training Manual.

- B.2. **Benefits Coordinator Conference.** Training for BCs shall be provided at an annual conference which may include a presentation by both the TPA and Advisor Vendor(s). Vendor(s) shall staff a booth providing approved communication materials and individualized customer service as necessary. Vendor(s) shall provide a minimum of two (2) TexaSaver field representatives to participate for a five (5) day period during this event, which is generally held in July of each year prior to the Summer Enrollment ("SE") period. Vendor acknowledges and accepts that additional obligations and enhancements to this requirement may become necessary should plan and/or Program changes warrant. Preparations for the conference and the upcoming SE period will be discussed at an ERS meeting that the Vendor shall be required to attend. Appropriate attire for all ERS sponsored conferences shall be business casual.

- B.3. **Summer Enrollment Fairs.** During the annual SE period, ERS hosts approximately fifty (50) enrollment fairs/meetings throughout the state of Texas, the majority of which are located in Austin, Texas. These fairs are voluntary for employees and retirees. The TPA Vendor awarded this Contract, guarantees to provide two (2) TexaSaver field representatives from the Vendor's organization, who have knowledge of the products and services to be offered to TexaSaver participants, to attend each fair and provide representation at a TexaSaver booth to offer approved communication materials and individualized customer service. ERS' Communications Manager shall designate those fairs for which Vendor's attendance may be waived. Vendor acknowledges and accepts that additional obligations and enhancements to this requirement may become necessary should benefit plan changes warrant.

- B.4. **TexaSaver Fairs.** The TexaSaver program hosts a fair in October of each year. The Fair coincides with “National Save for Retirement Week” and promotes the importance of planning and saving for a secure retirement. The Fair is hosted for two (2) days in Austin and one (1) day in another designated Texas city. Due to this Fair’s popularity and success, ERS anticipates adding up to three (3) additional Fairs during the year to be announced post Board selection. Vendor(s) shall provide adequate staff, as deemed appropriate by the DC Manager, or designee, to provide the following services:
- Assistance at the welcome (sign-in) table;
 - Participant enrollment assistance;
 - Participant advice sessions;
 - Program and investment seminars; and
 - Provide customized Program information, materials and give-away's for no less than 500 participants per day.
- B.5. **Enrollment Services.** The TPA Vendor shall provide a Texas-based facility to service agencies and higher education institutions statewide. Vendor shall also provide TexaSaver representatives and local office staff dedicated to servicing the TexaSaver program. Representatives will be knowledgeable in 457(b), 401(k), and Roth 401(k) plans.

Vendor shall have representatives available to attend Program education and enrollment seminars. Education/Enrollment seminars may be initiated by ERS, a state agency and/or a higher education institution and may be conducted either onsite or at a remote (offsite) location. Vendor shall obtain the DC Manager, or designee’s, prior approval before participating in any education/enrollment seminar.

C. Communication Materials

- C.1. **Printed and Web-Accessed Materials.** Sample copies of all proposed communication materials, including the brochures, participant communication and general information pieces, and consumer-targeted educational materials (in both print and electronic format), along with draft copies of the website screenshots as outlined in Sections C.5.d. of this Article; shall be included in one packet of materials in response to this RFP. Any cost for these forms should be included as a part of the Vendor’s proposed fees. ERS shall retain the right to change or modify such material to accommodate ERS’ and/or the TexaSaver program’s specific needs.
- C.1.a. The TPA shall provide web-based decision support tools for participants. These tools shall at least include, but not be limited to, the following:
- Financial calculators;
 - Daily market update (DJIA, NASDAQ, S&P 500, NYSE, AMEX, 30-YR BOND YIELD, 10-YR BOND YIELD);
 - Watch list (ability to enter ticker symbols);
 - Asset allocation questionnaire/decision tool;
 - Market report (daily report of the market); and
 - Investment education tools.
- C.1.b. Vendor shall communicate TexaSaver program services and Vendor modifications to Program participants as required by ERS.

- C.2. **TexaSaver Kit.** The TPA shall design, update, and provide to the DC Manager or designee:
- C.2.a. A sample TexaSaver Kit within forty-five (45) calendar days following the Vendor's selection by the Board.
- C.2.b. In years following Board selection, the TexaSaver Kit shall be submitted to the DC Manager, or designee, no later than the last business day in December of each year. The contents of the updated TexaSaver Kit information and materials shall include, but not be limited to:
- IRS Annual Contribution Limits;
 - Brochures;
 - Employment Separation Package; and
 - Welcome packet.
- C.2.c. At ERS' direction, Vendor shall update all Kit materials as needed for plan changes, such as:
- investment options; or
 - other changes as they become evident to ERS.
- C.3. **Participant Communication Materials**
- C.3.a. **Welcome Packets.** Within ninety (90) calendar days following Contract award the TPA shall create and mail to TexaSaver participants approximately 75,000 New Welcome Packets which will be used to identify the selected TexaSaver Vendor(s). New Welcome packets shall be mailed by the Vendor throughout all plan years to new hires. A proposed sample of a Welcome Packet shall be included in the Vendor's response to this RFP. This packet should at least contain, but not be limited to, the following materials:
- Welcome letter;
 - Brochure that provides the TexaSaver program description;
 - TexaSaver Kit;
 - Beneficiary form; and
 - Personal Identification Number ("PIN").
- C.3.b. **Annual Fee Disclosure.** The TPA shall provide participants an annual fee and expense disclosure statement associated with the TexaSaver program administration and investments with the 3rd calendar quarter statement. An example can be found in the Appendix G.
- C.4. **Interactive Voice Response System.** The TPA and Advisor shall provide all scripting, development material and networking equipment as required by the DC Manager, or designee, no later than the first business day of May 2009. Annual updates and/or equipment re-configurations for future years shall be provided no later than the first business day of May of each subsequent year. Vendor shall adhere to all time frames as reflected in Appendix E, *Performance Guarantees*, regarding IVR system maintenance and/or updates.
- C.5. **TPA and Advisor Test Websites.** The TPA and Advisor test websites shall be in final form and linked as required by ERS no later than the first business day of June of each year.

- C.5.a. TPA Test Website at minimum, shall have the ability to:
- Access both the 401(k) plan and 457(b) plan;
 - Perform balance transfers;
 - Change investment election changes;
 - Perform investment rebalancing;
 - Support online calculators;
 - Provide online statements;
 - Modeling loans/identify loan repayment schedules;
 - Perform online enrollment;
 - Perform online investment advice;
 - Print forms;
 - Confirm online transactions; and
 - Support web links.
- C.5.b. **Test Website Approval.** No later than the last business day of June of each year the DC Manager, or designee, shall provide email consent to the TPA and Advice Vendor(s) approving the Test Website linkage to www.texasaver.com.
- C.5.c. The final approved Vendor website(s) shall provide real-time data related to the Texa\$aver program. Texa\$aver participants shall be capable of obtaining the same information using the website as they would if they were to contact a Vendor customer service representative.
- C.5.d. Both TPA and Advisor shall submit an electronic draft copy of ALL proposed screen shots on a CD-ROM of Vendor's proposed website as described below in Sections: C.5.e., D.1.-D.1.h and/or E.-E.1. (PDF documents will not be accepted).
- C.5.e. The TPA's Texa\$aver-specific web Home page shall include, but not be limited to, the following primary access links:
- Home Page (D.1.);
 - On-Line Enrollment (D.1.a.);
 - Privacy Statement (D.1.b.);
 - My Account (D.1.c.);
 - Personal Information (D.1.d.);
 - Plan Investments (D.1.e.);
 - Plan Information (D.1.f.);
 - Forms (D.1.g.); and
 - Resource Center (D.1.h.).
- C.6. **Vendor Website Technical Specifications.** ERS' primary focus in its web page design is to provide information to state agency and higher education employees, and retirees. All Vendors shall adhere to all website access, format, content, and technical requirements outlined in both the Americans with Disabilities Act ("ADA"), and Section 508 of the Rehabilitation Act in order to accommodate the needs of all individuals accessing Texa\$aver information.

- C.6.a. **Accessibility.** All Vendors shall comply with Section 508 accessibility standards. Section 508 requires that when state agencies develop, procure, maintain, or use electronic and information technology, they shall ensure that its information technology allows state employees and participants of the public with disabilities to have access to and use of information and data that is comparable to the access to and use of information and data by state employees and participants of the public who are not individuals with disabilities, unless an undue burden would be imposed on the state agency. In other words, all visitors to the ERS website should get a full and complete understanding of the information contained on the site, as well as the full and complete ability to interact with the site. Exceptions to this rule are only acceptable on a case-by-case basis and must be prior approved by ERS.
- C.6.b. **Vendor’s Internet Availability.** All Vendor’s providing Internet access to Texa\$aver program participants guarantee that the Internet Availability Rate for each Fiscal Year shall be 99.5% or greater. “Internet Availability Rate” means the percentage of available hours that Vendor’s Texa\$aver-specific Internet site, as linked from ERS’ website (www.ers.state.tx.us) is operational, excluding scheduled and pre-approved maintenance time, measured on a Plan Year basis.
- C.6.b.1. ERS owns the www.texasaver.com domain name. TPA shall provide ERS with appropriate link to TPA website.
- C.6.c. **ERS Internet Specifications.** In addition to ADA and Section 508 requirements, all Vendors shall adhere to the following website guidelines:
- The Vendor’s web page must be compatible with a wide spectrum of web browsers, including, but not limited to: Microsoft Internet Explorer IE 6 SP 1 (“Service Pack”), Netscape 7.0, WebTV, and Mozilla Firefox 2.0, Safari 1.2;
 - If providing a Vendor document, assure ADA and Section 508 compliance;
 - Warn user if “cookies” are used; however, do not use permanent “cookies”;
 - When linking to an external file (i.e., PDF, Word, etc...), reflect the file size and type;
 - List security and privacy policies on the Vendor’s Texa\$aver-specific Home page;
 - Reflect the ERS logo or appropriate branding on the Vendor’s Texa\$aver-specific Home page as specified by ERS for each plan year;
 - Create text for all links used that makes sense when read out of context. For example, avoid “click here”;
 - Vendor shall support Single Sign-On (“SSO”) capabilities for security access;
 - Vendor shall maintain a 128-bit encryption (versus the less-secure 40-bit encryption) standard; and,
 - Each page of the Vendor’s website must have a link back to the Texa\$aver-specific Home page.
- C.6.d. To validate Vendor’s Section 508 compliance, all Vendors shall provide a report in responding to this RFP evidencing its organization’s Section 508, Level 1, compliance.

D. TPA TexaSaver-specific Website Content

D.1. Home Page

- Buttons identified as D.1. through D.1.h. with links to each section as identified;
- For new Vendors, Welcome page information;
- Separate links to the 401(k) plan and the 457 plan;
- Access to TexaSaver Account verification;
- Username;
- PIN or password with the ability to generate a lost or temporary PIN online;
- User-defined security questions for password reset;
- Welcome, Updates, Notices and Events;
- Basic 401(k) plan and 457 plan Information (access without a PIN)
- Privacy/Security Statement;
- Search capability; and
- Link back to ERS' website.

D.1.a. **Internet Enrollment.** The on-line enrollment will allow participants to enroll in the 401(k) plan and/or 457 plan via the Internet in real time with a PIN.

D.1.b. Link to Vendor's Privacy Statement

D.1.c. My Account Page

- Market Watch and Market Watch List (snap shot);
- Summary of Benefits;
- Account Performance, Balance by Source and Unit Price;
- Statement Information; to include Generate a Statement (via mail/Internet or paperless option);
- Contributions; to include Change Contribution and Contribution History, and Calculators;
- Manage Investments; to include View my investment elections, Change investment elections, Investment Transfer(s), Reallocate Balance(s), and Rebalance Account/Investment Links to Advisory Service;
- Loans; to include Available Loans, Request a Loan (ability to accept Internet signature)/Electronic deposit (wire) of loans and Electronic (wire) of loan payoffs, Loan modeling; Outstanding Loan (includes outstanding loan detail, payoff, etc.), Information about Loans (information), and Loan Calculator;
- Withdrawals; to include Request a hardship/unforeseeable emergency withdrawal (Show the loan amount available), and Plan Savings Calculator;
- Transaction History by time period, type, fund, and with a plan savings calculator;
- Account History;
- Pending Transactions;
- User Preferences;
- Site Map; and
- Advisor Service links on most tabs.

- D.1.d. **Personal Information**
- Summary;
 - Address Information;
 - Beneficiary Information; to include View Beneficiary(s), and Beneficiary Internet submission and processing;
 - General Information; to include Date of Birth, and Social Security Number; and
 - Employment and eligibility status.
- D.1.e. **Plan Investments**
- Investment Performance;
 - Daily Investment Prices; and
 - Investment Information; to include Links to Vendor websites, fact sheets, prospectuses, etc.
- D.1.f. **Plan Information (401(k) and 457 Plans)**
- Introduction;
 - What's New (may include tutorial, Webcasts, new plan limits, news);
 - Enroll in the Plan;
 - Plan Highlights to include:
 - Accessing Your Account,
 - Contributing to Texa\$aver,
 - Catch-up Contributions,
 - Choosing Where to Invest Your Money,
 - The Self-Directed Brokerage Account,
 - Transferring Money Among the Core Funds,
 - Acquiring Loans From Your Account,
 - Withdrawing Money from Your Account,
 - Service Purchases,
 - Distribution Options When Leaving State Employment,
 - Required Minimum Distribution Rules,
 - Texa\$aver Information Line Options,
 - Texa\$aver 401(k) and 457 Program Fees,
 - Keeping Track of Your Account, and
 - Advisor Service Information;
 - Participant Services;
 - FAQ's;
 - Publications (Newsletters, Advice Publications, Welcome Kit);
 - Retirement Planning; to include Options, Taxability and Procedures
 - RMDs, Forms and Publications, Seminars, Participant services, Financial planning, and other related topics; and
 - Advice; to include Fact Sheet, FAQ, Video, and Link to Advisor Services website.

D.1.g. **Forms**

- Enrollment Form;
- Change of Address Form;
- Beneficiary Form using the Internet;
- Plan to Plan Transfer or Rollover Form using the Internet;
- Immediate Annuity Distribution Option (Includes application form and tax notice) using the Internet;
- Self-Directed Brokerage Account Application with LPOA;
- Hardship Withdrawal Form or Unforeseeable Emergency Package;
- Distribution Agreement Package;
- Final Distribution Package for Beneficiaries;
- Direct Deposit Form (for distributions) using the Internet;
- Prior 457 Funds Transfer Form;
- De Minimis Withdrawal Form;
- Catch-up Provision Form;
- Form W-4P using the Internet;
- Qualified Domestic Relations Order – Info. and Sample Language;
- Special Tax Notice; and
- Required Minimum Distribution Form.

D.1.h. **Resource Center**

- Welcome;
- Advisory Services;
- Calculators;
- Featured Content;
- My Learning Center;
- Retirement;
- Investing;
- Personal Finance; and
- Quarterly News.

E. Additional Advice Website Requirements.

Vendor providing Advisor services shall develop and maintain a Program website that interfaces at all times with the TPA website which shall consistently include the following minimum capabilities and informational materials:

- Authenticate participant login through TPA website;
- Provide Advice for both 401(k) and 457 plans;
- Provide current Investment Portfolio advice;
- Update personal investment information;
- Provide a retirement income estimate;
- Provide an ability to set personal retirement goals;
- Allow for the inclusion of other retirement investments;
- Review Advice strategy for both 401(k) and 457 plans simultaneously;
- Compare between current and recommended investment portfolios;
- Provide investment recommendations using the core TexaSaver investments;
- Provide search capabilities;
- Provide a recommended investment portfolio; and
- Provide an ability to return to the home page.

- E.1. Vendor providing Advisor services shall provide, at minimum, the following informational materials Internet:
- Disclosure Statements;
 - Current market information;
 - Investment education tools;
 - Advice service philosophy;
 - Privacy/Security statement; and
 - Internet investment recommendations and statements.
- E.2. Additional Advisor website requirements will be provided by ERS within sixty (60) calendar days following Contract award.

IX. Operational Specifications

This Article describes operational specifications, including administrative requirements and functions, customer service, data processing interface requirements, and the statistical reporting requirements as mandated by ERS. Vendor(s) shall administer the TexaSaver program in a manner consistent with all applicable state and federal laws and regulations, as well as ERS' administrative rules and the direction of the ERS Board, its Executive Director, and ERS staff. The cost of the requirements described in the Article shall only be recovered by the Vendor(s) making provision of such expenses in the Vendor(s) *Price Proposal*.

Following the ERS Board's selection of Vendor(s), the Vendor(s) shall submit a list of lead contacts to both ERS Communications and Benefit Contracts divisions no later than fifteen (15) calendar days following Board selection. Vendor(s) agree(s) that they shall cooperate with ERS and other TexaSaver Vendors. Vendor shall be flexible in working with ERS to ensure a smooth Program Implementation.

Through their respective sections, ERS Benefit Contracts, Customer Benefits, Finance and Information Systems divisions will provide administrative support in the areas described below. A copy of the ERS organizational chart for these divisions is attached hereto as Appendix H.

A. ERS Background Information

A.1. **Benefit Contracts Division.** The Contract Development Section conducts research, prepares Requests for Proposals, reviews the proposals, and makes recommendations to the Board of Trustees.

A.1.a. The DC Section manages the TexaSaver program, monitors contract compliance, manages reporting needs of the Program, recommends Program changes, and makes recommendations to the Product Review Committee. This Section will monitor vendor operations for statutory, regulatory, Board Rules, and Contract compliance, as well as review investment product performance. Other duties include, but are not limited to the following:

- Work with the Product Review Committee on recommendations and selection of investment vendors for the TexaSaver program;
- Coordinate the activities of all investment vendors participating in the TexaSaver program;
- Review and approve all Vendor communication materials;
- Conduct annual product reviews;
- Verify all rebates to the TPA from investment Vendors are correct;
- Act as the coordinator and research plan issues related to complaints; and
- Conduct audits and site visits of Vendor(s).

A.2. **Customer Benefits Division.** The Customer Relations Section assists participants, Benefits Coordinators, and TexaSaver representatives with general Program information.

- A.2.a. The Communications and Training Section produces and distributes information regarding ERS programs for employees, retirees, and benefits coordinators, via web and print publications. Staff also conducts presentations, fairs, web casts, training sessions, and other events for employees, retirees, and benefits coordinators.
- A.3. **Finance Division.** The Finance Division is responsible for developing and operating an effective system of accounting, budgeting, purchasing, payroll, and financial controls for ERS.
- A.4. **Information Systems Division.** The Information Systems Division is responsible for all of ERS' technology needs including project management, business analysis, applications development, quality assurance of applications, production control, and operations.

B. TPA Operational Requirements

Vendor shall provide general administrative, customer service and education, legal, contribution processing, reporting, and technology support to assist ERS in the operation and monitoring of the Texa\$aver program at no additional cost to ERS.

B.1. General Administration

- B.1.a. **Account Management.** Vendor shall provide the DC Team with information regarding staffing adjustments, as required by, and acceptable to, ERS. An ERS Team shall be named and established in Austin, Texas no later than ninety (90) calendar days, following Board selection, and be available Monday through Friday from 8:00 a.m. to 7:00 p.m., Central Time, excluding published New York Stock Exchange Market Holidays and Early Market Closures.
- B.1.a.1. Vendor shall notify the DC Manager, or designee, in writing, thirty (30) calendar days prior to changes in key personnel connected with the ERS account. Vendor shall receive prior written approval from the DC Manager, or designee, prior to making any changes as addressed in this section.
- B.1.b. **Quarterly Reviews.** Vendor shall provide a minimum of four (4) per fiscal year face-to-face quarterly reviews with ERS to discuss, but not limited to, the following topics:
- Utilization and performance of the Texa\$aver program;
 - Cost saving recommendations;
 - Program measurements; and
 - Enrollment statistics.
- B.1.c. **Operational Meetings.** Vendor Operations Account Team shall attend bi-weekly operation and customer service conference calls. Vendor shall be prepared to provide detailed agenda notes and minutes of all such meetings. Agendas will be provided to ERS prior to scheduled meetings. A schedule of these meetings will be available sixty (60) calendar days following Board selection.

