

Exhibit K

DCP Scope of Services

4.2.1 Implementation of Services

The record keeper must have a transition team on-site in Olympia, Washington, by May 1, 2015 and record keeping system tested and functional no later than May 31, 2015.

If necessary, the record keeper will be required to provide initial transition services prior to the commencement of actual record keeping services. The record keeper will not receive any fees under this contract, other than any previously negotiated start-up or transition costs identified in their Fee Proposal, until the effective date that record keeping services commence, expected to be July 1, 2015.

The record keeper must provide any requested advice and counsel to DRS during the period before the contract effective date and establish written and actual procedures for handling all participant activities.

The record keeper will accomplish the following tasks during this implementation period:

- Assign a Project or Transition Manager to manage all aspects of the implementation and transition
- The record keeper must also prepare a detailed implementation plan for the DCP outlining all the steps necessary to set up participant data records, create interfaces with DRS and the investment providers, and establish enrollment and reconciliation procedures for data and trust/custody/investment accounts.
- Provide, 30 days prior to the implementation date, a manual of tasks, rules, and procedures for operation of DCP, including a description for record keeper employees of how all services, which are provided hereunder, are to be performed. The record keeper will review this manual and update it if necessary, and will submit such changes to DRS for its review and approval.
- A record keeper implementation team must be available and on-site in Olympia, Washington, for the two-month period before and the one-month period following the effective date of the assumption of record keeping services.
- The successful Respondent will be expected to work with DRS to create an implementation project plan for developing a compatible system that feeds data back and forth from the record keeper and DRS utilizing the existing file data layouts (see **Exhibit H**), in a manner determined by DRS, to successfully administer the Plans. The successful Respondent will need to be on-site at DRS during the transition period to validate that requirements have been appropriately determined, systems have been designed to meet DRS requirements, and adequate testing has been completed to ensure the systems handle

data appropriately and are robust enough to deal with the transaction volume. The successful Respondent will also work with DRS staff to provide staff training on all aspects of the record keeping system and (working with DRS) to ensure that all necessary procedures have been addressed and documented. The post implementation time will be used to address system and business issues that were not anticipated during transition, if necessary.

- With the DRS, the record keeper will develop and mail a written transition guide to all participants describing the various services the record keeper will be providing and how to access them. A brochure on how to use the Voice Response System (VRS) and Internet access must be included. Costs for this communication shall be included with the Fee Proposal.
- The record keeper's customer service telephone must be staffed with a sufficient number of qualified customer service representatives to answer participant questions about the change in record keepers.
- The record keeper will put at risk a stated dollar amount for each day that the record keeper misses the agreed-upon implementation dates after receiving data in "good-order". Please see the performance standards on page 73 in the questionnaire.
- The record keeper will develop and provide to DRS an initial and on-going communication and education plan. The on-going plan must be reviewed, updated and submitted to DRS annually. The plan will identify how record keeper will:
 - Establish contacts with appropriate DRS staff and departments.
 - Hire necessary staff.
 - Establish participant master files through electronic transmission from DRS utilizing the existing data feeds and file layouts. These data transmissions may also include member defined benefit information that will be incorporated into a financial education program to be discussed in greater detail below.
 - Set up interfaces with all investment fund managers, the Plan custodian and WSIB, and arrange for change of authorizations as needed.
 - Establish written procedures for handling all participant activities including transfers, employee contributions, rollovers, and termination/withdrawals.
 - Train DRS staff on accessing and using the record keeping system as well as any applications and/or tools currently available or to be developed in the future.

The record keeper's assistance will be provided in such a manner that an implementation plan audit can be completed by DRS or its contracted auditors within 90 days after the implementation date.

4.2.2 Communications

The record keeper must assist with the implementation of a financial education program incorporating aspects of the Plan 3 (DB/DC) and the DCP to achieve DRS' goal of ensuring retirement readiness for employees.

DRS will provide in-person training to personnel of the selected vendor(s) at a location to be mutually agreed upon relative to the statutory provisions, rules, policies and procedures of DRS necessary to provide any services procured under this RFP for the plans. The duration of the training will be determined by DRS on an as needed basis.

This education program must include outreach to all eligible employees and will be designed with input by the selected vendor, DRS and/or any consultants/resources the DRS deems necessary. DRS anticipates a robust education program incorporating multiple delivery strategies/methods including but not limited to:

- Periodic benefits statement incorporating aspects of the DC and DB plans as well as Social Security estimates
- Potential call center services for DCP
- Web-based tools and applications
- Smartphone/tablet technology
- Videos and/or video conferencing technology
- Group-level employee sessions throughout the State
- One-on-one employee sessions conducted by licensed field representatives throughout the State
- Other new and innovative techniques/methods

A matrix outlining the current role of DRS with respect to the DCP and the expected transition of employee communication and education to the selected vendor is listed in **Exhibit Q**.