- B.1.d. **Policy and/or Procedure Changes.** Vendor shall provide to the DC Manager or designee, for ERS' approval, all material changes in policies and/or procedures relating to the administration of the TexaSaver program no less than ninety (90) days prior to implementation. Policies and/or procedures may be considered "approved" when a final written policy and/or procedure is delivered to the DC Manager, or designee, and is accepted and approved in writing. The following review and material approval process shall be followed for all policy and procedure changes:
- Vendor supplies the DC Manager, or designee, with policy and/or procedure materials for review.
 - The DC Manager, or designee, shall review materials.
 - The DC Manager, or designee, will return edited materials to the Vendor for confirmation of all ERS edits.
 - Vendor resubmits the edited materials to the DC Manager, or designee, for second/final review.
 - The DC Manager, or designee, performs the second/final review and provide any additional edits.
 - The DC Manager, or designee shall forward any additional edits to the Vendor to conform.
 - Vendor resubmits the final mock-up of policy and/or procedural materials to the DC Manager, or designee, for ERS review and final approval.
 - The DC Manager, or designee, shall provide the Vendor with authorization to implement the policies and/or procedures.
- B.1.e. **Operations Changes.** Vendor shall notify the DC Manager, or designee, in writing no less than one-hundred eighty (180) calendar days prior to all significant changes in operations affecting the Program or its participants.
- B.1.f. **Methods of Accounting.** Vendor shall describe the process used for calculating daily Net Asset Value ("NAV") for mutual funds, separate accounts, commingled pools and stock funds. Include any timing requirements to and from fund managers.
- B.1.f.1. Vendor shall provide a description to ERS for the accounting for:
- Insurance contracts;
 - Commingled funds;
 - Mutual funds;
 - Separate accounts; and
 - Independently managed funds.
- B.2. **Customer Service and Education**
- B.2.a. **Toll Free Access.** Vendor shall maintain connectivity to the existing ERS toll free number: (800) 634-5091.

- B.2.b. **Call Center/Customer Service Unit.** Vendor shall establish and provide for staffing of one (1) customer service unit dedicated exclusively to ERS' TexaSaver program. The unit shall be adequately staffed to manage TexaSaver related questions, and provide for resolution of complaints, Program clarifications, enrollment, and escalated Program benefits and issues. Vendor's customer service hours shall operate, at a minimum, Monday through Friday from 8:00 a.m. to 7:00 p.m., Central Time, excluding published New York Stock Exchange Market Holidays and Early Market Closures.
- B.2.b.1. **Call Center Specialists.** Vendor shall designate as many Call Center Specialists as necessary whose sole responsibility shall be to respond and resolve, within a reasonable timeframe as determined by ERS, TexaSaver-related customer service needs. ERS and the Vendor shall jointly monitor and adjust staffing levels to ERS' sole satisfaction as work and service requirements demand. Vendor warrants and represents that it shall provide thorough training of additional team members in support of the TexaSaver program.
- B.2.b.2. **Back-up Staffing.** Vendor shall dedicate additional staff, as needed or at ERS' request, to update, maintain and archive TexaSaver-related records and accounts. These associates will also provide additional support for the Vendor customer service team.
- B.2.b.3. **Call Center Management Criteria.** Vendor shall establish appropriate customer service staff adequate at a minimum to meet the *Performance Guarantees* for average speed to answer, and blockage rate as referenced in the Appendix E of the RFP. All Vendor Customer Service Call Centers shall be located within the United States, and preferably in the state of Texas.
- B.2.b.4. **Call Center Monitoring.** Vendor shall make available to ERS staff the ability to listen to and monitor calls to and from the Vendor's Call Center(s).
- B.2.c. **Program Education.** Vendor shall provide TexaSaver program participants with all generally accepted education information and tools regarding their Plan(s) and investment options to help participants make prudent decisions regarding the Program options. Topics will include, but are not limited to:
- New Employee seminars;
 - Enrollment meetings;
 - 401(k) and 457 plan information;
 - Asset Class definitions;
 - Investment Options offered;
 - Proper Asset Class allocation;
 - Risk and Return information;
 - Pre-retirement seminars;
 - Retiree seminars; and
 - Seminar topics by request.

B.2.c.1. **Seminars, Training and Outreach.** Vendor shall provide adequate staff to conduct all seminars at state agencies and institution of higher learning, including one-on-one meetings with TexaSaver program participants as needed, conducting a “personal touch” program to contact all Benefits Coordinators by phone, email, and/or regular mail at least quarterly. Vendor shall provide local expertise about the Plans and investment options to all employees of state agencies and institutions of higher education at least annually. Vendor shall also provide support as needed to the TexaSaver program staff.

B.2.c.2. **Education Team Staffing.** Vendor shall designate local Texas representatives whose first and primary responsibilities shall be to educate, enroll, and service employees of state agencies and institutions of higher education across Texas.

B.2.c.3. **Education Plan.** Vendor shall prepare and submit an annual education plan to the DC Manager or designee. This plan shall detail the approach the Vendor shall take in educating TexaSaver program participants. The DC Manager, or designee will have an opportunity to make suggestions and revisions to the education plan if necessary. The final annual education plan shall be delivered no later than the last business day of December each year.

B.3. **Legal Services**

B.3.a. **Litigation Support.** Vendor shall provide legal services and litigation support. Legal services and litigation support include, but are not limited to the Vendor assisting and supporting ERS in administrative hearings and providing its own legal representation in administrative hearings and lawsuits when appropriate. All fees for these services shall only be recovered through an administrative bid.

B.3.b. **Class Actions.** Vendor shall coordinate its legal services and legal support with the ERS Legal Services division, to include but not limited to the filing of claims and/or class actions on behalf of TexaSaver program participants invested in the self-directed brokerage investment option. Vendor shall submit such claims to the claims administrator disclosed in the representative action.

Upon receipt of any funds received with respect to such class actions, the Vendor shall deposit such funds into the applicable participant account. Such deposits shall be made to the participant’s investment elections existing at the time of such deposit. Vendor shall provide a notification, in a form approved by ERS, to all affected participants. Fees for these services shall only be recovered through an administrative bid.

B.3.c. **Complaints.** Vendor shall provide an ongoing review of all complaints received from Program participants and escalate unresolved issues responding as necessary and appropriate to monitor, maintain, and report specific information and the nature of all complaints, both resolved and remaining unresolved, to ERS as required in Appendix E, *Performance Guarantees*.

B.3.c.1. Vendor shall provide details on how complaints are analyzed to improve processes, procedures, and/or training.

B.4. **Plan Contributions**

B.4.a. Contributions to the TexaSaver program are made through payroll deferrals. The TexaSaver Vendor(s) shall be fully capable of accepting and processing all Payroll Deferrals [regardless of Payroll Cycle] for both the 401(k) and 457 plans within twenty-four (24) hours of identified eligible funds. Vendor shall have this capability in place on or before May 1, 2009.

B.4.a.1. Vendor shall accommodate hard copy payroll files for non-central payroll participants as well as other manual edits, adjustments, and indicative changes to the contribution input file.

B.4.a.2. State of Texas and Higher Education Institution employees are paid on the first business day of each month. This cycle constitutes the primary or final payroll cycle and is generally the largest payroll file to be processed.

B.4.a.3. Supplemental payrolls can be generated any number of times throughout the month. Eligible funds from supplemental payrolls can be invested immediately; however, not all funds from a supplemental payroll are eligible to be invested immediately. ERS will identify all payroll funds and provide information to the Vendor.

B.4.b. The state of Texas handles the payroll deductions for the 401(k) plan differently from payroll deductions for the 457 plan.

B.4.b.1. **401(k) Plan Contributions.** Throughout the month, CPA transmits the 401(k) plan contributions into an internal holding account known as an Appropriated Funds Account (“AFA”). CPA establishes an AFA to monitor specific activities in accordance with legislative acts, special regulations, restrictions, or limitations. AFA contributions remain in the custody of the Comptroller. Using the AFA as a temporary depository, the 401(k) plan contributions are kept separate and apart from all public money or funds of the state until transferred to Custodian Bank for investment.

On the second business day following the final payroll cycle, CPA transmits accumulated 401(k) plan contributions to the Custodian Bank through the ACH process.

B.4.b.2. **457 Plan Contributions.** CPA and Higher Education Institutions collect the 457 plan contributions throughout the payroll cycles. CPA and Higher Education Institutions transmit these contributions to the Custodian Bank using the Automated Clearing House (“ACH”) process. The CPA processes ACH transmissions on the first business day after the payroll is generated. Contributions are sent to the Custodian Bank throughout the month.

Contributions will accumulate with Custodian Bank until the receipt of the primary payroll cycle on the first business day of the next month. The investment of supplemental payroll contributions will occur with the primary payroll on the second business day of the next month.

B.4.b.3. **Payroll Processing Errors.** Vendor shall submit to the DC Manager, or designee, all payroll processing errors within two (2) business days of payroll transmission and provide supporting documentation for all process exceptions.

- B.4.c. **TexaSaver Program Reporting.** All reports provided by the Vendor to ERS shall be measurable and auditable and shall be in the required ERS formats as reflected in Appendix L, or as stipulated post Contract award. Vendor shall furnish all necessary software, hardware, and system access necessary to meet all TexaSaver program reporting requirements at no additional cost to ERS.
- B.4.c.1. **Monthly Reporting Requirements.** Vendor shall submit to ERS varied reports on a monthly basis. This data shall be used by ERS to analyze the TexaSaver program. Notwithstanding the foregoing, ERS shall at all times have online access to TexaSaver program statistical reporting information with search capabilities at no additional charge to ERS. The information shall include current and previous years' data. Monthly reporting requirements shall include, but not limited, to the following:
- Call Center measures;
 - Field Representative activity report;
 - Rebate report;
 - System Utilization report;
 - Agency Participation report;
 - Loan reports;
 - Catch-up reports;
 - IVR transactional data;
 - Enrollment and Contribution reconciliation; and,
 - General Statistical reports.
- B.4.c.2. **Quarterly Reporting Requirements.** Vendor shall submit to ERS varied reports on a quarterly basis. This data shall be used by ERS to analyze the TexaSaver program. The information shall include current and previous year data. Quarterly reporting requirements shall include, but not limited, to the following:
- Quarterly Service Review; and
 - Investment Reporting.
- B.4.d. **Annual Reporting Requirements.** Vendor shall submit to ERS varied reports on an annual basis. This data shall be used by ERS to analyze the TexaSaver program. The information shall include current and previous year data. Annual reporting requirements shall include, but not limited, to the following:
- Elective Deferral Limit Reporting; and
 - SAS 70 Type II.
- B.4.e. **Regulatory Reporting.** Vendor shall provide ERS with information concerning federal legislative activity of which TPA is aware and which may affect the Plan contracts. Such information, however, is not intended to constitute legal or tax advice regarding the legal sufficiency of the Plan.

- B.4.d.1. Vendor shall provide online access to statistical information associated with the TexaSaver program. The information will include current fiscal year information and the full twelve (12) months of the previous fiscal year. Examples of statistical analyses as may be periodically requested by ERS include, but are not limited to:
- Participating Agency and numbers of employees eligible vs. contributing;
 - QDROs;
 - Loans;
 - Catch-up; and,
 - De Minimis.

- B.4.f. **Special Reporting Requirements.** Vendor shall submit to ERS the following varied reports as requested by ERS. This data shall be used by ERS to analyze the TexaSaver program. The information shall include current and previous year data. Special reporting requirements shall include, but not limited, to the following:
- Surveys;
 - Audit Findings;
 - Trend Reporting; and,
 - Other *Ad hoc* reports.

ERS may request the Vendor to provide additional, customized *ad hoc* reports specific to the TexaSaver program. Vendor shall cooperate, act in good faith in working with ERS, and shall be prepared to respond to these requests promptly at no additional costs to ERS.

- B.4.g. **Administrative Reporting Requirements.** ERS will utilize information reported by the Vendor to proactively monitor trends and to identify/address variances on targeted Vendor performance requirements. ERS shall specify the reporting timelines, quality standards and formats.

- B.4.h. **Administrative Reporting Formats.** Formats shall include a column indicating a performance standard for the item being reported, that ERS shall use as a benchmark to monitor compliance and to analyze the reported statistics. A sample of the minimum required reporting is referenced in Appendix L.

- B.4.i. Vendor shall report participant enrollment to the Advisor on a monthly basis.

- B.5. **Technology.** Vendor(s) shall be fully capable of accepting and implementing all technology and information security protocols for both the 401(k) and 457 plans on or before May 1, 2009.

- B.5.a. **Auto Enrollment.** TexaSaver participants are responsible for their own investment selections, unless the employee is a new hire or rehire at a state agency. Effective January 1, 2008, auto enrollment was implemented. Consequently, all new hires or rehires at a state agency are automatically enrolled into the TexaSaver 401(k) plan at 1% of their eligible monthly salary. The default investment option for auto enrollees is the appropriate Target Date Fund.

B.5.a.1. Vendor shall adjust appropriate information in its enrollment system immediately upon receiving updated participant eligibility information from ERS.

B.5.b. **ERS OnLine.** ERS provides the Vendor with the opportunity to view ERS' enrollment system through web access. Vendor shall be prepared to access ERS OnLine via web access on the last business day of June 2009. Vendor shall utilize the enrollment information to assist in the verification of eligibility. Vendor shall provide Customer Service staff proficient with the ERS OnLine system during all ERS designated customer service hours. Vendor shall expend the necessary funds to provide electronic access to ERS' enrollment system by all departments involved in customer service, eligibility, and enrollment administration.

B.5.b.1. For the purpose of responding to this RFP, the Vendor shall recover any costs involved in the adaptation of its system requirements to those set forth by ERS only through Article X, *Price Proposal*.

B.5.c. **Website.** Vendor shall maintain and update the Texa\$aver website at www.texasaver.com. This domain is owned by ERS. Vendor shall maintain a 128-bit encryption and deny access when the encryption levels are below the specific 128-bit standard.

The website provides Program Participants with online access to perform actions to include, but shall not be limited to:

- Change contribution amount/percentage;
- Update investment elections;
- Enroll in Professional Account Management services;
- Submit a Program loan request; and,
- View account activity.

B.5.c.1. Vendor shall have the capability to integrate the DB Program information on to the Texa\$aver website. Participant's DB information will be integrated into the online Retirement Savings calculators to provide a comprehensive retirement savings portfolio for each Program Participant.

B.5.c.1.i. Furthermore, Vendor shall make this information available to the Advice Vendor for consideration in asset allocation strategies provided both through the online and Professional Account Manager services.

B.5.d. **File Interfaces.** Vendor(s) shall be fully capable of accepting and processing all File Interfaces for both the 401(k) and 457 plans on or before May 1, 2009. ERS will define the file layouts as specified in Appendix L.

B.5.d.1. **Demographic File Interface.** ERS provides a weekly demographic eligibility file in the SFTP format to the Vendor. Vendor shall maintain this participant database to include pertinent participant identification, address, employment location, telephone number, transaction history, and demographic information

Vendor's corresponding enrollment records shall be updated within twenty-four (24) hours of receipt of the ERS demographic file to reflect any adjustments based on the data provided by ERS inclusive of terminations reported in arrears as required in Appendix E, *Performance Guarantees*.

- B.5.d.2. **Demographic File Interface Reconciliation.** On a weekly basis, Vendor shall provide a reconciliation file to ERS. Specifics shall be provided to the Vendor within sixty (60) days following Board selection.
- B.5.d.3. **Enrollment Data File Interface.** Vendor shall provide to ERS a monthly Enrollment Data File in the SFTP format. This data file shall include, but shall not be limited to, information on enrollment, deferrals and loans. The Enrollment Data file is broken down [by ERS] at the agency or higher education institution level. ERS then disseminates the agency/institution-specific information to the appropriate agency or institution.
- B.5.d.4. **Service Purchase Rollover Daily Interface.** Vendor shall work with ERS on the coordination of all requests made by state employees to purchase service credit using their TexaSaver plan account. ERS supports various service purchase programs. Direct rollovers shall be subject to specialized processing rules.
- Specifics shall be provided to the Vendor within sixty (60) days following board selection.
- B.5.d.5. **Retirement Statement of Benefits (“RSB”) Interface.** Vendor shall provide a monthly RSB listing of beneficiaries. This listing will be provided by participant and by plan.
- B.5.d.6. **Payroll File Interface.** Vendor shall process payroll interfaces to invest all eligible contributions within twenty-four (24) hours of eligibility identification. 401(k) and 457 payroll files shall be provided to TPA utilizing an SFTP process. Payroll file interfaces shall detail and correlate to the deferral amounts sent to Custodian. TPA shall invest the deferrals in accordance with investment elections as stipulated by the Plan Participant.
- Vendor shall have the capability to receive daily payroll interface files and invest all eligible contributions within twenty-four (24) hours of eligibility identification.
- B.5.e. **Secure File Transfer Protocol (“SFTP”).** Vendor shall transmit and accept all TexaSaver data transmissions using a secure transmission channel. Vendor shall utilize SFTP as the primary means of transferring data and/or files to ERS.
- B.5.f. **Information Security.** Vendor shall comply with Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code (“TBCC”) and information security standards as outlined in Title 1, Texas Administrative Code §202. Further, Vendor shall comply with the forgoing regulations for the handling and use of personal identifying and sensitive personal information to mitigate the risk of identify theft and fraud.
- B.5.f.1. Vendor shall ensure the confidentiality, integrity, and availability of participant and Program informatin through the utilization of mutually agreed upon industry best pactrices coordinated with the Information Security Officer of ERS.
- B.5.f.2. Vendor shall establish a Secure Sockets Layer (“SSL”) and/or Transport Layer Security (“TLS”) layer below the standard SFTP protocol to encrypt the

control and/or data channels. SSL/TLS protocols are to be utilized to prevent unauthorized use of personal identifying information.

- B.5.g. **Encrypted Data Files.** Vendor shall maintain duplicate or back-up computer encrypted data files maintained in connection with all TexaSaver plans in a secure, hardened facility which provides environmental and access controls. Vendor shall utilize 256Bit AES encryption standard for tapes or equivalent backup medium. Decryption keys shall be access controlled and provided to ERS upon demand.
- B.5.g.1. All computer data files of the Plans, as maintained by the Vendor, shall at all times remain the property of ERS notwithstanding the fact that such records may be stored upon or within one or more computer or data retention systems owned, operated, or leased by the Vendor.
- B.5.g.2. Electronic communications, to include but shall not be limited to email and file transfers, between Vendor and ERS shall be encrypted to protect participant's confidential information.
- B.5.h. **Multi-Factor Authentication.** Vendors shall provide non-repudiation services up to and including second factor authentication on all transactions.
- B.5.i. **Fraud Detection.** Vendor shall provide a copy of their fraud prevention policy and proof of successful testing in response to this RFP. Vendor shall adhere to all additional policies developed by ERS in connection with the detection and prevention of fraud or abuse.
- B.5.j. **Security Breach.** Vendor shall comply with TBCC Title 11 §521.053 on notification to ERS following breach of Security of Computerized Data. Communication in security breach incidents shall be closely coordinated with ERS.
- B.5.k. **Data Files.** Vendor shall maintain a complete and accurate reporting system, and provide for the retention, maintenance, and storage of all Program and Participant records for appropriate reporting to ERS. Vendor shall maintain all such records throughout the term of the Contract, and for at least seven (7) years or as dictated by statute following the end of the Contract, and shall make such records accessible and available to ERS for inspection and audit upon ERS' request.
- B.5.l. **Data/Records Availability.** At all reasonable times, ERS or its representatives shall have access to the records. To the extent that any such records are to be maintained upon a computer system or any other data retention system which is not owned by the Vendor, the Vendor shall provide ERS with assurances from the owner of such computer facilities, satisfactory to ERS, of continued availability and security of such records at all times.
- B.5.m. **Data/Records Retention.** Vendor shall maintain records in accordance with the Contract Agreement. In the event the Vendor is scheduled to destroy records, the Vendor shall contact ERS for approval prior to the destruction of the payment records. If ERS approves destruction, verification of the destroyed records shall be required at ERS' direction.

B.5.n. **System Service Requests.** Vendor shall provide ERS with priority positioning for delivery of *ad hoc* system service requests and/or issue resolutions. As reflected in Article XI. A.15., *Organizational Information*, the Vendor shall designate a Technical Consultant ("TC") to lead the management of all technical issues, including, but not limited to system service requests. The TC shall ensure that all ERS system requests and issues are thoroughly analyzed and given priority positioning to ensure prompt resolution.

Vendor shall provide competent, focused attention to ERS' system requests/issues. Vendor shall use its best efforts to implement all ERS system requests and to correct all ERS system issues within thirty (30) calendar days or sooner from receipt of ERS' written notification to the Vendor of the request/issue. If a thirty (30) calendar day resolution is not reasonably possible, then the Vendor shall provide ERS with a written plan for implementation, to include a timeline for resolution within a timeframe deemed appropriate by DC Manager, or designee.

B.5.o. **Other Operational Requirements**

B.5.o.1. **Site Visits.** At ERS' discretion, agency personnel may conduct site visits at ERS' sole expense. Vendor may be asked to assist ERS staff with travel and lodging arrangements that shall be in compliance with state of Texas travel guidelines.

B.5.o.2. **Audits.** ERS shall commission an annual audit of the Vendor's administration of the Program by an independent auditor to determine the adequacy, timeliness, and accuracy of the Vendor's procedures and performance for the prior plan year. ERS may, at its discretion, conduct other audits of the Vendor, when and in a manner it deems necessary. TPA will make available Program participant transaction records, Vendor records and files as requested by ERS or the auditors.

To this end, TPA agrees that it will in all respects cooperate with ERS and any auditor retained by ERS to review and to audit TPA and/or the services provided. The TPA further agrees to cooperate fully in support of any other Program Vendor audit. The TPA is responsible for any audit findings where they are in conflict with Program requirements and SAS 70 Type II errors.