A. Development of a Customized Education Plan

The record keeper will be required to design a customized communication campaign for DCP that will result in effective and professional retirement, investment and plan educational materials. The record keeper will be required to assist DRS in designing a communication plan that will provide for regular, ongoing communication with participants using these materials. This plan will include a description of the tailored communication materials and recommendations on the method and frequency with which these materials will be distributed (e.g., statement stuffers distributed at group educational meetings, left at employment locations and personnel offices, mailed by the record keeper, etc.) and may include some, but not all of the following:

- Assist and support the development of educational presentations and tools
- Communicate regularly with the DRS Education & Outreach Team and Communications Team to review materials, coordinate activities and maintain open lines of communication.
- Develop, with the input and approval of DRS, video presentations* explaining:
 - Overview of DCP
 - DCP investment information
 - DCP distribution information
 - Benefits of DCP for younger participants
 - Benefits of DCP for mid-career participants
 - Understanding Your DCP Quarterly Statement
 - Age-Based Investing
 - Career Transitions
 - Special Savings Week campaigns such as National Save for Retirement Week (October) and Washington Saves Week (February).

*Videos may include voiceover PowerPoint presentations or traditional videos, should be 20 minutes or less in length, and must be approved by DRS. Videos must be available for web delivery; however DRS may request copies for distribution to various state and local personnel offices and other locations. The Contractor will be required to modify and reproduce videos in the event of changes.

- Develop Retirement Planning Calculators and make them available on the website:
 - Retirement Savings Calculators
 - Take-Home Pay Estimator
 - Life Expectancy Estimator
 - Deferred Compensation Program Disbursement Schedule Calculator
- In person education to include:
 - Group training sessions for participants and potential participants of DCP at employer locations throughout the state.
 - Training Topics will include:
 - Getting to Know Washington State's DCP
 - Withdrawing from DCP
 - Understanding DCP Investment Options
 - Vendor will work with individual employers to schedule training, register participants, market the event, and provide an electronic evaluation process for each presentation.
 - Represent Washington State's DCP at employer benefit fairs that occur around the State.

- Vendor will keep DRS Education and Outreach informed of training schedule to allow coordination of services.
- Schedule, register participants, host and record live webinars with subject matter experts internally from DRS and externally to provide education on a variety of Retirement Readiness topics, including Washington State's DCP. Recorded webinars should be reviewed and approved by DRS before they are added as links to the web site.
- Provide twice yearly training to DRS team members on
 - Investment options
 - Distribution options (including annuity options)
 - Other cross-training that will improve the customer's overall experience.

B. General Requirements

Publications must present an unbiased approach to investment information and should educate participants about all aspects of DCP, including retirement planning, investment options offered, and performance and distribution selections. The information must provide information on record keeper services. The record keeper will distribute a fund prospectus to participants upon request. Fund prospectuses shall be available via the Web site as well.

One of DRS' objectives is to provide clear, concise and professional plan communication materials. The record keeper will be responsible for preparing, at the direction of DRS, all plan communications materials in both printed and HTML format (for posting on DRS' intranet/Internet Deferred Compensation Web site). Preparation includes the design, HTML formatting, printing and, where necessary, the mailing of all materials, including the quarterly DCP newsletter.

The record keeper will be required to prepare professional brochures, publications and forms for participants. All publications and forms must be tailored to DCP and developed with the understanding that DRS will actively participate in the design, drafting and approval of these communication pieces. DRS will be responsible for review and comment and may request edits and redrafting of materials. DRS will require the record keeper to provide communication materials in specific formats to ensure files are efficiently exchanged between DRS and the record keeper. DRS currently uses a PC platform and software which includes:

- Adobe Creative Cloud (Audition, After Effects, Dreamweaver, Illustrator, InDesign, Photoshop, Premier, Presenter)
- Microsoft Windows 7
- Microsoft Office 2013 (Access, Excel, Project, PowerPoint, Visio, Word)

DRS will maintain native files for all publications. DRS may elect to make revisions in the native format. Record keeper will provide input as requested during development, design,

review and publication cycle. Record keeper will send finished publication through its internal compliance review process.

All materials produced by the record keeper are for the sole use of DCP participants and are the property of DRS. All materials must reflect the branding of the DCP, and will not highlight or otherwise serve as a vehicle to promote the record keeper. The DCP branding will apply not only to printed materials, but also to the custom Web site and toll free phone line.

C. Written Communication Materials

The record keeper will be required in consultation with DRS to prepare brochures, publications, and forms for participants. Copies of the brochures, publications, and forms produced by the record keeper currently provided to DCP participants are available on the DCP Web site at <https://washington.gwrs.com/login.do>. DRS requires the selected record keeper to provide at a minimum these types of publications.

The record keeper will be required to update forms and publications when necessary due to changes in investment options, plan rules or procedures or other changes. There may also be new forms required as a result of changes in federal or state legislation affecting DCP. The record keeper may also be required to produce additional publications as required by DRS. All materials produced by the record keeper for DCP are for the sole use of DCP participants and are the property of DRS.