ERS shall determine the scope of the audit, and the TPA shall fully support the activities of and cooperate in good faith with the auditor. TPA support shall include maintaining readily available data that is accessible electronically as well as through hard copy. TPA shall not designate any "black out" periods of time for any audit conducted on behalf of ERS. Neither ERS nor the auditor shall reimburse or indemnify TPA for any cost incurred that may arise in connection with or relating to these audits.

In addition, ERS or any of its duly authorized representatives or designees shall, during the term of the Contract, and until the expiration of seven (7) years after the final transactions have occurred as the basis for this Contract, have access to and the right to examine any and all pertinent books, documents, papers and records involving transactions relating to the Contract. In the event there arises any claim, dispute or litigation concerning the Contract, the period of access and examination described above shall continue until the disposition of such claim, dispute, or litigation is final. The Contract has additional requirements regarding audits.

C. Advice Operational Requirements

Vendor shall provide general administrative, customer service and education, legal, advice, reporting and technology support to assist ERS in the operation and monitoring of the Texa\$aver program at no additional cost to ERS.

C.1. General Administration

C.1.a. Account Management. Vendor shall provide the DC Team with information regarding staffing adjustments, as required by, and acceptable to, ERS. An ERS Team shall be established in Austin, Texas no later than fifteen (15) calendar days, following Board selection, and be available Monday through Friday from 8:00 a.m. to 7:00 p.m., Central Time, excluding published New York Stock Exchange Market Holidays and Early Market Closures.

C.1.a.1. Vendor shall notify the DC Manager, or designee, in writing, thirty (30) calendar days prior to changes in key personnel connected with the ERS account. Vendor shall receive prior written approval from the DC Manager, or designee, prior to making any changes as addressed in this section.

C.1.b. Quarterly Reviews. Vendor shall provide a minimum of four (4) per fiscal year face-to-face quarterly reviews with ERS to discuss, but not limited to, the following topics:

- Utilization and performance of the Texa\$aver program;
- Cost saving recommendations;
- Program measurements;
- Enrollment statistics; and
- Other quantitative investment review reports as specified in Appendix J.

C.1.c. Operational Meetings. Vendor Operations Account Team shall attend and/or participate in bi-weekly Operations and Customer Service conference calls. Vendor shall be prepared to provide detailed agenda notes and minutes of all such meetings pertaining to their services. An Agenda or agenda items will be provided to ERS prior to scheduled meetings. A tentative schedule of these meetings will be available sixty (60) calendar days following Board selection.

- C.1.d. **Policy and/or Procedure Changes.** Vendor shall provide to the DC Manager or designee, for ERS' approval, all material changes in policies and/or procedures relating to the administration of the TexaSaver program no less than ninety (90) days prior to implementation. Policies and/or procedures may be considered "approved" when a final written policy and/or procedure is delivered to the DC Manager, or designee, and is accepted and approved in writing. The following review and material approval process shall be followed for all policy and procedure changes:
- Vendor supplies the DC Manager, or designee, with policy and/or procedure materials for review.
 - The DC Manager, or designee, shall review materials.
 - The DC Manager, or designee, will return edited materials to the Vendor for confirmation of all ERS edits.
 - Vendor resubmits the edited materials to the DC Manager, or designee, for second/final review.
 - The DC Manager, or designee, performs the second/final review and provide any additional edits.
 - The DC Manager, or designee shall forward any additional edits to the Vendor to conform.
 - Vendor resubmits the final mock-up of policy and/or procedural materials to the DC Manager, or designee, for ERS review and final approval.
 - The DC Manager, or designee, shall provide the Vendor with authorization to implement the policies and/or procedures.
- C.1.e. **Operations Changes.** Vendor shall notify the DC Manager, or designee, in writing no less than one-hundred eighty (180) calendar days prior to all significant changes in operations affecting the Program or its participants.
- C.2. **Customer Service and Education**
- C.2.a. **Toll Free Access.** Vendor shall maintain connectivity to the existing ERS toll free number: (800) 634-5091.
- C.2.b. **Call Center/Customer Service Unit.** Vendor shall establish and provide for staffing of one (1) customer service unit dedicated exclusively to ERS' TexaSaver program. The unit shall be adequately staffed to manage TexaSaver related questions, and provide for resolution of complaints, Program clarifications, enrollment, and escalated Program benefits and issues. The Vendor's customer service hours shall operate, at a minimum, Monday through Friday from 8:00 a.m. to 7:00 p.m., Central Time, excluding published New York Stock Exchange Market Holidays and Early Market Closures.
- C.2.b.1. **Call Center Specialists.** Vendor shall designate as many Call Center Specialists as necessary whose sole responsibility shall be to respond and resolve, within a reasonable timeframe as determined by ERS, TexaSaver-related customer service needs. ERS and the Vendor shall jointly monitor and adjust staffing levels to ERS' sole satisfaction as work and service requirements demand. Vendor warrants and represents that it shall provide thorough training of additional team members in support of the TexaSaver program.

- C.2.b.2. **Back-up Staffing.** Vendor shall dedicate additional staff, as needed or at ERS' request, to update, maintain and archive TexaSaver-related records and accounts. These associates will also provide additional support for the Vendor customer service team.
- C.2.b.3. **Call Center Management Criteria.** Vendor shall establish appropriate customer service staff at a minimum to meet the *Performance Guarantees* for average speed to answer, and blockage rate as referenced in the Appendix E of the RFP. All Vendor Customer Service Call Centers shall be located within the United States, and preferably in the state of Texas.
- C.2.b.4. **Call Center Monitoring.** Vendor shall make available to ERS staff the ability to listen to and monitor calls to and from the Vendor's Call Center(s).
- C.2.c. **Investment Education.** Vendor shall provide TexaSaver program participants with all generally accepted education information and tools regarding their Plan(s) and investment options to help participants make prudent decisions regarding the Program options. Topics will include, but are not limited to:
- Fund Fact Sheets;
 - Risk and Return Information;
 - Investment Strategies; and
 - Asset Class definitions.
- C.2.c.1. **Seminars and Outreach.** Vendor shall provide adequate staff to attend the TexaSaver Benefit Fair(s) held annually at a location(s) to be determined by ERS. Vendor shall also provide support as needed to the TexaSaver program staff.
- C.3. **Legal Services**
- C.3.a. **Litigation Support.** Vendor shall provide legal services and litigation support. Legal services and litigation support include, but are not limited to the Vendor assisting and supporting ERS in administrative hearings and providing its own legal representation in administrative hearings and lawsuits when appropriate. All fees for these services shall only be recovered through an administrative bid.
- C.3.b. **Complaints.** Vendor shall provide an ongoing review of all complaints received from Program participants and escalate unresolved issues responding as necessary and appropriate to monitor, maintain, and report specific information and the nature of all complaints, both resolved and remaining unresolved, to ERS as required in the *Performance Guarantees* and as referenced in Appendix E.
- C.3.b.1. Vendor shall provide details on how complaints are analyzed to improve processes, procedures, and/or training.
- C.4. **Asset Allocation Methodology.** Advisor shall develop/developed independent methodology for determining investment selection in accordance with ERISA fiduciary duty and prohibited transactions requirements, and in accordance with the SunAmerica Opinion Letter and the PPA.

- C.4.a. Vendor's Asset Allocation Methodology shall provide an appropriate asset mix to reflect a participant's retirement goals by dividing participant's investment portfolio among the Program's different asset categories.
- C.4.a.1. Advisor shall recognize and advise, when appropriate, the strategies inherent to a Life Cycle or Target Date Fund Option based on a participant's time horizon and risk tolerance.
- C.4.a.2. ERS is to have a firm understanding of the methodology for advice recommendations. ERS staff is to have access to software to run analysis of advice outcomes and pull reports.
- C.5. **Participant Transactions.** Transactions completed after 3:00 p.m. CT shall be processed the next business day. Participants may cancel a transaction if done before 3:00 p.m. CT on the same day the transaction was made. Market conditions or other circumstances may on occasion delay processing.
- C.5.a. Advisor shall immediately accept a request for activation of advisory services from Program participants.
- C.6. **Advice Program Reporting.** All reports provided by the Vendor to ERS shall be measurable and auditable and shall be in the required ERS formats as reflected in Appendix L, or as stipulated post Contract award. Vendor shall furnish all necessary software, hardware, and system access necessary to meet all TexaSaver program reporting requirements at no additional cost to ERS.
- C.6.a. **Monthly Reporting Requirements.** Vendor shall submit to ERS varied reports on a monthly basis. This data shall be used by ERS to analyze the TexaSaver program. Notwithstanding the foregoing, ERS shall at all times have online access to TexaSaver program statistical reporting information with search capabilities at no additional charge to ERS. The information shall include the current year and previous twelve months data. Monthly reporting requirements shall include, but not be limited, to the following:
- Participant Usage Report.
- C.6.b. **Quarterly Reporting Requirements.** Vendor shall submit to ERS varied reports on a quarterly basis. This data shall be used by ERS to analyze the TexaSaver program. The information shall include the current year and previous twelve months data. Quarterly reporting requirements shall include, but not be limited, to the following:
- Quarterly Usage report; and
 - Participant Plan report.
- C.6.c. **Annual Reporting Requirements.** Vendor shall submit to ERS varied reports on an annual basis. This data shall be used by ERS to analyze the TexaSaver program. The information shall include the current year and previous twelve months data. Annual reporting requirements shall be provided to Vendor post Contract award.

- C.6.d. **Regulatory Reporting.** Vendor shall provide ERS with information concerning federal legislative activity of which Advisor is aware and which may affect the Plan contracts. Such information, however, is not intended to constitute legal or tax advice regarding the legal sufficiency of the Plan.
- C.6.e. **Special Reporting Requirements.** Vendor shall submit to ERS the following varied reports as requested by ERS. This data shall be used by ERS to analyze the TexaSaver program. The information shall include the current year and previous twelve months data. Special reporting requirements shall include, but not be limited, to the following:
- Surveys;
 - Audit Findings;
 - Trend Reporting; and,
 - Other *Ad hoc* reports.
- ERS may request the Vendor to provide additional, customized *ad hoc* reports specific to the TexaSaver program. Vendor shall cooperate, and act in good faith in working with ERS, and shall be prepared to respond to these requests promptly at no additional cost to ERS.
- C.6.f. **Administrative Reporting Requirements.** ERS will utilize information reported by the Vendor to proactively monitor trends and to identify/address variances on targeted Vendor performance requirements. ERS shall specify the reporting timelines, quality standards and formats.
- C.6.g. **Administrative Reporting Formats.** Formats shall include a column indicating a performance standard for the item being reported, that ERS shall use as a benchmark to monitor compliance and to analyze the reported statistics. A sample of the minimum required reporting format is referenced in Appendix L.
- C.6.h. TPA shall report participant enrollment to the Advisor on a monthly basis.
- C.7. **Technology.** Vendor(s) shall be capable of accepting and implementing all technology and information security protocols for both the 401(k) and 457 plans on or before May 1, 2009.
- C.7.a. **Auto Enrollment.** TexaSaver participants are responsible for their own investment selections, unless the employee is a new hire or rehire at a State agency. Effective January 1, 2008, auto enrollment was implemented. Consequently, all new hires or rehires of a State agency are automatically enrolled into the TexaSaver 401(k) plan at 1% of their eligible salary. The default investment option for auto enrollees is the appropriate Target Date Fund.

C.7.b. **ERS OnLine.** ERS provides the Vendor with the opportunity to view ERS' enrollment system through web access. Vendor shall be prepared to access ERS OnLine via web access on the last business day of June 2009. Vendor shall utilize the enrollment information to assist in the verification of eligibility. Vendor shall provide Customer Service staff proficient with the ERS OnLine system during all ERS designated customer service hours. Vendor shall expend the necessary funds to provide electronic access to ERS' enrollment system by all departments involved in customer service, eligibility, and enrollment administration.

For the purpose of responding to this RFP, the Vendor shall recover any costs involved in the adaptation of its system requirements to those set forth by ERS only through Article X, *Price Proposal*.

C.7.c. **Website.** Vendor shall maintain an advice website within the Texa\$aver website. Once accessed, the advice website will provide the option for the participant to proceed with the Online Advice or the Professional Account Manger service. Vendor shall maintain a 128-bit encryption (versus the less-secure 40-bit encryption) standard. Access will be denied when the encryption levels are below the 128-bit standard.

C.7.c.1. DB Program information will be integrated within the Texa\$aver website. Participant's DB information will be included into the online Retirement Savings calculators to provide a comprehensive retirement savings portfolio for each Program Participant.

C.7.c.1.i. TPA shall make DB information available to the Advice Vendor for consideration in asset allocation strategies provided both through the Online Advice and Professional Account Manager services.

C.7.d. **Secure File Transfer Protocol ("SFTP").** Vendor shall transmit and accept all Texa\$aver data transmissions using a secure transmission channel. Vendor shall utilize SFTP as the primary means of transferring data and/or files to ERS.

C.7.e. **File Layouts.** ERS will define the file layouts as specified in Appendix O.

C.7.f. **Information Security.** Vendor shall comply with Privacy Act of 1974, Computer Matching, and Privacy Protection Act of 1988, Texas Business and Commerce Code ("TBCC") and information security standards as outlined in Title 1, Texas Administrative Code §202. Further, Vendor shall comply with the forgoing regulations for the handling and use of personal identifying and sensitive personal information to mitigate the risk of identify theft and fraud.

C.7.f.1. Vendor shall ensure the confidentiality, integrity, and avaiiability of participant and Program informatin through the utilization of mutually agreed upon industry best pactrices coordinated with the Information Security Officer of ERS.

C.7.f.2. Vendor shall establish a Secure Sockets Layer ("SSL") and/or Transport Layer Security ("TLS") layer below the standard SFTP protocol to encrypt the control and/or data channels. SSL/TLS protocols are to be utilized to prevent unauthorized use of personal identifying information.

- C.7.g. **Encrypted Data Files.** Vendor shall maintain duplicate or back-up computer encrypted data files maintained in connection with all Texa\$aver plans in a secure, hardened facility which provides environmental and access controls. Vendor shall utilize 256Bit AES encryption standard for tapes or equivalent backup medium. Decryption keys shall be access controlled and provided to ERS upon demand.
- C.7.g.1. All computer data files of the Plans, as maintained by the Vendor, shall at all times remain the property of ERS notwithstanding the fact that such records may be stored upon or within one or more computer or data retention systems owned, operated, or leased by the Vendor.
- C.7.g.2. Electronic communications, to include but shall not be limited to email and file transfers, between Vendor and ERS shall be encrypted to protect participant's confidential information.
- C.7.h. **Multi-Factor Authentication.** Vendor shall provide non-repudiation services up to and including second factor authentication on all transactions.
- C.7.i. **Fraud Detection.** Vendor shall provide a copy of their fraud prevention policy and proof of successful testing in response to this RFP. Vendor shall adhere to all additional policies developed by ERS in connection with the detection and prevention of fraud or abuse.
- C.7.j. **Security Breach.** Vendor shall comply with TBCC Title 11 §521.053 on notification to ERS following breach of Security of Computerized Data. Communication on security breach incidents shall be closely coordinated with ERS.
- C.8. **Data Files.** Vendor shall maintain a complete and accurate reporting system, and provide for the retention, maintenance, and storage of all payment records with provision for appropriate reporting to ERS. Vendor shall maintain all such records throughout the term of the Contract, and for at least seven (7) years or as dictated by statute following the end of the Contract, and shall make such records accessible and available to ERS for inspection and audit upon ERS' request.
- C.8.a. **Data/Records Availability.** At all reasonable times, ERS or its representatives shall have access to the records. To the extent that any such records are to be maintained upon a computer system or any other data retention system which is not owned by the Vendor, the Vendor shall provide ERS with assurances from the owner of such computer facilities, satisfactory to ERS, of continued availability and security of such records at all times.
- C.8.b. **Data/Records Retention.** Vendor shall maintain records in accordance with the Contract Agreement. In the event the Vendor is scheduled to destroy records, the Vendor shall contact ERS for approval prior to the destruction of the payment records. If ERS approves destruction, verification of the destroyed records shall be required at ERS' direction.

- C.9. **System Service Requests.** Vendor shall provide ERS with priority positioning for delivery of *ad hoc* system service requests and/or issue resolutions. As reflected in Article XI, *Organizational Information* Section A.15., the Vendor shall designate a Technical Consultant ("TC") to lead the management of all technical issues, including, but not limited to system service requests. The TC shall ensure that all ERS system requests and issues are thoroughly analyzed and given priority positioning to ensure prompt resolution.

Vendor shall provide competent, focused attention to ERS' system requests/issues. Vendor shall use its best efforts to implement all ERS system requests and to correct all ERS system issues within thirty (30) calendar days or sooner from receipt of ERS' written notification to the Vendor of the request/issue. If a thirty (30) calendar day resolution is not reasonably possible, then the Vendor shall provide ERS with a written plan for implementation, to include a timeline for resolution within a timeframe deemed appropriate by DC Manager, or designee.

C.10. **Other Operational Requirements**

- C.10.a. **Site Visits.** At ERS' discretion, agency personnel may conduct site visits at ERS' sole expense. Vendor may be asked to assist ERS staff with travel and lodging arrangements that shall be in compliance with state of Texas travel guidelines.

- C.10.b. **Audits.** ERS may commission an annual audit of the Vendor's administration of the Program by an independent auditor to determine the adequacy, timeliness, and accuracy of the Vendor's procedures and performance for the prior plan year. ERS may, at its discretion, conduct other audits of the Vendor, when and in a manner it deems necessary. Advisor will make available Program participant transaction records and files as requested by ERS or the auditors.

- C.10.b.1. To this end, Advisor agrees that it will in all respects cooperate with ERS and any auditor retained by ERS to review and to audit Advisor and/or the services provided. Advisor further agrees to cooperate fully in support of any other Program Vendor audit. Advisor is responsible for any audit findings where they are in conflict with Program requirements and SAS 70 Type II errors.

- C.10.b.2. ERS shall determine the scope of the audit, and the Advisor shall fully support the activities of and cooperate in good faith with the auditor. Advisor support shall include maintaining readily available data that is accessible electronically as well as through hard copy. Advisor shall not designate any "black out" periods of time for any audit conducted on behalf of ERS. Neither ERS nor the auditor shall reimburse or indemnify Advisor for any cost incurred that may arise in connection with or relating to these audits.

- C.10.b.3. In addition, ERS or any of its duly authorized representatives or designees shall, during the term of the Contract, and until the expiration of seven (7) years after the final transactions have occurred as the basis for this Contract, have access to and the right to examine any and all pertinent books, documents, papers and records involving transactions relating to the Contract. In the event there arises any claim, dispute or litigation concerning the Contract, the period of access and examination described above shall continue until the disposition of such claim, dispute, or litigation is final. The Contract has additional requirements regarding audits.
- C.10.b.4. Advisor shall provide ERS with a copy of the finalized independent audit report concerning Advisor on an annual basis and a SAS 70 Type II, if applicable, no later than ten (10) business days following Vendor's receipt of final report. Advisor shall be responsible for any audit findings where they are in error based on Program and SAS 70 Type II requirements.

D. Custodian Operational Requirements

Vendor shall provide general administrative, customer service, legal, depository service, reporting and technology support to assist ERS in the operation and monitoring of the Texa\$aver program at no additional cost to ERS.

D.1. General Administration

D.1.a. **Account Management.** Vendor shall provide the DC Team with a designated Account Manager for ERS account management support from Monday through Friday from 8:00 a.m. to 4:00 p.m., Central Time, excluding published New York Stock Exchange Market Holidays, Early Market Closures, and recognized bank holidays.

D.1.a.1. Vendor shall notify the DC Manager, or designee, in writing, thirty (30) calendar days prior to changes in key personnel connected with the ERS account. Vendor shall receive prior written approval from the DC Manager, or designee, prior to making any changes as addressed in this section.

D.1.b. **Operational Meetings.** When required, the Vendor shall be available to attend bi-weekly operational and customer service conference calls with other Texa\$aver Vendors.

- D.1.c. **Policy and/or Procedure Changes.** Vendor shall provide to the DC Manager, or designee, for ERS' approval, all material changes in policies and/or procedures relating to the administration of the Texa\$aver program no less than ninety (90) days prior to implementation. Policies and/or procedures may be considered "approved" when a final written policy and/or procedure is delivered to the DC Manager, or designee, and is accepted and approved in writing. The following review and material approval process shall be followed for all policy and procedure changes:
- Vendor supplies the DC Manager, or designee, with policy and/or procedure materials for review.
 - The DC Manager, or designee, shall review materials.
 - The DC Manager, or designee, will return edited materials to the Vendor for confirmation of all ERS edits.
 - Vendor resubmits the edited materials to the DC Manager, or designee, for second/final review.
 - The DC Manager, or designee, performs the second/final review and provide any additional edits.
 - The DC Manager, or designee shall forward any additional edits to the Vendor to conform.
 - Vendor resubmits the final mock-up of policy and/or procedural materials to the DC Manager, or designee, for ERS review and final approval.
 - The DC Manager, or designee, shall provide the Vendor with authorization to implement the policies and/or procedures.
- D.1.d. **Operations Changes.** Vendor shall notify the DC Manager, or designee, in writing no less than ninety (90) calendar days prior to all significant changes in operations affecting the Program or its participants.
- D.2. **Customer Service**
- D.2.a. **Customer Service/Processing Unit.** Vendor's customer service/processing unit shall be adequately staffed to provide the custodian services for the Texa\$aver program.
- D.3. **Legal Services**
- D.3.a. **Litigation Support.** Vendor shall provide legal services and litigation support. Legal services and litigation support include, but are not limited to the Vendor assisting and supporting ERS in administrative hearings and providing its own legal representation in administrative hearings and lawsuits when appropriate. All fees for these services shall only be recovered through an administrative bid.
- D.3.b. **Complaints.** Vendor shall provide an ongoing review of all complaints received from Program participants and escalate unresolved issues responding as necessary and appropriate to monitor, maintain, and report specific information and the nature of all complaints, both resolved and remaining unresolved, to ERS as required in the *Performance Guarantees* and as referenced in Appendix E.
- D.3.b.1. Vendor shall provide details on how complaints are analyzed to improve processes, procedures, and/or training.

D.4. **Depository Services**

- D.4.a. All contributions shall be remitted by the appropriate payroll center or the Comptroller of Public Accounts (“CPA”) to the custodian bank. Vendor shall demonstrate the ability to receive and transfer contributions on a daily basis from the State and provide these funds to the Program TPA and investment managers for daily investing.
- D.4.b. As custodian, Vendor shall describe any restrictions by investment type that pertain to the provided custodial services.
- D.4.c. Vendor shall have the capability to provide Treasury Management Services as part of the depository services. Election of Treasury Management Services shall be at ERS’ discretion.
- D.4.d. **Short-Term Investment Fund (“STIF”) Sweeps.** Vendor shall demonstrate the ability to sweep funds each evening into a STIF that offers both high quality investments and low risk.
- D.4.e. **Credit Processing.** Vendor shall have the capability to receive funds both electronically and through item processing. All credits shall be made available to ERS in accordance with Regulation CC.
- D.4.f. **Debit Processing.** Vendor shall have the capability to remit funds electronically as directed by ERS.
- D.4.g. **Financial Gains Processing.** Vendor shall credit ERS for all financial gains resulting from Short-Term Investment Funds (“STIFs”), floats, revenue sharing on accounts with TexaSaver program no less than once monthly.
- D.4.h. **Online Banking.** Vendor shall provide for an online banking platform that will provide both real-time access to account with activity information and the ability to extract historical data. Other online functions will include, but will not be limited to:
- Provide a running list of the current period’s transactions;
 - Ability to query prior period’s transactions;
 - Provide detail descriptions for pending or intraday transactions;
 - Provide detail description for the source of electronic credits;
 - Provide detail description for the recipient for electronic debits;
 - Ability to export data into an ERS finance program or application;
 - Provide for the easy integration with ERS applications and core, back-end systems;
 - Capability to support of multiple users having varying levels of authority;
 - Provide for the ability to query historical statements;
 - Capability to generate online statements;
 - Ability to generate interim statements;
 - Ability to view pending transactions; and
 - Provide for online customer support.
- D.4.i. Vendor shall have the ability to customize the statement cycle for depository account(s) established for the administration of the TexaSaver program.

D.4.j. Vendor shall have the ability to receive and report online for the daily receipt of deferrals from CPA and/or Higher Education Institutions.

D.5. **Texa\$aver Program Reporting**

D.5.a. **Monthly Reporting Requirements.** Vendor shall submit to ERS varied reports on a monthly basis. This data shall be used by ERS to analyze the Texa\$aver program. Monthly reporting requirements shall be limited to the Texa\$aver program and shall include, but not limited, to the following:

- Statement of account activity on a cycle date as specified by ERS;
- Rolling stale date check report;
- Details percentage of all gains from STIFs; and
- Details percentage of all gains from Float.

D.5.b. **Quarterly Reporting Requirements.** Vendor shall submit to ERS varied reports on a quarterly basis. This data shall be used by ERS to analyze the Texa\$aver program.

D.5.c. **Annual Reporting Requirements.** Vendor shall submit to ERS varied reports on an annual basis.

D.5.d. **Ad hoc or Special Reporting Requirements.** ERS may request the Vendor to provide additional, customized *ad hoc* reports specific to the Texa\$aver program. Vendor shall cooperate, act in good faith in working with ERS, and shall be prepared to respond to these requests promptly at no additional costs to ERS.

D.5.e. **Statistical Reporting Requirements.** Vendor shall provide online access to statistical information associated with the Texa\$aver program. The information will include current fiscal year information and the full twelve (12) months of the previous fiscal year. The types of general statistical analyses as may be periodically requested by ERS will be discussed with Custodian post Vendor selection.

D.5.f. **Regulatory Reporting.** Vendor shall provide ERS with information concerning federal legislative activity of which Custodian is aware and which may affect the Program contracts. Such information, however, is not intended to constitute legal or tax advice regarding the legal sufficiency of the Plan.

D.6. **Technology.** Vendor shall be fully capable of accepting and implementing all technology and information security protocols for both the 401(k) and 457 plans on or before May 1, 2009.

D.6.a. **Secure File Transfer Protocol (“S”).** Vendor shall transmit and accept all Texa\$aver data transmissions using a secure transmission channel. Vendor shall utilize SFTP as the primary means of transferring data and/or files to ERS.

- D.6.a.1. Vendor shall comply with Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code (“TBCC”) and information security standards as outlined in Title 1, Texas Administrative Code §202. Further, Vendor shall comply with the forgoing regulations for the handling and use of personal identifying and sensitive personal information to mitigate the risk of identify theft and fraud.
- D.6.a.2. Vendor shall ensure the confidentiality, integrity, and availability of participant and Program informatin through the utilization of mutually agreed upon industry best pactrices coordinated with the Information Security Officer of ERS.
- D.6.a.3. Vendor shall utilize a proven method establishing a Secure Sockets Layer (“SSL”) and/or Transport Layer Security (“TLS”) layer below the standard SFTP protocol to encrypt the control and/or data channels. SSL/TLS protocols are to be utilized to prevent unauthorized use of personal identifying information.
- D.6.b. **Encryption.** Vendor shall maintain a 128-bit encryption (versus the less-secure 40-bit encryption) standard. Access will be denied when encryption levels are below the 128-bit standard.
- D.6.b.1. Electronic communications, to include but shall not be limited to email and file transfers, between Vendor and ERS shall be encrypted to protect participant’s confidential information.
- D.6.c. **Multi-Factor Authentication.** Vendor’s online banking shall support a multi-factor authentication process to include:
- Personal Identification Number (“PIN”) or Transaction Authentication Number (“TAN”) system where the PIN represents a password used for the login and TANs representing one-time passwords to authenticate transactions via a security token. The token-generated TANs will depend on the time and a unique secret stored in the security token; and
 - Signature based online banking where all transactions are signed and encrypted digitally. The Keys for the signature generation and encryption can be stored on smartcards or any memory medium, depending on the concrete implementation.
- D.6.d. **Fraud Detection.** Vendor shall provide a copy of their fraud prevention policy and proof of successful testing in response to this RFP. Vendor shall adhere to all additional polices developed by ERS in connection with the detection and prevention of fraud and abuse.
- D.6.e. **Security Breach.** Vendor shall comply with Texas Business and Commerce Code Title 11 § 521.053 on notification to ERS following breach of Security of Computerized Data. Communication on security breach incidents shall be closely coordinated by ERS.
- D.6.f. **System Service Requests.** Vendor shall provide ERS with priority positioning for delivery of *ad hoc* system service requests and/or issue resolutions. As reflected in Article XI. A.15, *Organizational Information*, the Vendor shall designate a Technical Consultant (“TC”) to lead the management of all technical issues, including, but not limited to system service requests.

The TC shall ensure that all ERS system requests and issues are thoroughly analyzed and given priority positioning to ensure prompt resolution.

Vendor shall provide competent, focused attention to ERS' system requests/issues. The Vendor shall use its best efforts to implement all ERS system requests and to correct all ERS system issues within thirty (30) calendar days or sooner from receipt of ERS' written notification to the Vendor of the request/issue. If a thirty (30) calendar day resolution is not reasonably possible, then the Vendor shall provide ERS with a written plan for implementation, to include a timeline for resolution within a timeframe deemed appropriate by DC Manager, or designee.

D.7. Other Operational Requirements

D.7.1. Audits. ERS may commission an annual audit of the Vendor's administration of the Program by an independent auditor to determine the adequacy, timeliness, and accuracy of the Vendor's procedures and performance for the prior plan year. ERS may, at its discretion, conduct other audits of the Vendor, when and in a manner it deems necessary. Custodian will make available Program participant transaction records and files as requested by ERS or the auditors.

To this end, Custodian agrees that it will in all respects cooperate with ERS and any auditor retained by ERS to review and to audit Custodian and/or the services provided. The Custodian further agrees to cooperate fully in support of any other Program Vendor audit. The Custodian is responsible for any audit findings where they are in conflict with Program requirements, IRS Codes and/or SAS 70 Type II errors.

ERS shall determine the scope of the audit, and the Custodian shall fully support the activities of and cooperate in good faith with the auditor. Custodian support shall include maintaining readily available data that is accessible electronically as well as through hard copy. Custodian shall not designate any "black out" periods of time for any audit conducted on behalf of ERS. Neither ERS nor the auditor shall reimburse or indemnify Custodian for any cost incurred that may arise in connection with or relating to these audits.

In addition, ERS or any of its duly authorized representatives or designees shall, during the term of the Contract, and until the expiration of seven (7) years after the final transactions have occurred as the basis for this Contract, have access to and the right to examine any and all pertinent books, documents, papers and records involving transactions relating to the Contract. In the event there arises any claim, dispute or litigation concerning the Contract, the period of access and examination described above shall continue until the disposition of such claim, dispute, or litigation is final. The Contract has additional requirements regarding audits.

X. Price Proposal and Program Fees Requirements

ERS requires the Vendor to submit separate price proposals to provide TPA, Advisory, or Custodial services using the Vendor *Price Proposal* pages.

All selected Vendors shall recover any cost of the requirements described in Articles I, IV, V, VI, VII, VIII, IX and XI only by making provision for such expenses in the Vendor(s) *Price Proposal* pages contained herein. No additional fees may be charged except as shown in these pages unless agreed to in writing by ERS.

- ERS does not specify the method of expression of fee. It may be per account, per month, or per member, per month or some other method which Vendor shall explain.
- In the event a Vendor proposes to provide multiple services, the Vendor shall submit a second set of *Price Proposals* for the combination of services to be offered.
- The *Price Proposal* shall be guaranteed for the four-year period beginning September 1, 2009.
- The *Price Proposal* should be adequate to cover all expenses incurred by the Vendor for Implementation of the Contract and for the performance of all services and other matters described herein and in the Contractual Agreement prior to and during the initial four (4)-year term of the Contract, and during any runoff period following termination of the Contract.
- All arrangements shall be fully subject to audit by ERS and/or its designated representatives as more fully described in the Contractual Agreement.
- Investment revenue passed through to the TexaSaver Program shall not be contingent upon acceptance of any programs whatsoever.
- The TPA *Price Proposal* shall designate an amount of no less than of the fidelity bond required in the Contractual Agreement to cover TexaSaver Program internal administrative expenses for the term of the Contract. ERS reserves the right to modify the amount to be allocated by TPA annually to cover internal administrative expenses.
- Implementation Guarantee: Vendor shall place at risk for each product and service being bid, no less than 10% of the total Contract value as determined by ERS as reflected herein.
- Performance Guarantee: Vendor shall place at risk for each product and service being bid, no less than 10% of the total Contract value as determined by ERS as reflected herein.
- No implementation costs shall be charged to ERS.

Record Keeping Services Price Proposal

	401(k)	457
Estimated Accounts	<input type="text"/>	<input type="text"/>
Estimated Participants	<input type="text"/>	<input type="text"/>
<i>Direct Cost</i>		
Option 1 – Per Account per Year	<input type="text"/>	<input type="text"/>
• Record Keeping fee		
• Plan Participant fee		
Or		
Option 2 – Per Participant per Year	<input type="text"/>	<input type="text"/>
• Record Keeping fee		
• Plan Participant Fee		
Or		
Option 3 – Other method (Please describe in detail)	<input type="text"/>	<input type="text"/>
 *Total Annual Program Cost Based on Estimated Volume:	<input type="text"/>	<input type="text"/>
<i>Pass through to ERS</i>		
The following fund managers have arrangements with ERS and pay rebates: Davis, Fidelity, First Eagle, Munder and Wells Fargo. As needed, refer to Appendix C Program Statistics to complete the following:	<input type="text"/>	<input type="text"/>
Option 1 – Per Account per Year	<input type="text"/>	<input type="text"/>
Or		
Option 2 – Per Participant per Year	<input type="text"/>	<input type="text"/>
Or		
Option 3– Other method (Please describe in detail)	<input type="text"/>	<input type="text"/>
 Total Administrative Funding to ERS Based on Estimate Volume:	<input type="text"/>	<input type="text"/>

Fees for Specialized Services

	401(k)	457
Loan Initiation Fees Per Loan	<input type="text"/>	<input type="text"/>
Loan Maintenance Fees Per Loan Per Month	<input type="text"/>	<input type="text"/>
QDRO Processing Fee Per Request	<input type="text"/>	<input type="text"/>

Direct Cost Proposal Breakdown:

1. Customized Communication	<input type="text"/>	<input type="text"/>
2. Customized Website	<input type="text"/>	<input type="text"/>
3. Class Action Lawsuit Processing	<input type="text"/>	<input type="text"/>
4. Daily Investment Processing	<input type="text"/>	<input type="text"/>
5. Program Education	<input type="text"/>	<input type="text"/>
6. Technology Requirements	<input type="text"/>	<input type="text"/>
7. Product and Service Review Meetings	<input type="text"/>	<input type="text"/>
8. Fairs and Enrollment Meetings	<input type="text"/>	<input type="text"/>
9. Customized Reporting	<input type="text"/>	<input type="text"/>
10. All Other Services (specify details)	<input type="text"/>	<input type="text"/>
TOTAL	<input type="text"/>	<input type="text"/>

*Implementation Guarantee amount at risk: \$ _____
*On-Going Performance Guarantee amount at risk: \$ _____

Advice Services Price Proposal

	401(k)	457
Estimated Accounts	<input type="text"/>	<input type="text"/>
Estimated Participants	<input type="text"/>	<input type="text"/>
<i>Standard Advice Service</i>		
Option 1 – Per Account per Month	<input type="text"/>	<input type="text"/>
Or		
Option 2 – Per Participant per Month	<input type="text"/>	<input type="text"/>
Or		
Option 3 – Other method (Please describe in detail)	<input type="text"/>	<input type="text"/>
*Total Annual Program Cost Based on Estimated Volume:	<input type="text"/>	<input type="text"/>
<i>Professionally Managed Account</i>		
Option 1 – Per Account per Month	<input type="text"/>	<input type="text"/>
Or		
Option 2 – Per Participant per Month	<input type="text"/>	<input type="text"/>
Or		
Option 3 – Other method (Please describe in detail)	<input type="text"/>	<input type="text"/>
Total Annual Program Cost Based on Estimated Volume:	<input type="text"/>	<input type="text"/>

Direct Cost Proposal Breakdown:

	401(k)	457
1. Customized Communication	_____	_____
2. Customized Website	_____	_____
3. Investment Education	_____	_____
4. Technology Requirements	_____	_____
5. Fairs and Enrollment Meetings	_____	_____
6. Product and Service Review Meetings	_____	_____
7. Customized Reporting	_____	_____
8. Annual Callbacks to PAM Enrollees	_____	_____
9. All Other Services (specify details)	_____	_____
TOTAL	<input type="text"/>	<input type="text"/>

*Implementation Guarantee amount at risk: \$ _____

*On-Going Performance Guarantee amount at risk: \$ _____

Custodian Services Price Proposal

Standard Depository Services	401(k)	457	
401(k) Account has two pricing scenarios.	<input type="text"/>	<input type="text"/>	
Scenario #1:			
401(k) Account Service Charges:	<input type="text"/>	<input type="text"/>	
Average Daily Balance: \$ 1,000			
Number of Credits / Month: < 10			
Number of Debits / Month: < 10			
401(k) Account Interest Rate:	<input type="text"/>	<input type="text"/>	
Scenario #2:			
401(k) Account Service Charges:	<input type="text"/>	<input type="text"/>	
Average Daily Balance: \$ 600,000			
Number of Credits / Month: 25			
Number of Debits / Month: < 10			
401(k) Account Interest Rate:	<input type="text"/>	<input type="text"/>	
457 Account			
457 Account Service Charges	<input type="text"/>	<input type="text"/>	
Average Daily Balance: \$ 170,000			
Number of Credits / Month: 200			
Number of Debits / Month: 20			
457 Account Interest Rate:	<input type="text"/>	<input type="text"/>	
Linked Accounts			
<i>If the 401(k) and 457 accounts can be linked to reduce charges and increase interest rate on the account please complete the following:</i>			
Linked Accounts' Service Charges	<input type="text"/>	<input type="text"/>	
Linked Accounts' Interest Rate	<input type="text"/>	<input type="text"/>	
Total Annual Cost Based on Estimated Depository Services:	<input type="text"/>	<input type="text"/>	
-OR-			
Treasury Management Services			
Vendor shall provide the Earning Credits ("EC") available for the above-referenced balances to offset the following Treasury Management Services:	401(k) EC	457 EC	Service Fee Net of ECs
Online Banking Fees	<input type="text"/>	<input type="text"/>	<input type="text"/>
Sweep Account Fees	<input type="text"/>	<input type="text"/>	<input type="text"/>
Electronic Transfer Fees	<input type="text"/>	<input type="text"/>	<input type="text"/>
Per Item Processing Fees	<input type="text"/>	<input type="text"/>	<input type="text"/>
Electronic Transfer Fees	<input type="text"/>	<input type="text"/>	<input type="text"/>
Zero Balance Account/Master Account Fees	<input type="text"/>	<input type="text"/>	<input type="text"/>
Account Reconciliation Service Fees	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total Annual Cost Based on Estimated Treasure Mgmt Services	<input type="text"/>	<input type="text"/>	<input type="text"/>

*Implementation Guarantee amount at risk: \$ _____

XI. Organizational Information

A. Provide the following information regarding the Organization responding to this RFP:

A.1. Vendor's full legal name, physical/web addresses, and telephone/facsimile numbers.

Full Legal Name:
Physical Address:
Web Address:
Telephone Number:
Facsimile Number:



A.2. Identify the Vendor's type of incorporation:

Publicly owned Privately owned

A.3. Provide the Vendor's Federal Identification Number: 

A.4. In which state was the Vendor's incorporation or formation? 

A.5. Is the Vendor required to maintain any license(s)? If so, describe and confirm the validity of any valid license(s).

A.6. Has the Vendor ever had its license to conduct business in Texas revoked?

Yes No

If yes, explain.

A.7. If applicable, provide the date that TPA products and/or services were first provided by Vendor. 

A.7.a. If applicable, provide the date that Advisory products and/or services were first provided by Vendor. 

A.7.b. If applicable provide the date that Custodian products and/or services were first provided by Vendor. 

A.8. If applicable, provide the TPA Vendor's total DC Program enrollment in both number of participant accounts and assets under management ("AUM") for each Plan type as of:

401(k) Plan: Number of participant accounts as of December 31, 2006:

401(k) Plan: AUM as of December 31, 2006:

401(k) Plan: Number of participant accounts as of December 31, 2007:

401(k) Plan: AUM as of December 31, 2007:

457 Plan: Number of participant accounts as of December 31, 2006:

457 Plan: AUM as of December 31, 2006:

457 Plan: Number of participant accounts as of December 31, 2007:
457 Plan: AUM as of December 31, 2007:

If Vendor is currently participating in the TexaSaver Program, indicate the percentage of Total Enrollment that the TexaSaver Program represents.

- A.8.a. If applicable, provide the Advisory Service Vendor's total DC enrollment in both number of participant accounts and AUM for each Plan type as of:

401(k) Plan: Number of participant accounts as of December 31, 2006:
401(k) Plan: AUM as of December 31, 2006:

401(k) Plan: Number of participant accounts as of December 31, 2007:
401(k) Plan: AUM as of December 31, 2007:

457 Plan: Number of participant accounts as of December 31, 2006:
457 Plan: AUM as of December 31, 2006:

457 Plan: Number of participant accounts as of December 31, 2007:
457 Plan: AUM as of December 31, 2007:

If Vendor is currently participating in the TexaSaver Program, indicate the percentage of Total DC Enrollment that the TexaSaver Program represents.

- A.9. Vendor shall provide a statement to address: (i) Vendor's capacity to provide administrative service for the TexaSaver Program if the Vendor's client base is expanded to include additional DC Programs that would be similar in program size and assets to the TexaSaver Program, and (ii) potential limitations to the administration of the TexaSaver Program that may result with an expanded client base.

- A.9.a. Vendor shall provide a statement to address: (i) Vendor's capacity to provide advisory service for the TexaSaver Program if the Vendor's client base is expanded to include additional DC Programs that would be similar in program size and assets to the TexaSaver Program, and (ii) potential limitations to the Advisory Service of the TexaSaver Program that may result with an expanded client base.

- A.9.b. Vendor shall provide a statement to address: (i) Vendor's capacity to provide custodian service for the TexaSaver Program if the Vendor's client base is expanded to include additional DC Programs that would be similar in program size and assets to the TexaSaver Program, and (ii) potential limitations to the custodian service of the TexaSaver Program that may result with an expanded client base.

- A.10. Confirm the Vendor's ability to accept enrollment data via SFTP.

- A.11. Provide the name, title, mailing/e-mail addresses, and telephone/facsimile numbers of ***the person authorized to execute this proposal*** and any subsequent contract which may be awarded. **This person shall be a company vice president or higher level in authority.**

Name: [REDACTED]
Title: [REDACTED]
Mailing Address: [REDACTED]
E-mail Address: [REDACTED]
Telephone Number: [REDACTED]
Facsimile Number: [REDACTED]

- A.12. Provide the name(s), title(s), mailing/e-mail address(es), and telephone/facsimile number(s) of ***the individual(s)*** responsible for the preparation of all materials contained in Vendor's proposal (other than the *Price Proposal*).

Name: [REDACTED]
Title: [REDACTED]
Mailing Address: [REDACTED]
E-mail Address: [REDACTED]
Telephone Number: [REDACTED]
Facsimile Number: [REDACTED]

- A.13. Provide the name, title, mailing/e-mail addresses, and telephone/facsimile numbers of the ***Security Compliance Officer***.

Full Legal Name: [REDACTED]
Title: [REDACTED]
Mailing Address: [REDACTED]
E-mail Address: [REDACTED]
Telephone Number: [REDACTED]
Facsimile Number: [REDACTED]

- A.13.a. Confirm that the Vendor can provide the ability to transmit encrypted data from and to its site via secured direct transmission line or other federally approved means of data transmission.

- A.13.b. Confirm that the Vendor is currently in compliance with requirements of the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code Chapter 48: Unauthorized Use of Identifying Information or the information security standards as specified in Texas Administrative Code § 202.20 - 202.25 & § 202.27.

- A.13.c. Provide a brief description of any violations alleged against the Vendor on Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code Chapter 48: Unauthorized Use of Identifying Information or the information security standards as specified in Texas Administrative Code § 202.20 - 202.25 & § 202.27.

A.14. Provide the firm/attorney names, title, mailing/e-mail addresses, and telephone/facsimile numbers of the person who shall serve as the **Vendor Legal Counsel** and/or all such information as it relates to any outside law firm retained by the Vendor for purposes of the Vendor’s RFP response or Contract performance.

Firm Name: [Redacted]
Attorney Name: [Redacted]
Title: [Redacted]
Mailing Address: [Redacted]
E-mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

A.15. Provide the name, title, mailing/e-mail addresses, and telephone/facsimile numbers of the **Vendor Technical Consultant (“TC”) contact** for SFTP file management and system service concerns.

Name: [Redacted]
Title: [Redacted]
Mailing Address: [Redacted]
E-mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

A.16. Provide the name, title, mailing/e-mail addresses, and telephone/facsimile numbers of the person who shall serve as the **Vendor Account Management Team Lead**.

Name: [Redacted]
Title: [Redacted]
Mailing Address: [Redacted]
E-mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

A.17. Provide the name, title, mailing/e-mail addresses, and telephone/facsimile numbers of the person who shall serve as the **Vendor Account Implementation Team Lead**.

Name: [Redacted]
Title: [Redacted]
Mailing Address: [Redacted]
E-mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

A.18. Provide the name, title, mailing/e-mail addresses, and telephone/facsimile numbers of the **individual** responsible for preparation of the *Vendor Price Proposal* submitted in Article X.

Name: [Redacted]
Title: [Redacted]
Mailing Address: [Redacted]
E-mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

A.19. Provide the name, title, mailing and e-mail addresses, and telephone/facsimile numbers of the person responsible for the **Vendor Website Management**.

Name: [Redacted]
Title: [Redacted]
Mailing Address: [Redacted]
E-mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

A.20. Provide the name, title, mailing/e-mail addresses, and telephone/facsimile numbers of the person responsible for supervision of the **Vendor Customer Service Division** that will be assigned to manage the account.

Name: [Redacted]
Title: [Redacted]
Mailing Address: [Redacted]
E-mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

A.20.a. Provide the name, title, mailing/e-mail addresses, and telephone/facsimile numbers of the person responsible for supervision of the **Vendor Call Center Operations** that will be assigned to manage the account, including Manager of Call Center Operations.

Name: [Redacted]
Title: [Redacted]
Mailing Address: [Redacted]
E-mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

A.21. Provide the names, titles, and corporate affiliation to the Vendor's firm of **ALL officers and ALL directors or principals, as applicable**. List each in the following format:

Name: [Redacted]
Title: [Redacted]
Corporate Affiliation: [Redacted]

A.22. Does the Vendor propose to utilize subcontractors or other types of Vendors in the performance, delivery and provision of services and products requested hereunder? Yes No

If yes, provide the information requested in A.22.a. for each subcontractor and specify what services may be performed by each subcontractor.

A.22.a. If applicable, provide the information below for each subcontractor or other Vendor and specify what services may be performed by each subcontractor/Vendor. List each in the following format:

Name:
Mailing Address:
E-mail Address:
Telephone Number:
Facsimile Number:
Services Performed:
Number of Years Experience working with Subcontractor:



A.22.b. Confirm Vendor's understanding, acknowledgement and agreement that Vendor shall be fully liable and responsible for the good faith performance, in a good and workmanlike manner, of any subcontractor or Vendor that Vendor utilizes to perform any of the services required under the RFP and Contractual Agreement.

A.22.c. Provide a company-wide organizational chart reflecting employee names and titles for the Vendor and any subcontractors (if applicable) to be utilized in support of this Contract. Chart should also identify those positions open but not yet filled.

Vendor Organizational Chart:
Subcontractor Organizational Chart:

A.22.d. Describe the staff (including numbers of full-time equivalent employees) that the Vendor and any subcontractor shall utilize to perform, deliver and provide the services, equipment, supplies and products requested herein.

Vendor staff Description:
Subcontractor staff Description:

A.22.e. How many of these employees are located in Texas? Describe the functions these employees perform.

Number of Vendor staff in Texas:
Description of Vendor staff Functions:
If applicable, Number of Subcontractor staff in Texas:
If applicable, Description of Subcontractor staff Functions:

- A.22.f. Provide a list of individuals who shall comprise the Vendor's proposed Account Service team and submit brief resumes, as applicable, for each team member. Include individuals for the following categories:
- Enrollment processing and reporting:
 - Program daily processing:
 - Communication materials:
 - Internet management:
 - Complaint process:
 - Transition /conversion:
 - Program enhancements:
 - Service Purchase processing:
 - Reconciliation:

- A.22.g. Provide a list of individuals who shall comprise the Vendor's proposed Implementation Team and submit brief resumes, as applicable, for each team member. Include individuals for the following categories:
- Enrollment processing and reporting:
 - Program daily processing:
 - Communication materials:
 - Internet management:
 - Complaint process:
 - Transition /conversion:
 - Program enhancements:
 - Service Purchase processing:
 - Reconciliation:

- A.22.h. Provide brief resume(s) identifying key personnel for the Vendor's subcontractor who shall be responsible for any administrative and/or managerial functions of the Contract which shall include a listing of the Vendor-related duties and length of time contracted with the Vendor.

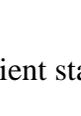
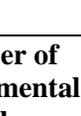
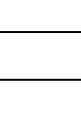
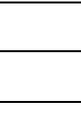
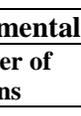
Subcontractor Personnel Resumes:

- A.22.i. Confirm that **ALL** relevant personnel's licensure(s), including subcontractors if applicable, shall be validated and current throughout the entire term of the Contract.

- A.23. TPA Vendor shall identify five (5) major employers or organizations of similar Program size and/or asset base for which the Vendor currently provides TPA products and/or services. One (1) reference should have as its current account team lead, the same as is proposed to manage the Texa\$aver Program account.

For these five (5) employer or organizations, Vendor shall provide the company name, the Vendor's primary contact, title, and telephone and facsimile numbers of representatives who are familiar with the services provided, the number of participant accounts by Plan type, and total AUM for the administered book of business. Indicate the nature of the Vendor's relationship with the organization.

Note: The Vendor’s response to this request officially authorizes ERS to contact these organizations or any other entity to discuss the services and other considerations which the Vendor has provided for DC Program administration services and authorizes the organizations or any other entities to provide such information to ERS, and shall release and hold harmless ERS and the organization/other entity of any and all liability whatsoever, in connection with providing and receiving all such information. **The Vendor may not provide sponsoring, or parent organizations, subsidiaries, or subcontractors as references.**

Company Name: 
 Account Primary Contact: 
 Title: 
 Telephone Number: 
 Facsimile Number: 
 # of Administered Participant Accounts, 401(k): 
 # of Administered Participant Accounts, 457: 
 Total Assets under Management: 
 Type of Relationship: 

A.24. Indicate TPA’s DC recordkeeping and administration client statistics by number of participants:

Number of Participants in Plan	Number of DC Plans	Number of Governmental DC Plans	Number of Governmental 457 Plans	Number of Governmental 401(k) Plans
Up to 1,000				
1,000 to 5,000				
5,000 to 10,000				
10,000 to 25,000				
25,000 to 50,000				
More than 50,000				
Total				

A.25. Indicate how many governmental DC plan clients and participants TPA has gained and lost in the last three (3) years?

Year	Governmental Clients Added		Governmental Clients Lost	
	Number of Plans	Number of Participants	Number of Plans	Number of Participants
2008				
2007				
2006				

A.26. Advisory Service Vendor shall identify five (5) major employers or organizations of similar size and/or asset base for which for which the Vendor currently provides Advisory Services. One (1) reference should have as its current account team lead, the same as is proposed to manage the TexaSaver Program account.

For these five (5) employer or organizations, Vendor shall provide the company name, the Vendor's primary contact, title, and telephone and facsimile numbers of representatives who are familiar with the services provided, the number of participant accounts by Plan type, and total AUM for the advised book of business. Indicate the nature of the Vendor's relationship with the organization.

Note: The Vendor's response to this request officially authorizes ERS to contact these organizations or any other entity to discuss the services and other considerations which the Vendor has provided for DC Program Advisory Services and authorizes the organizations or any other entities to provide such information to ERS, and shall release and hold harmless ERS and the organization/other entity of any and all liability whatsoever, in connection with providing and receiving all such information. **The Vendor may not provide sponsoring, or parent organizations, subsidiaries, or subcontractors as references.**

Company Name:
Account Primary Contact:
Title:
Telephone Number:
Facsimile Number:
of Advised Participant Accounts, 401(k):
of Advised Participant Accounts, 457:
Total Assets under Management:
Type of Relationship:



A.27. Custodian Vendor shall identify five (5) major employers or organizations of similar size and/or asset base for which for which the Vendor currently provides Custodian services. One (1) reference should have as its current account team lead, the same as is proposed to manage the TexaSaver Program account.

For these five (5) employer or organizations, Vendor shall provide the company name, the Vendor's primary contact, title, and telephone and facsimile numbers of representatives who are familiar with the services provided, the number of participant accounts by Plan type, and total AUM for the advised book of business. Indicate the nature of the Vendor's relationship with the organization.

Note: The Vendor's response to this request officially authorizes ERS to contact these organizations or any other entity to discuss the services and other considerations which the Vendor has provided for DC Program custodian services and authorizes the organizations or any other entities to provide such information to ERS, and shall release and hold harmless ERS and the organization/other entity of any and all liability whatsoever, in connection with providing and receiving all such information. **The Vendor may not provide sponsoring, or parent organizations, subsidiaries, or subcontractors as references.**

Company Name: [Redacted]
Account Primary Contact: [Redacted]
Title: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]
of Participant Accounts, 401(k): [Redacted]
of Participant Accounts, 457: [Redacted]
Total Assets under Management: [Redacted]
Type of Relationship: [Redacted]

A.28. Provide the names of **ANY** organizations (with more than 50,000 employees) that have **non-renewed** the Vendor's services, other than because of mergers and acquisitions, within the last five (5) years. What is the name, title and telephone number of the representative of the entity who is familiar with the services and other consideration the Vendor provides? The number of employees and participant accounts by Plan type for whom a DC Program has been administered and the total amount of assets under management? Indicate the nature of the Vendor's relationship with the entity.

Note: The Vendor's response to this request officially authorizes ERS to contact these organizations or any other entity to discuss the services and other considerations which the Vendor has provided for DC Program services and authorizes the organizations or any other entities to provide such information to ERS, and shall release and hold harmless ERS and the organization/other entity of any and all liability whatsoever, in connection with providing and receiving all such information.

Company Name: [Redacted]
Account Primary Contact: [Redacted]
Title: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]
of Participant Accounts, 401(k): [Redacted]
of Participant Accounts, 457: [Redacted]
Total Assets under Management: [Redacted]
Type of Relationship: [Redacted]

- A.29. Provide the names of **ANY** organizations (with more than 50,000 employees) that have **terminated** the Vendor's services, other than because of mergers and acquisitions, within the last five (5) years. What is the name, title and telephone number of the representative of the entity who is familiar with the services and other consideration the Vendor provides? The number of employees and participant accounts by Plan type for whom a DC Program has been administered and the total amount of assets under management? Indicate the nature of the Vendor's relationship with the entity.

Note: Vendor's response to this request officially authorizes ERS to contact these organizations or any other entity to discuss the services and other considerations which the Vendor has provided for DC Program services and authorizes the organizations or any other entities to provide such information to ERS, and shall release and hold harmless ERS and the organization/other entity of any and all liability whatsoever, in connection with providing and receiving all such information.

Company Name:
Account Primary Contact:
Title:
Telephone Number:
Facsimile Number:
of Participant Accounts, 401(k):
of Participant Accounts, 457:
Total Assets under Management:
Type of Relationship:



- A.30. Identify the number of plans Vendor currently administers that utilize an automatic enrollment process.

- A.31. Does Vendor currently offer TPA, Advice, and/or Custodial Services in the state of Texas? Yes No

If so, identify all of the Vendor's current clients, the service types provided, and their relative plan size.

B. Financial Reporting Requirements

- B.1. Vendor shall provide copies of the Vendor's 2006 and 2007 audited financial statements.

- B.1.a. For each year contracted, the Vendor shall submit a copy of its annual audited financial statement, by the last business day of June, beginning June 30, 2009. Affirm that the Vendor will provide financial statements as required.

- B.2. Vendor shall provide a copy of the Vendor's most recent statement by March 31, 2009.

- B.3. Please disclose any relationships, contractual, employment or otherwise, with affiliates, investment firms, or any person or entity that could present a conflict of interest with the Vendor's role as a TPA for the Texa\$aver Program.

- B.3.a. Please disclose any relationships, contractual, employment or otherwise, with affiliates, investment firms, or any person or entity that could present a conflict of interest with the Vendor's role as an Advisor for the TexaSaver Program.
- B.3.b. Please disclose any relationships, contractual, employment or otherwise, with affiliates, investment firms, or any person or entity that could present a conflict of interest with the Vendor's role as Custodian for the TexaSaver Program.
- B.3.c. Is your company a subsidiary or affiliate of another company?
 Yes No
- If yes, provide full disclosure of all direct or indirect ownership and include an organization chart depicting the parent company, other companies owned by the parent company, and any subsidiary relationships.
- B.4. What is the last date when Vendor's organization had a change in its business structure, whether through an acquisition or divestiture or through an alliance arrangement?
 If applicable, how did this change in business affect the recordkeeping division?
- B.5. Does the Vendor have a sponsoring or parent company?
- B.5.a. Does the Vendor have any understandings, legal relationships or financial agreements with any other entity? Yes No
- B.5.b. If yes, state the name and address of any sponsoring or parent organization, or others who provide financial support to the Vendor and please describe.
- Full Legal Name: 
 Mailing Address: 
 Type of Support: 
 Type of Relationship: 
- B.5.c. Provide an indication of the type of such support, i.e., guarantees, letters of credit, etc., if applicable.
- B.5.d. Provide the maximum limits of additional financial support from other entities or persons, if applicable.
- B.5.e. Provide a copy of the sponsoring or parent organization's most current audited financial statement, if applicable.
- B.5.f. What steps has the Vendor taken to ensure that such relationships do not constitute a conflict of interest?
- B.6. Provide a list reflecting all persons or entities that have a 20% or greater ownership interest in the Vendor.
- B.6.a. Provide a list reflecting all persons or entities that have a 20% or greater ownership interest in the Vendor's sponsoring or parent company, if applicable.

- B.7. Provide a copy of the Vendor's current SAS 70, Level 2, report, if applicable.
- B.7.a. Provide a copy of the Vendor's sponsoring or parent company current SAS 70, Level 2, report, if applicable.
- B.8. Provide copies of ratings and reports on the Vendor issued by all independent rating organizations or similar entities; e.g., A.M. Best's, Moody's, Standard & Poor's, etc. **The Vendor shall not refer ERS to rating resource websites in lieu of providing the requested information.**
- B.9. Vendor shall confirm compliance with the Sarbanes-Oxley Act of 2002, if applicable.
- B.9.a. Vendor shall confirm compliance with the Pension Protection Act of 2006, if applicable.
- B.10. Confirm that Vendor and its Agents, to the best of Vendor's knowledge are presently in compliance with all existing state and federal laws and regulations, a violation of which would or could materially adversely affect its ability to fulfill its obligations and understandings as set forth herein and in the contract.

C. Legal Disclosure Requirements

- C.1. Describe any litigation, regulatory proceedings, investigations, and/or inquiries completed, pending or threatened against the Vendor and/or any of its related affiliates, officers, directors or parent companies subcontractors and any individuals identified by Vendor who will be performing any products and/or services required under the RFP and Contractual Agreement during the **past ten (10) years** from date of proposal submission. Identify the case number, date filed, full style of each suit, proceeding or investigation including county and state, regulatory body and/or federal district, and provide a brief summary of the matters in dispute, current status and resolution if any. The Vendor shall not refer ERS to any third party websites in order for ERS to obtain this information.

Case Number: 
Date Filed : 
County, State: 
Regulatory Body: 
Brief Summary: 
Current Status: 
Resolution:

C.2. Provide a schedule and describe in detail previous contract implementation breakdowns, performance assessments, and/or contract breaches for the **past ten (10) years** (if any) by the Vendor, and discuss all measures the Vendor took to rectify the situation or remedy the breach. Please separate by governmental and non-governmental clients indicating the reason for the assessment in the amount paid. **List in most recent chronological order.**

Governmental:

Non-governmental:

Action taken to Resolve Issue:

Assessment Amount Paid:

C.3. Confirm that neither Vendor nor any of its affiliates subsidiaries, employees, principals, directors, or officers, nor, to its knowledge, Vendor's agents, assigns, representatives, independent contractors, and/or subcontractors, who are involved, either directly or indirectly, in Vendor's performance of the Contract, are or may, in the time such parties become involved, be the subjects of any inquiry, investigation, or prosecution by any state or federal regulatory or law enforcement authority, including but not limited to such actions by the U.S. Department of Justice or the offices of any states' attorney general, the U.S. Department of Labor, or any self regulatory organization with oversight authorizing over Vendor or such parties concerning any violation of state and federal statutes, rules, regulations, or other laws.

C.3.a. Describe any investigations, proceedings or disciplinary actions by any state regulatory agency, states' attorney general or any other law enforcement or applicable oversight body against the Vendor and/or any of its related affiliates, officers, directors and any person or subcontractor performing any part of the services or providing any of the products and/or supplies in connection with the Contract during the **past five (5) years**. Identify the full style of each disciplinary action, proceeding or investigation including county and state, regulatory body and/or federal district, and provide a brief summary of the matters in dispute, current status and resolution, if any. The Vendor shall not refer ERS to any third party websites in order for ERS to obtain this information.

Case Number:

Date Filed :

County, State:

Regulatory Body:

Brief Summary:

Current Status:

Resolution:

C.4. Describe any pending agreements, negotiations, and/or offers to merge or sell your organization. This should include any joint ventures or other financial arrangements regarding a pending change in ownership of Vendor's organization that could affect the services described in Vendor's proposal or affect your organization's financial ability to meet its obligations under a contract with ERS.

C.4.a. Disclose any obligation or arrangement to purchase another firm that would involve substantial commitment of assets or capital.

- C.4.b. If applicable, outline the anticipated timelines for the actions reflected in Vendor's responses to items C.4. and C.4.a.
- C.4.c. Confirm that Vendor shall notify ERS' DC Manager or designee immediately upon reaching any form of binding agreement in connection with any merger, acquisition or reorganization of the Vendor's management as permitted by applicable law. [REDACTED]
- C.5. Confirm that Vendor shall contact ERS' DC Manager or designee with any anticipated changes to the ERS Account Management and/or Implementation Team(s) structure and Vendor's Senior Officers. [REDACTED]
- C.6. Does the Vendor sell or report any data from its clients, either specifically or in aggregate, to any organizations? Yes No
- C.6.a. If so, disclose all such arrangements and information shared, in detail. [REDACTED]
- C.7. Provide a copy of the TPA Vendor's fidelity and liability declarations page reflecting the required coverage limits as specified in the Contractual Agreement. [REDACTED]
- C.7.a. The TPA *Price Proposal* shall designate an amount of no less than \$1.6 million of the fidelity bond required in the Contractual Agreement to cover TexaSaver Program internal administrative expenses for the term of the Contract. ERS reserves the right to modify the amount to be allocated by TPA annually to cover internal administrative expenses. [REDACTED]
- C.7.b. Provide a copy of the Advice Vendor's fidelity and liability declarations page reflecting the required coverage limits as specified in the Contractual Agreement. [REDACTED]
- C.7.c. Provide a copy of the Custodial Vendor's fidelity and liability declarations page reflecting the required coverage limits as specified in the Contractual Agreement. [REDACTED]
- C.8. Describe the various types of insurance coverage and indemnification provided to protect clients, including for each insurance type: risks covered, carriers, levels, limits, and deductibles.
- C.9. Describe the errors and omissions coverage of the advice provider.
- C.10. Confirm that Vendor will indemnify ERS for advice and managed account services provided to participants by your organization?
- C.10.a. Describe the fiduciary responsibilities of the Plan sponsor, the Advice Provider, and any other parties involved.
- C.11. If applicable for the services proposed in the Vendor's response, confirm that no portion of field representative compensation will be based on the participant's usage of proposed services?

C.12. Are the proposed investment advice/managed account services contingent on the award of the TPA services contract? Yes No

XII. Deviations

ERS shall interpret any lack of deviation as the DC Vendor's full agreement to the provisions of the Contract Agreement(s) and RFP requirements unless specifically noted. **ERS shall interpret the DC Vendor responses to match the specifications herein except for deviations specifically noted and described in response to this item. Deviations will not become a part of the final Contract unless expressly agreed to by ERS in writing and accepted by the Board. In all cases, the RFP and all Contractual Agreement terms shall control. In the event of any conflict between the two, the terms of the Contractual Agreement(s) shall prevail.**

1. Affirm that the DC Vendor shall comply with all of the *Instructions to Proposers Requirements* described in **Article I** of this RFP.

Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the DC Vendor proposal and these specifications.

DC Vendor Requested Deviation Detail: _____

2. Affirm that the DC Vendor shall comply with all of the *Financial and Structure Requirements* described in **Article IV**, of this RFP.

Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the DC Vendor proposal and these specifications.

DC Vendor Requested Deviation Detail: _____

3. Affirm that the DC Vendor shall comply with all of the *TPA Services Requirements* described in **Article V**, of this RFP.

Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the DC Vendor proposal and these specifications.

DC Vendor Requested Deviation Detail: _____

4. Affirm that the DC Vendor shall comply with all of the *Advisory Services Requirements* described in **Article VI**, of this RFP.

Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the DC Vendor proposal and these specifications.

DC Vendor Requested Deviation Detail: _____

5. Affirm that the DC Vendor shall comply with all of the *Custodian Services Requirements* described in **Article VII**, of this RFP.

Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the DC Vendor proposal and these specifications.

DC Vendor Requested Deviation Detail: _____

6. Affirm that the DC Vendor shall comply with all of the **Communication Requirements** described in **Article VIII**, of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the DC Vendor proposal and these specifications.

DC Vendor Requested Deviation Detail:

7. Affirm that the DC Vendor shall comply with all of the **Operational Specifications** described in **Article IX**, of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the DC Vendor proposal and these specifications.

DC Vendor Requested Deviation Detail:

8. Affirm that the DC Vendor shall comply with all of the **Price Proposal and Program Fees Requirements** described in **Article X**, and be bound to the rates the DC Vendor provides in response to the Rate Proposal Section of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the DC Vendor proposal and these specifications.

DC Vendor Requested Deviation Detail:

9. Affirm that the DC Vendor shall comply with all of the **Vendor Organizational Information** described in **Article XI**, of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the DC Vendor proposal and these specifications.

DC Vendor Requested Deviation Detail:

10. Affirm that the DC Vendor shall comply with all of the **Interrogatories** described in **Article XIII**, of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the DC Vendor proposal and these specifications.

DC Vendor Requested Deviation Detail:

11. Affirm that the DC Vendor shall comply with all of the provisions in the **Contractual Agreement(s)** provided in **Appendix B** of this RFP.
 Affirm Affirm with the proposed Deviation.

If applicable, enumerate and provide a detailed description of each Contractual Agreement deviation.

DC Vendor Requested Deviation Detail:

XIII. Interrogatories

Instructions: The Interrogatories are organized by section according to the three (3) services sought as part of this RFP. Vendors are only required to respond to the section(s) for which they are submitting a proposal. The sections include: (A) Third Party Administrator; (B) Investment Advisory Services; (C) Custodian Services.

In order for the TexaSaver proposal to be considered and accepted, the Vendor shall provide true and correct answers to all of the questions presented in this Article. In all cases, each question shall be answered thoroughly, in detail, and preceded by the question to which the response pertains. Reference should not be made to a prior response, or to another document, unless the question involved specifically provides such an option. To ensure that the Vendor has a complete understanding of all ERS requirements, **carefully read the earlier articles of this RFP** before responding to any of the questions. For purposes of the Contract and this RFP, Vendor necessarily includes the TPA, Advice, Custodian Provider or its officers, directors, employees, representatives, agents, subsidiaries, affiliates and any subcontractors and independent contractors. The cost of the requirements described in this Article shall be recovered by the Vendor(s) only by making provision of such expenses in the Vendor(s) *Price Proposal*.

Answers to the questions included in this Article should be detailed enough to satisfactorily explain the Vendor's position on each particular topic. It is the Vendor's responsibility to respond to these questions in such a way that ERS has a full and complete understanding of the Vendor's intent. **It is important that the Vendor clearly define all key words and phrases used in answering these questions.** Vendor's proposal shall use the terms defined in the Contract and this RFP only as they are so defined.

Vendor shall provide individualized responses to any other questions for which the Vendor believes such responses are necessary in order to fully disclose differences in processes or procedures which may exist among different products and services, if any, included in the Vendor's proposal.

A. Third Party Administrator

A.1. General TPA Information

- A.1.a. Discuss the key advantages of contracting with your organization, as the TPA. Include in TPA's response, a description of particular differentiators that set your organization apart from others in the industry. [REDACTED]
- A.1.b. Provide a brief history of TPA's participation in DC programs. List the state government 401(k) and 457 Plans administered and identify the approximate assets of each.
- A.1.c. Identify other governmental 401(k) and 457 (city or county) plans administered with assets over \$1 billion.
- A.1.c.1. Identify the number of corporate/private sector defined contribution plans administered with assets over \$1 billion.

- A.1.d. Indicate the position and actions TPA has taken during the past year on the following market industry events:
- The PPA federal legislative changes;
 - Market timing and short term trading;
 - Economic downturns; and
 - The government and media scrutiny of fee disclosures to Program participants.
- A.1.e. Describe how the TPA’s organization will ensure that the Texa\$aver Program shall remain in compliance with all federal and state regulations.
- A.1.f. Describe how the TPA’s organization will routinely inform ERS of changes in federal requirements, revisions to accounting standards, pending federal legislation or regulations.
- A.1.g. Of those staff previously identified in Article XI, *Organizational Information*, discuss who would be directly and fully involved in the implementation ongoing administration, record keeping, and/or marketing of the Program.
- A.1.h. Indicate the Advice Providers with whom the TPA Vendor currently has a working relationship.
- A.1.h.1. Confirm that the TPA Vendor will cooperate and agree to work with the Advice Provider selected through this RFP process and specifically identify any limitations the TPA Vendor anticipates regarding this arrangement.
- A.1.i. Indicate the Custodians with whom the TPA Vendor currently has a working relationship.
- A.1.i.1. Confirm that the TPA Vendor will cooperate and agree to work with the Custodian selected through this RFP process and specifically identify any limitations the TPA Vendor anticipates regarding this arrangement.
- A.1.m. Describe TPA’s ability to work effectively with an independent/outside Advisory Service Vendor to ensure that participant balances and investment elections are accurate.
- A.1.m.1. Describe TPA’s ability to work effectively with an independent/outside Custodian Service Vendor.
- A.1.n. Confirm TPA’s ability to facilitate bi-weekly operational/customer service meetings via conference calls with ERS, to include the preparation of agendas and record minutes.

A.2. TPA Processing Capabilities

- A.2.a. Describe TPA ability to make determinations to approve or disapprove all hardship withdrawal requests in accordance with clearly defined IRC rules and regulations.
- A.2.a.1. Confirm that the TPA (and not the employer) shall determine all eligibility for hardship and unforeseeable emergency requests.

- A.2.b. Describe TPA's ability to coordinate target date retirement funds based on participant's age, etc.
- A.2.c. Describe TPA's ability to coordinate business transactions with a self-directed brokerage fund, currently Schwab, on behalf of the Texa\$aver Program.
- A.2.d. Describe TPA's procedure to provide transaction confirmations to participants.
- A.2.e. Identify any defined contribution plan clients for whom TPA administers a Roth 401(k) Program.
- A.2.f. Describe TPA's ability to accept and manage state matching contributions.
- A.2.g. Describe TPA's ability to process and provide 1099R Forms for participant distributions.
- A.2.h. Describe the TPA's ability to provide administration under §401(a)(9), regarding minimum distributions.
- A.2.h.1. Describe TPA's process for managing an RMD payment when the deadline occurs during a weekend or holiday period.
- A.2.i. Describe TPA's capabilities to administer Auto Enrollment processes, including:
 - Refunds;
 - Notifications; and
 - Confirmations.
- A.2.j. Describe TPA process and capabilities for administering a multiple loan program and discuss the following:
 - Various loan modeling;
 - Amortization schedules;
 - Methods of loan distributions;
 - Accounting of loan against on participant account;
 - Limitations, warnings, handling of delinquent and or defaulted loans;
 - Flexibility on loan repayment processing;
 - Loan servicing; and
 - Loan reporting.
- A.2.k. Indicate if TPA proposes to retain loan fees or if they are to be returned to ERS.
- A.2.l. Describe TPA's ability to have a mechanism in place to enforce federal and fund manager rules related to excessive trading.
- A.2.m. Describe TPA's ability to program its system for short term redemption fees, equity washes, etc. for the various funds.
- A.2.n. Provide a description of TPA's market timing policy.
- A.2.o. Describe TPA's ability to process service purchases following delivery of an SFTP Texa\$aver Program file with email notification from ERS.

- A.2.p. Is TPA capable of processing rollover requests for service purchases on a daily basis? Yes No
- A.2.q. Describe TPA's ability to adjust participant accounts (at least quarterly) to distribute mutual fund expense reimbursements, if any, received from mutual funds that are held by the Plans.
- A.2.q.1. Confirm the ability to apply money specifically to participants in the funds providing reimbursement (not simply to all participants in Plans).
- A.2.r. Confirm that Vendor will provide legal analysis in connection with program administration at no additional cost other than as specifically reflected in Article X, *Price Proposal*.
- A.2.r.1. Describe TPA's ability to complete all class actions paperwork on behalf of the Texa\$aver Program at no additional cost.
- A.2.r.2. Specifically identify all tasks that the TPA will provide in support of this process and outline any tasks that TPA is not capable or cannot perform in this area.
- A.2.s. Describe TPA's ability to coordinate the following: death processing; separate accounts; beneficiary communication; and skip-trace capabilities.
- A.2.s.1. Describe TPA's ability to process the following: QDROs; class action lawsuits; tax levies; and bankruptcies.
- A.2.t. Describe TPA's ability to process De Minimis (one-time distributions) and letters, the overall processes shall include the ability to work with a Prior 457 Plan.
- A.2.u. Describe TPA's ability to perform and report daily valuations of participant accounts and investments.
- A.2.v. Outline the various types of internal analysis of client-specific data that TPA has developed providing the basis for program enhancements and/or improvements that could be recommended for this Program.
- A.2.w. Indicate TPA's capability to integrate the State's DB Program information to reflect accurately a participant's comprehensive retirement savings portfolio.
- A.2.w.1. As noted herein, TPA shall have the capability of reporting Defined Benefit asset allocations. Discuss TPA's capability to reflect such information in the following mediums:
- Statements;
 - Internet; and
 - Marketing/Enrollment materials.
- A.2.x. Describe the TPA's process for implementing plan design changes.
- A.2.x.1. How much advance notice is required for a new investment option to be added?

- A.2.x.1.i. How much advance notice is required for a fund to be replaced (including mapping of assets)?
- A.2.y. Confirm the TPA's capability to support all investment options selected by ERS, including current investment options available and any other investments selected in the future.
- A.2.y.1. Specifically identify any investment products TPA is unable to support or would require additional costs to support.
- A.2.y.2. Describe your standards for performance in participant service. Assume all data, wires or other requests are received in reasonably good condition and before your cutoff time for the day, and that any required employer approvals have been received.

Activity	Quality Standard (business days)	Average Actual 2007 (business days)
Contribution reconciliation and posting	Days from receipt of payroll data	Days from receipt of payroll data
Contribution investment	Days from receipt of deposit	Days from receipt of deposit
Withdrawals paid (paperless)	Days from receipt of request	Days from receipt of request
Withdrawals paid (forms)	Days from receipt of form	Days from receipt of form
Distributions paid (paperless)	Days from receipt of request	Days from receipt of request
Distributions paid (form)	Days from receipt of form	Days from receipt of form
Loans paid (paperless)	Days from receipt of request	Days from receipt of request
Loans paid (form)	Days from receipt of form	Days from receipt of form
Investment fund transfers settled	Days from receipt of request	Days from receipt of request
Rollovers into the plan processed and invested	Days from receipt of deposit	Days from receipt of deposit
Confirmations mailed	Days from execution of transaction or request	Days from execution of transaction or request
Participant statements mailed	Days from period end	Days from period end
Ad hoc reports produced	Days from request	Days from request

- A.2.z. Describe the TPA's approach for handling return mail and unclaimed property/dormant accounts.
- A.2.z.1. Describe TPA's process that would coordinate with the Program Custodian in identifying uncashed checks and resolving stale date items on a monthly basis.
- A.2.aa. Describe TPA's quality control process. How are services to participants monitored and enforced for accuracy and consistency?
- A.2.bb. Provide a sample of TPA's Operations Procedures Manual for ERS review.
- A.2.cc. Confirm that TPA shall customize the procedures manual at ERS' direction.
- A.2.dd. Describe TPA's ability to coordinate limits and define the level of interface with pre- and post-tax contributions.
- A.2.ee. Define the process to ensure employee deferrals have been collected and invested in a timely manner.
- A.2.ff. Describe TPA's procedures for ensuring that the plans will be in balance on a daily basis. What accounting methods does TPA use for daily valuations?
- A.2.gg. How often does TPA reconcile trust assets to participants' records? Does TPA ensure that the plan is in balance on a daily basis? If so, describe how.
- A.2.hh. Describe TPA's escalation procedures to include, but not be limited to:
- File load errors;
 - Reporting errors;
 - Processing errors;
 - Customer Service complaints;
 - Security or Fraud breach; and
 - System failure.
- A.2.ii. Confirm that for processing errors made by TPA, Program participant accounts will be made whole at TPA's expense.
- A.2.jj. Describe TPA's method of storing documents and provide policy on records retention.
- A.2.kk. As referenced in Article V.F.3., describe TPA's annuity service that shall be available to participants interested in annuitizing their account(s).

A.3. TPA Reporting Capabilities

- A.3.a. Describe any unique reporting capabilities that differentiate TPA from its competitors. Indicate source of data and reports that TPA can provide to assist ERS in benchmarking its Program.
- A.3.a.1. Provide detail on TPA's ability to provide Trends Reports such as, but not be limited to:
- i.e. surveys and analysis;
 - distribution reports and trends; and
 - number of rollouts going to outside Vendors and who they are going to.
- A.3.a.2. Describe TPA's ability to show Texa\$aver Program monthly enrollments by region and employer of Texas.
- A.3.a.3. Describe TPA's ability to provide quarterly service review with State agencies and institutions of higher education and include detailed program reports (to be provided seven (7) business days in advance including trends, illustrative charts, strategy and communications; for Executive Office and staff).
- A.3.a.4. Describe TPA's ability to provide RMD processing and reports, list of participants receiving RMDs and sample letters to ERS in March and November of each contract year.
- A.3.b. Describe the TPA's quality control process to ensure that reports provided to plan sponsors are accurate.
- A.3.c. Describe TPA's ability to collect and report to ERS, charges that cover the cost of administration, on a percentage, and/or per capita, or transaction basis.
- A.3.d. Provide a thorough listing and sample copies of the TPA's standard reporting package and include production schedules.
- A.3.d.1. Provide a list of all reports that are available to ERS via the Internet.
- A.3.e. Describe reports provided on a regular basis at no cost. Indicate the frequency of these reports.
- A.3.f. Describe reports that are typically requested by the TPA's clients for a fee. Indicate the frequency of these reports.
- A.3.g. Identify and describe which reports can be utilized to identify problems and monitor contract performance. Indicate the frequency of these reports.
- A.3.h. Provide detail on TPA's ability to provide *ad hoc* reports that can be designed, requested and delivered to ERS in both paper and electronic formats.
- A.3.h.1. Indicate how long it would take *ad hoc* reports to be produced and delivered to ERS.
- A.3.i. Discuss how the TPA can provide ERS with the capability to conduct Internet queries, which will interface with the TPA's database to generate *ad hoc* reports and extract Program-specific information.

A.3.i.1. Describe the reporting system that will be installed at ERS to enable independent, Internet data queries by ERS staff.

A.4. TPA Account Management Team

A.4.a. Describe the organization and structure of the proposed TPA account team that shall provide ongoing program support for the Texa\$aver Program.

A.4.b. Briefly outline the management philosophy for the TPA's account team to include account management structure and approach.

A.4.c. Where would the Team Lead for the proposed TPA's account team be located?

A.4.c.1. Discuss whether the TPA's Team Lead would be 100% dedicated to the Texa\$aver Program? If not, identify the proposed percentage of time devoted to the Texa\$aver Program.

A.4.d. Provide the location of the proposed TPA's account team's primary office and identify the names and contact information of its related support staff.

- Account Team primary location;
- Related Support Staff;
- Contact Name; and
- Contact Information.

A.4.e. Regarding the current clients managed by the TPA's account team, how many participants does that represent?

A.4.f. What is the TPA's account manager client turn-over rate for the past two (2) years?

A.4.g. What was the total staff turnover for 2007 within TPA's company?

- Identify the number of full-time employees ("FTE") in company;
- Provide the number of FTE turnover; and
- Reflect the percentage of turnover.

A.5. TPA Customer Service

A.5.a. Customer Service Representatives ("CSRs")

A.5.a.1. Describe the TPA's Customer Service unit and specify the following:

- The manner in which the Customer Service unit is accessed (i.e. phone, general mail, email);
- The Customer Service unit's hours of operation;
- The Customer Service unit's procedures for issue escalation;
- After hours;
- During periods of a system failure; and
- During periods of disaster recovery.

A.5.a.2. How will the TPA's Customer Service unit be staffed?

A.5.a.3. What is the turnover rate for the TPA's non-management Call Service staff?

- A.5.a.4. Outline the customer service team structure that would be assigned to ERS. Include information on the experience of customer service representatives to be assigned. Will these representatives be dedicated to ERS or shared?
- A.5.a.4.i. If the customer service team is shared, discuss how the sharing arrangement will impact the TexaSaver Program.
- A.5.a.5. Describe how the TPA ensures that its CSRs are providing timely and accurate information to Program Participants.
- A.5.a.6. Describe the process for CSR's inability to answer a participant's question.
- A.5.a.6.i. How does the TPA monitor "first call resolution" and/or Participant inquiries that fail to get resolved?
- A.5.a.7. How are participant calls, logged and tracked, and who has access to that information?
- A.5.a.7.i. How long does your organization maintain recordings of calls?
- A.5.a.8. Briefly describe the training that each TPA CSR receives in order to provide specific TexaSaver Program customer service. Include the length of time it takes to go from training onset to the point of customer contact.
- A.5.a.8.i. List the minimum licensing requirements and education that your CSRs will have.
- A.5.a.9. Does the TPA expect to make major changes to its customer service organization or facilities within the next four (4) years (e.g., moving to a different location, reorganizing or merging units)? If so, please describe and indicate implementation dates. Yes No

A.5.b. TPA Call Center

- A.5.b.1. Describe the TPA call center's telecommunications system. [REDACTED]
- A.5.b.2. How are after-hours calls to the Call Center managed? [REDACTED]
- A.5.b.2.i. Identify where the call center staff is located that would provide services to the Program. Does the primary staff perform work outside of a central United States office?
- A.5.b.2.ii. Identify the percentage of call center staff located outside of the United States, and discuss how Vendor's company monitors the performance of this group.
- A.5.b.2.iii. Can the TPA send recordings of calls via e-mail to ERS if requested?
- A.5.b.3. Does the TPA's Call Center system support TTY, also known as a Telecommunications Device for the Deaf ("TDD"), technologies?
 Yes No
- A.5.b.4. Does the TPA's Call Center system support Spanish-speaking participants?
 Yes No

A.5.b.5. Confirm the TPA's ability to maintain the TexaSaver toll free number (800) 634-5091 and create a toll free facsimile number for Program participants.

A.5.b.6. Do call center representatives have access to account documents via an imaging system? Yes No

A.5.c. TPA Call Center Monitoring

A.5.c.1. What management procedures are in place to monitor response time and quality?

A.5.c.2. Identify and describe the various reporting capabilities of the call center system. [REDACTED]

A.5.c.3. Describe the TPA's calculation methodology applicable to the proposed call center reporting metrics requirements referenced in Article XI, *Organizational Information*.

A.5.c.4. Does the TPA record all phone calls? Yes No

A.5.c.5. If so, does the TPA notify all parties that their conversations are being electronically recorded and stored? Yes No

A.5.c.6. Can the TPA provide ERS with the ability to monitor live customer service calls in Austin? Yes No

A.5.c.7. Does the TPA's customer service system allow representatives to record comments so other CSRs can review previous notes to assist participants?
 Yes No

A.5.c.8. Describe TPA's ability to provide Call Center Statistical reports reflecting compliance with all Program requirements.

A.6. TPA Communication and Program Education

A.6.a. TPA Communication

A.6.a.1. Describe Vendor's commitment to provide trained and Program-knowledgeable communications representative(s) for Program promotion and education. Indicate the number of dedicated and non-dedicated communication personnel to be allocated.

A.6.a.2. Provide examples of materials TPA has developed for public client plans that have received particular recognition and/or accolades (i.e. NAGDCA, P&I, etc.).

A.6.a.3. Describe the process (e.g., regular mail, e-mail, newsletters, etc.) for notifying TexaSaver participants of:

- Investment transfers;
- Deferral changes;
- Auto Enrollment options;
- Balance changes; and
- Regulatory changes.

- A.6.a.4. Describe the TPA's customized communication capabilities. Indicate how these capabilities impact cost and quality for the TPA's clients.
- A.6.a.5. Identify the annual number of group meetings and number of one-on-one consultations Vendor proposes to be provided by the education and enrollment staff.
- A.6.a.5.i. Describe TPA's measure of effectiveness regarding the outcomes of such consultations provided by Vendor's education and enrollment staff.

A.6.b. TPA Program Education

- A.6.b.1. Describe TPA's proposed education program to include on-site, group education and retirement planning sessions on an on-going basis. Indicate the titles of the subjects that are covered in this education program. No description necessary.
- A.6.b.2. How will TPA CSRs explain the differences between the 401(k) and 457 Plans to Program participants? Provide sample materials if available.
- A.6.b.3. What standard materials does Vendor provide to participants who have separated from State employment (i.e. termination package) that become eligible for distributions?
- A.6.b.4. Describe TPA's video or web-based educational programs available to participants and retirees. Indicate the classes/courses currently available or under development for deployment by September 1, 2009. No description necessary.
- A.6.b.5. Indicate TPA's ability to do prospective modeling for participants on loans and provide personalized information on how loan request(s) will impact retirement account growth.
- A.6.b.6. Indicate how the TPA provides personalized information to participants on how different contribution amounts will affect the level of savings at retirement (i.e. balance forecasts).
- A.6.b.7. Describe in detail the payout counseling services that TPA representatives will provide. Counseling should, at a minimum, include reviewing the payment options and the associated advantages and disadvantages, including tax impact.
 - A.6.b.7.i. Provide samples of all written materials and applications that TPA proposes to send to participants who have requested payout information.
 - A.6.b.7.ii. Describe how TPA representatives will assist participants in completing payout applications.
 - A.6.b.7.iii. Describe how TPA will communicate the different payment options to Texa\$aver participants.
- A.6.b.8. Provide a sample participant statement.
 - A.6.b.8.i. Are participant statements mailed to the participant's home?

A.6.b.8.ii. Can statements be e-mailed rather than mailed? If yes, who makes this choice?

A.7. TPA Fees

A.7.a. Describe the TPA’s experience in providing cost containment enhancements to former and current clients.

A.7.b. Provide details if your firm offer an alliance relationship and identify any “offset” to expenses.

A.7.c. Outline the proposed process a TPA would follow if a fee adjustment becomes necessary when a predetermined number of participants or assets are added or removed from the Program.

A.7.d. Describe how participants receive full disclosure about the fees and expenses that are charged to their account, including any costs that are deducted from their account net of investment returns.

A.8. TPA’s Participant Satisfaction

A.8.a. Complaint Handling

A.8.a.1. Provide a detailed description of the TPA’s complaint processing procedures for the following:
Participant complaint received by phone;
Participant complaint received by mail;
Participant complaint received by email; and
Participant complaint received by a Texa\$aver Program Vendor.

A.8.a.2. Describe the TPA’s complaint resolution policies for each of the complaint types listed above.

A.8.b. Surveys

A.8.b.1. Does the TPA currently perform participant satisfaction surveys?
 Yes No

A.8.b.2. If yes, how frequently are the survey’s conducted?

A.8.b.3. If applicable, provide a copy of the TPA’s latest survey for a similar sized program and its results.

A.8.b.4. Does an outside organization perform the survey? Yes No

A.8.b.4.i. Discuss how the survey is conducted and include the methodology for reporting outcomes.

A.8.b.5. Describe how the TPA utilizes survey findings to enhance services, increase Vendor efficiencies, and potentially reduce Program expenses.

A.9. TPA Audits

A.9.a. Are on-site audits performed at the TPA? Yes No

- A.9.b. Describe the frequency, types of audits, and who performs these audits.
- A.9.c. Describe TPA ability to work proficiently with external auditors and other Texa\$aver Program Vendors.
- A.9.d. Are recordkeeping system controls and administrative procedures audited by an independent accounting company on a regular basis?
 - A.9.d.1. Confirm the frequency of TPA’s Statement of Auditing Standards (“SAS”) 70 audit.
 - A.9.d.2. Discuss, if any, the plans that TPA provides recordkeeping services for that have been audited by the Internal Revenue Service (“IRS”). If so, what were the outcomes?
- A.9.e. TPA shall provide a copy of its most recent Operational audit. If not available, please explain.

A.10. TPA’s Technology

A.10.a. Information and Data Reporting Systems

- A.10.a.1. Describe TPA’s recordkeeping system to be utilized in the services provided in this RFP to include:
 - Hardware platforms(s) used to support your recordkeeping services;
 - Implementation date;
 - Historical upgrades and dates;
 - Future upgrades [with scheduled dates] being considered;
 - System down times over the last 12 months other than for routine maintenance; and
 - System’s ability to interface with PeopleSoft.
 - A.10.a.1.i. For systems used to conduct Texa\$aver program business, address the following:
 - Describe fault tolerance and redundancy for technical infrastructure.
 - Describe any single points of failure for technical infrastructure.
- A.10.a.2. Indicate whether TPA’s recordkeeping system is owned, or subcontracted from another organization.
 - A.10.a.2.i. If the recordkeeping system is not owned by the TPA, indicate if, and to what extent, TPA is allowed to modify the subcontractor’s system.
- A.10.a.3. Is the TPA’s recordkeeping system updated daily to reflect account values (i.e. investment fund changes, interest earnings, posted fees collected, contributions, etc.)?

Yes No
- A.10.a.4. What quality assurance processes are provided in the TPA’s system to ensure accurate changes in programming?
- A.10.a.5. Describe how TPA would notify ERS on changes of management for both infrastructure and application related changes.

A.10.a.6. What kind of edit checks do you complete on incoming data feeds? How would you work with clients to resolve data discrepancies discovered in editing the data? What is the resolution process?

A.10.a.6.i. How would TPA work with clients to resolve data discrepancies discovered in editing the data?

A.10.a.6.ii. Discuss the resolution processes in managing data discrepancies?

A.10.a.7. Describe any system limits on the number of investment options that can be available and identify any cost to changing, adding or mapping assets.

A.10.a.8. Will ERS have “Internet, real time” access to the plan’s records? Yes
 No

If yes, describe the access functionality, connectivity and communications platforms.

A.10.a.9. Describe your IVR system and discuss the following:

- Services available;
- Implementation date;
- Historical upgrades and dates;
- Future upgrades [with scheduled dates] being considered;
- System down times over the last 12 months other than for routine maintenance; and
- Customization capabilities.

A.10.b. Website

A.10.b.1. Confirm the TPA’s ability to maintain and update the TexaSaver website using ERS’ existing domain site: www.texasaver.com. Yes No

A.10.b.1.i. Provide the address and any access codes/passwords necessary to test TPA’s Internet transaction capabilities.

A.10.b.2. Using ERS’ domain and web address, describe the TPA’s capabilities to include, but shall not be limited to:

- Inquiry and transactional processing services;
- Internet enrollment;
- Beneficiary elections and changes;
- Participant requests: loan, hardship and distribution;
- Election and contribution changes;
- Integration of data from the State’s Defined Benefit Program; and
- Customization options for TexaSaver.

A.10.b.3. Briefly describe future Internet upgrades, to reflect scheduled deployment dates, being considered.

A.10.b.4. Outline and briefly discuss TPA’s system down times over the last twelve (12) months.

A.10.b.5. Describe TPA’s approach in communicating with Program participants on any changes to Internet services, including, but not limited to, login procedure changes and new website features.

A.10.b.6. Describe the TPA’s customized web messaging capabilities. Indicate how these capabilities impact cost or quality for the TPA’s clients.

A.10.b.6.i. Indicate how these capabilities impact cost or quality for the TPA’s clients?

A.10.b.7. Indicate with a “Y” or “N” which services are available to participants through each technology in the following chart.

	Operator Assisted	Voice Response	Internet	Describe process if not available through technology
Custom greeting using client name				
Ongoing enrollment:				
Request forms				
Select elections				
Initial/rollout enrollment:				
Select elections				
Plan information (e.g., contribution, transfer, and withdrawal rules)				
Fund performance				
Account balance:				
By fund				
Tools and information:				
Asset allocation tool				
Materials for non-English speaking participants				
Fund profiles				
Request plan document				
Investment transfers of existing balances:				
Rearrange balances				
By percent				

	Operator Assisted	Voice Response	Internet	Describe process if not available through technology
By dollar amount				
Changes in payroll deferral percentage (salary deferral)				
Initiate catch-up				
Suspend contributions				
Contribution rate modeling				
Change investment direction for future contributions				
Hardship/ Unforeseen Emergency withdrawals:				
Learn amount available				
Request form				
Request withdrawal (paperless)				
Loans:				
Request application form				
Review loan guidelines				
Request loan (paperless)				
Loan modeling				
Final distribution:				
Learn amount available				
Tax modeling				
Model payment options available on final distribution				
Request form				
Request distribution (paperless)				
Participant addresses:				

	Operator Assisted	Voice Response	Internet	Describe process if not available through technology
Request form				
Make changes				
Beneficiary:				
Initial designation				
Request form				
Make changes				
PIN:				
Establish PIN				
Change PIN				
Request lost PIN				
Statements on demand:				
Last quarterly statement				
Current balance				
Personal rate of return				
Participant specified period				
Transactions since last period				

A.10.c. Data

A.10.c.1. Briefly describe TPA’s process to include, but not limited to, the following:

- Cleaning identified data issues;
- Eliminating the occurrence of future data issues;
- Identifying invalid records;
- Correcting invalid records;
- Confirming all participant accounts have an eligible beneficiary on file;

- SFTP;
- Encryption;
- Single Sign-on;
- Weekend processing; and
- Security (physical, data, etc.).

A.11. Anti-Fraud and Abuse Processes

A.11.a. Describe the procedures and systems the TPA uses to prevent, detect and investigate **external** fraud and related issues, and include in the description a detailed outline of how such processes shall be utilized in connection with the Texa\$aver Program.

- A.11.b. Discuss what measures the TPA employs to prevent and detect TPA **employee** fraud or abuse (i.e., background checks, confidentiality agreements, security monitoring equipment, etc.). Indicate the duration and expense TPA will absorb to provide free credit monitoring service if a program participant is impacted by such an occurrence.
- A.11.b.1. Indicate whether Vendor will provide free credit monitoring service to affected participant(s)
- A.11.c. When fraud and/or abuse is detected or suspected, discuss TPA's communication processes with both ERS and affected participant(s).
- A.11.d. TPA shall submit its Anti-fraud plan with Vendor's response to this RFP.
- A.11.e. Discuss TPA's specific ability to secure Program participant's data and prevent inappropriate account access by unauthorized users.

A.12. Disaster Recovery/Business Continuity Plan

- A.12.a. Describe the most severe disaster experienced by TPA, including when it occurred, what happened, how TPA dealt with it, and the effect of the established disaster recovery systems TPA had in place had on plan sponsors and its participants.
- A.12.b. Related to TPA's support functions, what are the TPA's contingency plans and procedures for providing back-up service in the event of strike, act of God, backlog, or other events that might interrupt, or shut-down service?
- A.12.c. Provide a copy of the TPA's disaster recovery plan and/or business resumption plan including the results of the TPA's most recent successful test of the plans. [REDACTED]

A.13. TPA's Implementation / Conversion

- A.13.a. Describe how TPA proposes to communicate implementation and Program changes to participants.
- A.13.a.1. If respondent is the incumbent TPA Vendor, describe the service or price changes that are included in TPA's *Price Proposal* and how those are proposed to be communicated.
- A.13.b. How many conversions has TPA conducted in the last twelve (12) months?
- A.13.b.1. How many conversions are currently scheduled to be completed in the next twelve (12) months?
- A.13.b.1.i. Describe your experience with conversions from the incumbent TPA if any, and if applicable, identify the most recent client transitioned from the incumbent and when the transition occurred.
- A.13.b.1.ii. How many conversions and implementations has your company conducted during the past three (3) years involving 20,000 or more participants?

- A.13.c. Describe in detail the TPA’s plan to ensure minimal participant disruption in converting to a new TPA.
- A.13.d. Discuss any specific problems of incorporating TPA’s Implementation Plan into the existing recordkeeping system.
- A.13.e. Discuss how a blackout period, if any is required by TPA to conform with the Sarbanes-Oxley Act for participant notification.
- A.13.f. Provide a timetable and method of transfer of all data to convert to a new TPA for the Texa\$aver Program.
- A.13.g. Confirm that account balances shall be reconciled to the current TPA statements prior to transfer.

B. Investment Advisory Services

B.1. General Advice Information

- B.1.a. Discuss the key advantages of contracting with your organization, as the Advisor. Provide a description of particular differentiators that set your organization apart from other industry competitors.
- B.1.b. Indicate the investment advisory services that will be provided to ERS (i.e., Morningstar ClearFuture, Financial Engines, etc.)and describe the generally accepted investment theories that form the basis for Vendor’s advice model.
- B.1.c. Indicate if the advisory service to be provided to Texa\$aver Program participants is offered in partnership with an outside company. If so, please identify.
 - B.1.c.1. Describe the due diligence processes utilized for selecting the partner and outline specifically those services to be provided.
- B.1.d. Provide a brief history of Advisor’s participation in DC programs and indicate the total number of defined contribution plans for which the organization currently provides Advisory services.
- B.1.e. Indicate the position and actions the Advisor has taken during the past year on the following market industry events:
 - The PPA federal legislative changes;
 - Market timing and short term trading;
 - Economic downturns; and
 - The government and media scrutiny of fee disclosures to Program participants.
- B.1.f. Describe how the Advice Provider will ensure that the Texa\$aver Program shall remain in compliance with all federal and state regulations.
- B.1.g. Disclose whether an “eligible investment expert”, as required under 29 U.S.C. 1109(g)(3)(C)(iii), has certified the Vendor’s investment advice computer model? Yes No
 - B.1.g.1. If yes, disclose the entity and date that provided such certification.

- B.1.h. Has Advice Provider received a favorable annual audit report from an independent auditor regarding compliance requirements under 29 U.S.C. 1109(g)?
- B.1.h.1. When is the next such audit scheduled?
- B.1.h.2. Identify the independent auditor?
- B.1.h.3. Provide a copy of the written report.
- B.1.i. Discuss how Vendor will provide disclosures to advice recipients as required by 29 U.S.C. 1109(g)(6) and provide an example of the written disclosures required under 29 U.S.C. 1109(g)(6) that Vendor proposes for use.
- B.1.j. Discuss how Vendor proposes to maintain evidentiary compliance with 29 U.S.C. 1109(g) for a minimum of six (6) years as required by 29 U.S.C. 1109(g)(9) and include in your discussion where the evidence shall be maintained?
- B.1.k. Of those staff previously identified in Article XI, *Organizational Information*, discuss who would be directly and fully involved in the implementation, ongoing administration, Record-Keeping and/or marketing of the Program.
- B.1.l. Describe the degree to which Advisor is able to customize advice services to accommodate different types of investment behaviors.
- B.1.m. Discuss how the Advisor will ensure that Plan participants obtain impartial and balanced information about the Plans' investment options.
- B.1.m.1. Indicate how Advisor will ensure that there will not be conflicts of interest between the advice provider and the investment provider's products and services.
- B.1.n. Provide all copies of Advisor's Operations Procedures Manual for ERS' review.
- B.1.o. Identify how many and what percentage of the existing TPA clients have subscribed to financial advice service.
- B.1.p. Describe Advisor's ability to work effectively with an independent/outside TPA service Vendor to ensure that participant balances and investment elections are accurate.
- B.1.q. Describe Advisor's ability to work effectively with an independent/outside Custodian Service Vendor.
- B.1.r. Confirm Advisor's ability to facilitate bi-weekly operational/customer service meetings via conference calls with ERS to include the preparation of agendas and record minutes.
- B.1.s. Describe Advisor's escalation procedures to include, but not be limited to:
- File load errors;
 - Reporting errors;

- Processing errors;
- Customer Service complaints;
- Security or Fraud breach; and
- System failure.

- B.1.t. Describe Advisor's method of storing documents and provide policy on records retention.
- B.1.u. Describe Advisor's ability to offer an Internet Basic Advice Program as described in Article VI, *Advisory Services*.
- B.1.v. Indicate costs for having this service available to all Program Participants.
- B.1.v.1. Describe how the Internet Basic Advice Program will integrate Defined Benefit Program balances for appropriate allocation recommendations.
- B.1.w. Describe Advisor's ability to offer Professional Account Management services as described in Article VI, *Advisory Services*.
- B.1.w.1. Indicate costs for the Professional Account Management service available to Program Participants with an aggregate Program balance of at least \$5,000.00.
- B.1.w.2. Describe how the Professional Account Management services will integrate Defined Benefit Program balances for appropriate allocation recommendations.
- B.1.x. Discuss and specifically outline the evaluation criteria used for Advice recommendations. Vendor's response should include the following criteria: (past performance, fees, asset allocation, market sections, market cap, etc.)?
- B.1.y. Describe the Advisor's weighting methodology used for recommendations affecting an average portfolio of large-cap, mid-cap and small-cap.
- B.1.z. Confirm Advice Provider's willingness to become licensed to do business in the state of Texas.

B.2. Advice Processing Capabilities

- B.2.a. Provide details on the general information and/or advice anticipated to be provided to a Texa\$aver Program participant relating, but not limited to:
- Asset allocation recommendations;
 - Time horizons and risk profiles;
 - Future retirement income needs; and
 - Evaluation of various asset allocations to a participant's retirement income.
- B.2.b. Discuss how Vendor's investment advice will meet the needs of different types of Program participants.
- B.2.c. Define how Advisor's investment advice program ensures a diversified portfolio for the Plan participants.

B.2.d. Is Vendor's investment advice program capable of considering a participant's investments outside of the TexaSaver Program, such as IRAs, Defined Benefit Program balances, and/or spousal retirement income? Yes No

B.2.e. Do advice recommendations provided by the Advisor allow a participant to customize the outcomes based on Plans investment options? Yes No

B.3. Advice Reporting Capabilities

B.3.a. Describe any unique reporting capabilities that differentiate Advisor from its competitors. Indicate source of data and reports that Advisor can provide to assist ERS in benchmarking its Program.

B.3.a.1. Provide detail on TPA's ability to provide Trend Reports such as, but not limited to:

- surveys and analysis;
- distribution reports and trends; and
- number of rollouts going to outside Vendors and who they are going to.

B.3.a.2. Does the Advisor perform an internal analysis of client-specific data to develop recommendations for program enhancements and improvements?

B.3.a.3. Describe Advisor's ability to provide quarterly service review with State agencies and institutions of higher education and include detailed program reports (to be provided seven (7) business days in advance including trends, illustrative charts, strategy and communications for Executive Office and staff.

B.3.b. Provide a thorough listing and sample copies of the Advisor's standard reporting package and include production schedules, with Advisor's proposal response.

B.3.c. Describe reports provided on a regular basis at no cost. Indicate the frequency of these reports.

B.3.d. Describe reports that are typically requested by the Advisor's clients for a fee. Indicate the frequency of these reports.

B.3.e. Identify and describe which reports can be utilized to identify problems and monitor contract performance. Indicate the frequency of these reports.

B.3.f. Provide detail on Advisor's ability to provide *ad hoc* reports that can be designed, requested and delivered to ERS in both paper and electronic formats.

B.3.f.1. Indicate how long it would take ad hoc reports to be produced and delivered to ERS.

B.3.f.2. Discuss how the Advisor can provide ERS with the capability to conduct Internet queries, which will interface with the Advisor's database to generate *ad hoc* reports and extract Program-specific information?

B.4. Advice Account Management Team

- B.4.a. Describe the organization and structure of the proposed Advisor account team that shall provide ongoing program support for the Texa\$aver Program.
[REDACTED]
- B.4.b. Briefly outline the management philosophy for the Advisor's account team to include account management structure and approach.
- B.4.c. Where would the Team Lead for the proposed Advisor's account team be located? [REDACTED]
- B.4.d. Provide the location of the proposed Advisor's account team's primary office and identify the names and contact information of its related support staff.
[REDACTED]
- Account Team main location:
 - Related Support Staff:
 - Contact Name:
 - Contact Information:
- B.4.e. Regarding the current clients managed by the Advisor's account team, how many participants does that represent?
- B.4.f. What is the Advisor's account manager and Team Lead turn-over rate for the past two (2) years?

B.5. Independent Advice Provider ("IAP")

Investment services offered by an advice company that is independent of a TPA service provider shall be referred to as an IAP. IAPs shall be measured on quality of general customer service provided to participants. If your company is not an IAP, please skip this section and proceed to section B.6. below.

B.5.a. IAP Customer Service

- B.5.a.1. Describe the IAP's Customer Service unit by reflecting the following:
- The manner in which the IAP Customer Service unit is accessed (i.e. phone, general mail, email);
 - The IAP Customer Service unit's hours of operation;
 - The IAP Customer Service unit's procedures for issue escalation;
 - After hours;
 - During periods of a system failure; and
 - During periods of disaster recovery.
- B.5.a.2. How will the IAP Customer Service unit be staffed.
- B.5.a.3. What is the turnover rate for the Advisor's non-management IAP Call Service staff?
- B.5.a.4. Outline the IAP customer service team that would be assigned to ERS. Include information on the experience of IAP customer service representatives to be assigned. Will these IAP representatives be dedicated to ERS or shared?

- B.5.a.5. Describe how the IAP team ensures that its CSRs are providing timely and accurate information to Program Participants.
- B.5.a.6. Discuss how the IAP team monitors “first call resolution” and/or Participant inquiries that fail to get resolved.
- B.5.a.7. Discuss Advice provider’s ability, and proposed methods to annually reach-out to Texa\$aver participants who enroll in the Professional Account Management service. Include in the discussion how Vendor proposes to perform an annual review of the participants Texa\$aver account(s), and explain how Vendor will attempt to contact the majority of PAM participants.
 - B.5.a.7.i. Discuss the methods Vendor will employ to provide ERS with auditable measures of the success for the processes identified and discussed in the item reflected above at: B.5.a.7.

B.5.b. IAP Call Center

- B.5.b.1. Describe the IAP call center’s telecommunications system. [REDACTED]
- B.5.b.2. How are after-hours IAP calls managed? [REDACTED]
- B.5.b.3. Identify and describe the various reporting capabilities of the IAP call center system. [REDACTED]
- B.5.b.4. Describe the IAP’s calculation methodology applicable to the proposed call center reporting metrics requirements referenced in Article IX, *Operational Specifications*.
- B.5.b.5. Does the IAP’s system support TTY, also known as a Telecommunications Device for the Deaf (“TDD”), technologies? Yes No
- B.5.b.6. Does the IAP’s call system support Spanish-speaking participants? Yes No
- B.5.b.7. Describe IAP’s process to coordinate with TPA to receive participant calls originated to TPA’s call center.
- B.5.b.8. Does the IAP call center’s inquiry system allow representatives to record comments so other Advisors can review previous notes to assist participants? Yes No

B.6. Advice Call Monitoring

Participants shall have the ability to speak with an advisor to discuss retirement savings needs and asset allocations without regard if the Advisor is an IAP or a TPA-affiliated provider. The following are applicable to these participant calls.

- B.6.a. Does the Advisor record all phone calls to speak with an investment advisor? Yes No

- B.6.b. Does the Advisor notify all parties that their conversations are being electronically recorded and stored? Yes No
- B.6.c. Can the Advisor provide ERS with the ability to monitor live investment advice calls? Yes No
- B.6.d. Does the Advisor's inquiry system allow advisors to record comments so other Advisors can review previous notes to assist participants? Yes No

B.7. Advice Communication and Program Education

B.7.a. Advice Communication

- B.7.a.1. Describe Advisor's commitment to provided trained and Program-knowledgeable communications representative(s) for Program promotion and education. Indicate the number of communication personnel to be allocated.
- B.7.a.2. Provide examples of materials Advisor has developed for public client plans dedicated and non-dedicated that have won awards (i.e. NAGDCA, P&I, etc.).
- B.7.a.3. Describe the process (e.g., regular mail, e-mail, newsletters, etc.) for notifying Texa\$aver participants of:
- Investment Fund Offerings;
 - Balanced Asset Allocations;
 - Investment Strategies;
 - Benefits of Professional Advice Management Services; and
 - Regulatory changes.
- B.7.a.4. Describe the Advisor's customized communication capabilities. Indicate how these capabilities impact cost or quality for the Advisor's clients?

B.7.b. Advice Program and Retirement Planning Education

- B.7.b.1. Describe Advisor's proposed education program to include on-site, group education and retirement planning sessions on an on-going basis. Indicate the titles of the subjects that are covered in this education program. No description necessary.
- B.7.b.2. Describe Advisor's video or web-based educational programs available to participants and retirees. Indicate the classes/courses currently available or under development for deployment by September 1, 2009. No description necessary.
- B.7.b.3. Indicate Advisor's ability to do prospective modeling for participants on loans and provide personalized information on how loan request(s) will impact retirement account growth.
- B.7.b.4. Indicate how the Advisor provides personalized information to participants on how different contribution amounts will affect the level of savings at retirement (i.e. balance forecasts).

B.8. Advice Fees

- B.8.a. Describe the Advisor’s experience in providing cost containment enhancements to former and current clients.
- B.8.b. Define process if fees are to be adjusted when a predetermined number of participants or assets are added or removed from the Program.
- B.8.c. Describe how participants receive full disclosure about the fees and expenses that are charged to their account, including any costs that are deducted from their account net of investment returns.
- B.8.d. Can Advisor Vendor offer a tiered fee system based on a total of \$1.4 billion assets under advisement? Yes No
- B.8.e. What, if any, revenue passes from Advice Provider to ERS?

B.9. Advice Provider’s Participant Satisfaction

B.9.a. Complaint Handling

- B.9.a.1. Provide a detailed description of the Advisor’s complaint processing procedures for the following:
Participant complaint received by phone;
Participant complaint received by mail;
Participant complaint received by email; and
Participant complaint received by a Texa\$aver Program Vendor.
- B.9.b. Describe the Advisor’s complaint resolution policies for each of the complaint types listed above.

B.9.b. Surveys

- B.9.b.1. Does the Advisor currently perform participant satisfaction surveys? Yes No
- B.9.b.2. If yes, how frequently are the survey’s conducts?
- B.9.b.3. If applicable, provide a copy of the Advisor’s latest survey for a similarly sized program and its results.
- B.9.b.4. Does an outside organization perform the survey? Yes No
- B.9.b.5. Describe how the Advisor utilizes survey findings to enhance services, increase Advisor efficiencies, and potentially reduce Program expenses.

B.10. Advice Audits

- B.10.a. Are on-site audits performed at the Advisor? Yes No
- B.10.b. Describe the frequency, types of audits and who performs audits.
- B.10.c. Advisor shall provide a copy of its most recent audit. If not available, please explain.

- B.10.d. Describe Advisor's ability to work proficiently with external auditors and other Texa\$aver Program Vendors.
- B.10.e. Describe how your organization handles audit documentation where paperless processing has occurred.

B.11. Advice Technology

B.11.a. Information Systems and Data Reporting Systems

- B.11.a.1. Provide the names and a general description of the hardware and software systems that the Advisor plans to utilize to provide the services proposed under this RFP.
- B.11.a.2. Describe any upcoming system of software upgrades. Indicate timeframe for the upgrade implementation(s).
- B.11.a.3. What quality assurance processes are provided in the Advisor's system to ensure accurate changes in programming?
- B.11.a.4. Describe how Advisor would notify ERS on changes of management for both infrastructure and application related changes.
- B.11.a.5. What kind of edit checks does Advisor complete on incoming data feeds from other Texa\$aver vendors?
- B.11.a.6. How would Advisor work with ERS and/or other Vendors to resolve data discrepancies?
- B.11.a.7. Describe Advisor's capability to integrate with IVR system provided by TPA and what services could be offered through an IVR system.
- B.11.a.8. Describe any system limits on the number of investment options that can be available to provide investment advice on either the Basic Advice or Professional Account Management service.
- B.11.a.9. How many business days are required by your system to process and distribute confirmation notices following a transaction? Assume all data and requests received are in good order and in good condition before your cut off time for that day.

B.11.b. Website

- B.11.b.1. Confirm the Advisor's ability to support an Advice website to disseminate information on Basic Online Advice and Professional Account Management services. Yes No
- B.11.b.2. Describe the Advisor's website capabilities for Basic Advice services to provide services as specified in Article VI. Include in your description additional capabilities Advisor can provide for Basic Online Advice service.
 - B.11.b.2.i. Describe the Advisor's website capabilities for Professional Account Management service to provide services as specified in Article VI. Include in your description additional capabilities Advisor can provide for Professional Account Management service.

- B.11.b.3. Briefly describe future website upgrades, to reflect scheduled deployment dates, being considered.
- B.11.b.4. Outline and briefly discuss Advisor's system down times over the last twelve (12) months other than for routine maintenance.
- B.11.b.5. Describe Advisor's approach in communicating with Program participants on any changes to online services, including, but not limited to, login procedure changes and new website features.
- B.11.b.6. Describe the Advisor's customized web messaging capabilities. Indicate how these capabilities impact cost or quality for the TPA's clients.
- B.11.b.6.i. Indicate how these capabilities impact cost or quality for the Advisor's clients?

B.12. Anti-Fraud and Abuse Processes

- B.12.a. Describe the procedures and systems the Advisor uses to prevent, detect and investigate **external** fraud and related issues, and include in the description a detailed outline of how such processes shall be utilized in connection with the Texa\$aver Program.
- B.12.b. Discuss what measures the Advisor employs to prevent and detect TPA **employee** fraud or abuse (i.e. background checks, confidentiality agreements, security monitoring equipment, etc.).
 - B.12.b.1. Indicate the duration and costs the Advisor will absorb to provide free credit monitoring service to affected participants.
- B.12.c. When fraud and/or abuse is detected or suspected, discuss Advisor's communication process with both ERS and affected participants.
- B.12.d. Advisor shall submit its anti-fraud plan with its response to this RFP.
- B.12.e. Discuss Advisor's specific ability to secure Program participant's data and prevent inappropriate account access by unauthorized users.

B.13. Disaster Recovery/Business Continuity Plan

- B.13.a. Related to Advisor's support functions, what are the Advisor's contingency plans and procedures for providing back-up service in the event of strike, act of God, backlog, or other events that might interrupt, or shut-down service?
- B.13.b. Provide a copy of the Advisor's disaster recovery plan and/or business resumption plan including the results of the Advisor's most recent successful test of the plans. [REDACTED]

B.14. Advice Implementation / Conversion

- B.14.a. Provide in detail the Advisor's plan to ensure minimal participation disruption in converting to a new Advise Vendor.

- B.14.b. Indicate any specific problems anticipated with incorporating this Program into your Advisory system.
- B.14.c. Indicate if Advisor shall require a blackout period to conform with the Sarbanes-Oxley Act for participant notification. If so, specify required number of hours for the blackout period.
- B.14.d. Provide a timetable and method of transfer of all data to convert to a new Advisor. Account balances must be reconciled to the current Advisory statements prior to transfer.

C. Custodian Services

C.1. General Custodian Information

- C.1.a. Discuss the key advantages of contracting with your organization, as the Custodian and describe particular differentiators that set your organization apart from other industry competitors and fully describe the custodian/trustee services proposed. [REDACTED]
- C.1.b. Does your organization have a single custody/trust relationship?
 Yes No
- C.1.b.1. If so, identify the name of the trust company and the total number of years they have been in operation?
- C.1.c. Indicate the position and actions the Custodian has taken during the past year on the economic downturn.
- C.1.d. Provide a brief history of Custodian's participation in DC programs. Indicate the following:
- Total number of state government 401(k) and 457 plans under custodian services;
 - Public defined contribution assets currently under the custodian;
 - Number of plans under custodian services with assets under management ("AUM") over \$1 billion;
 - Number of years trust/custodial services have been provided to defined contribution plans.
- C.1.e. Describe how the Custodian's organization will routinely inform ERS of changes in federal requirements, revisions to accounting standards, pending federal legislation or regulations.
- C.1.f. Outline the professional qualifications and experience of principals in Custodian's organization who would be directly and fully involved in the implementation, and ongoing administration, record keeping and/or marketing of the Program.
- C.1.g. Describe any pending agreements, negotiations, and/or offers to merge or sell your organization. This should include any joint ventures or other financial arrangements regarding a pending change in ownership of your organization that could affect the services described in your proposal or affect your organization's financial ability to meet its obligations under a contract with ERS. Disclose any obligation or arrangement to purchase another firm that would involve substantial commitment of assets or capital.

- C.1.h. Define the process to ensure employee deferrals have been collected and invested in a timely manner.
- C.1.i. Describe Custodian's procedures for ensuring that the plans will be in balance on a daily basis. Does Custodian use share or unit accounting for daily valuations?
- C.1.j. How often does Custodian reconcile trust assets to participants' records? Do you ensure that the plan is in balance on a daily basis? If so, how?
- C.1.k. Describe Custodian's ability to work effectively with an independent/outside TPA provider to ensure that participant balances and investment elections are accurate.
- C.1.l. Describe Custodian's ability to work effectively with an independent/outside Advice provider.
- C.1.m. Describe Custodian's escalation procedures to include, but not limited to:
- Money transfer fails or errors;
 - Reporting errors;
 - Processing errors;
- C.1.n. Describe Custodian's method of storing documents and provide policy on records retention.
- C.1.o. Are all of your custody/directed trustee services handled internally?

C.2. Custodian Capabilities

- C.2.a. Describe Custodian's Treasury Management Services capabilities to include, but not be limited to:
- Online Banking Fees;
 - Sweep Account fees;
 - Electronic transfer Fees;
 - Per Item Processing Fees;
 - Zero Balance Account/Master Account Fees; and
 - Reconciliation services.
- C.2.b. Describe Custodian's benefit distributions process to include check distribution and electronic payment process including frequency.
- C.2.b.1. What is the limit, if any, for the number of outgoing wires or rollover checks per participant?
- C.2.c. Provide details on any limits or restrictions on the number of checks/electronic transfers available to participants who rollover their distributions.
- C.2.d. Describe the frequency and detail of the statements to be provided to the State. Indicate whether Custodian can provide customization in the cycle date and frequency of statements.
- C.2.e. Fully describe the process Custodian utilizes to reconcile the statements to the TPA's record-keeping system.

- C.2.f. Describe your reconciliation process to ensure participant accounts and total custodial assets are always in balance. What is the frequency of reconciliation?
- C.2.g. Describe your electronic link with the investment managers for updating participants' accounts on the recordkeeping system. Explain your daily updating process.
- C.2.h. Describe any restrictions by investment type that pertain to your custodial services.
- C.2.i. Describe your process to credit ERS with all financial gains.
- C.2.j. Describe your process to debit or bill ERS for any losses and/or fees.
- C.2.k. Describe your system requirements.

C.3. Custodian Reporting Capabilities

- C.3.a. Describe any unique reporting capabilities that differentiate Custodian from its competitors. Indicate source of data and reports that Custodian can provide to assist ERS in benchmarking its Program.
- C.3.a.1. Provide detail on Custodian's ability to provide Trends Reports (such as but not limited to: i.e. surveys and analysis, distribution reports and trends, number of rollouts going to outside Vendors and who they are going to);
- C.3.a.2. Describe Vendor's ability to adequately identify and report all gains from Short Term Investment Funds ("STIFs"), Floats, etc. to ERS on a monthly basis.
- C.3.a.3. Describe Vendor's ability to provide any "float" earned from un-invested contributions, interest, and un-cashed distributions back to ERS.

C.4. Custodian Account Management

- C.4.a. Describe the organization and structure of the proposed Vendor account team that shall provide ongoing program support for the Texa\$aver program. [REDACTED]
- C.4.b. Briefly outline the Vendor's custody management philosophy.
- C.4.c. Where would the person responsible for the proposed Vendor account team be located? [REDACTED]
- C.4.d. Provide the location of the proposed Vendor account team's main office and identify the names and contact information of its related support staff. [REDACTED]
- C.4.e. Regarding the current clients managed by the proposed Vendor custodian team, how many participants does that represent?
- C.4.f. What is the Vendor's custodian team's turn-over rate for the past two (2) years?

C.5. Custodian Customer Service

- C.5.a. Does the Vendor expect to make major changes to its customer service organization or facilities within the next four (4) years (e.g., moving to a different location, reorganizing or merging units)? If so, please describe. Yes No

C.6. Custodian Audits

- C.6.a. Are on-site audits performed at the Custodian? Yes No
- C.6.b. Describe the frequency, types of audits and who performs audits.
- C.6.c. Custodian Advisor shall provide a copy of its most recent audit. If not available, please explain.
- C.6.d. Describe Custodian's ability to work proficiently with external auditors and other Texa\$aver Program Vendors.
- C.6.e. Describe how your organization handles audit documentation where paperless processing has occurred.

C.7. Custodian Technology

C.7.a. Information Systems and Data Reporting Systems

- C.7.a.1. Provide the names and a general description of the hardware and software systems that the Custodian plans to utilize to provide the services proposed under this RFP.
- C.7.a.2. Describe any upcoming system of software upgrades. Indicate timeframe for the upgrade implementation(s).
- C.7.a.2.i. What quality assurance processes are provided in the Custodian's system to ensure accurate changes in programming?
- C.7.a.3. Describe how Custodian would notify ERS on changes of management for both infrastructure and application related changes.
- C.7.a.4. What kind of edit checks does Custodian complete on incoming data feeds from other Texa\$aver vendors?
- C.7.a.4.i. How would Custodian work with ERS and/or other Vendors to resolve data discrepancies?

C.8. Anti-Fraud and Abuse Processes

- C.8.a. Describe the procedures and systems the Custodian uses to prevent, detect and investigate **external** fraud and related issues, and include in the description a detailed outline of how such processes shall be utilized in connection with the Texa\$aver Program.
- C.8.b. Discuss what measures the Custodian employs to prevent and detect TPA **employee** fraud or abuse (i.e. background checks, confidentiality agreements, security monitoring equipment, etc.).

- C.8.b.1. Indicate the duration and costs the Custodian will absorb to provide free credit monitoring service to affected participants.
- C.8.c. When fraud and/or abuse is detected or suspected, discuss Custodian's communication process with both ERS and affected participants.
- C.8.d. Custodian shall submit its anti-fraud plan with its response to this RFP.

C.9. Disaster Recovery/Business Continuity Plan

- C.9.a. Related to Custodian's support functions, what are the Advisor's contingency plans and procedures for providing back-up service in the event of strike, act of God, backlog, or other events that might interrupt, or shut-down service?
- C.9.b. Provide a copy of the Custodian's disaster recovery plan and/or business resumption plan including the results of the Advisor's most recent successful test of the plans. [REDACTED]

C.10. Custodian Implementation / Conversion

- C.10.a. Provide in detail the Custodian's plan to ensure minimal participation disruption in converting to a new Custodian.
- C.10.b. Indicate any specific problems anticipated with incorporating this Program into your Custodian system.
- C.10.c. Indicate if Custodian shall require a blackout period to conform with the Sarbanes-Oxley Act for participant notification. If so, specify required number of hours for the blackout period.
- C.10.d. Provide a timetable and method of transfer of all data to convert to a new Custodian. Account balances must be reconciled to the current Custodian statements prior to transfer.

XIV. Appendices

- A. Signature Page
- B. Contractual Agreement(s): To be published on or after October 17, 2008
- C. Program Statistics
- D. Auto Enrollment Statistics
- E. Performance Guarantees
- F. Current BC Training Manual
- G. Annual Fee Statement Disclosure
- H. ERS Organizational Chart
- I. Service Review Reporting Criteria
- J. PRC Reporting Criteria
- K. ERS Monthly Reports
- L. File Layouts