The record keeper will prepare self-enrollment packages, which will be distributed by DRS at group meetings, available at various state and local entity work locations, available to be printed from DRS' Web site, and provided in response to an employee's request to the record keeper. The packages must present all information in a complete and concise manner so that an employee could enroll in DCP without assistance. DRS currently is the primary contact for enrollment activities; however, the record keeper must also be staffed to assist employees with the completion of the enrollment form.

DRS processes and stores original documents and correspondence in an electronic document image management system. The record keeper will be required to develop designated participant forms in formats suitable for recognition via Optical Character Recognition (OCR) software and black-and-white scanning. DRS uses industry-common high speed scanners for imaging documents at 200dpi. The record keeper will be required to coordinate forms development with DRS.

i. Plan Administrative Forms

The record keeper, at DRS' direction and approval, will prepare the various requested plan administration forms and materials to administer DCP. These forms will include, but are not limited to, enrollment and deferral change forms, beneficiary designation forms, investment transfer request forms, address change forms, hardship applications, withdrawal forms and

investment company prospectuses. Forms must include instructions on how to complete the form and where the completed form should be sent.

Samples of the forms currently used are available on the DCP Web site at <https://washington.gwrs.com/login.do>.

ii. Fulfillment Services

The record keeper will be required to print enough materials to ensure an adequate supply is available. Publications and forms must be mailed/shipped by the record keeper to DRS and all DCP participating employers. DRS currently maintains a supply of all DCP materials on-site and expects the vendor to be able to restock that supply with one week's notice. The record keeper will pay the costs of mailing the materials, including postage.

The record keeper must also respond to participant requests for publications and mail them to the participant's address of record. Other specific materials, as determined by DRS, are to be mailed by the record keeper directly to the participant's address of record.

DRS, with assistance from the record keeper, develops a quarterly newsletter that is included with participant quarterly statements of account produced by the record keeper. The record keeper mails statements and newsletters to participants at their address of record. The record keeper will be primarily responsible for the content of the newsletter but DRS may provide articles from time to time.

There may also be additional educational pieces that may be requested by DRS during the contract period. These educational pieces would give participants additional information on investments, retirement planning and distribution election considerations. There may also be new forms or communication pieces that will be prepared by the record keeper as the result of federal or state legislation affecting DCP.

D. Web site

In addition to providing plan communication materials for inclusion on the DRS Web site, the record keeper must design and maintain a custom Web site for the DCP. This Web site must link to and from the DRS Web site. The Respondent's proposal must fully describe this Web site, including all retirement planning and investment-related tools and software in response to the RFP Questionnaire.

The record keeper Web site must:

- Provide Single Sign-On
- Provide the ability to view and print publications and forms online;
- Be able to support online enrollment functionality;
- Have ability to provide streaming video and interactive communication abilities;

- Comply with state guidelines for accessibility to information technology for individuals with disabilities. These guidelines are provided by the Office of the Chief Information Officer for the State of Washington at <https://www.ocio.wa.gov/policies/1000-g1-state-guidelines-%E2%80%93-accessibility-information-technology-individuals-disabilities>
- Provide complete Web-based communications opportunities for participants who do not want to receive written materials;
- Provide administrative website access to DRS personnel
- Provide secured access to participant account information for:
 - Account balance and contribution information and history;
 - Fund transfer and allocation change capability;
 - Ability to view and print quarterly statements online;
 - Ability to request and view personalized statements online for historical periods;
 - Ability to create initial password online to set up account access;
- Include customer support capacities to respond to and trouble-shoot participant technical difficulties;
- Provide access to daily share prices and historical fund performance;

Record keeper should expect and plan for frequent changes. Web site should be designed with flexibility to re-structure and update content often as well as use responsive web design (RWD). Record keeper should test site on multiple platforms, including handheld devices. We expect that as technology changes, our requirements will change.

Record keeper will develop a standardized review schedule for DRS review of Web site updates, and no changes will be made to the vendor Web site without prior DRS approval.

To review the site maintained by the current DCP record keeper, go to <https://washington.gwrs.com/login.do>. Respondents to this RFP should present ideas for expanding current information and describe the kinds of information they currently provide on their Web sites. Any Web site material provided by the record keeper for DCP is customized and for the sole use of DCP participants and potential participants.

DRS is interested in implementing online enrollment. Record keepers will be asked to identify how they would implement this in their response to questions, and identify costs in the Fee Proposal.

E. Financial Modeling Software

The record keeper will develop financial modeling software for all DCP participants and potential participants. The modeling software is subject to DRS review and approval. The software must enable participants or potential participants to calculate:

- The impact of various contribution amounts on their take-home pay;
- Their future account balances at various returns and contribution levels;
- How much income they will need during retirement;

- The amount of expected payments during retirement under various pay out options and assumed rates of return;
- Minimum distribution amounts; and
- Model portfolios.

This software must be:

- Available on laptop computers used by DCP representatives at in-person educational/marketing meetings and presentations;
- Available through the Web site the record keeper will provide for DCP; and
- Provided to DRS for its use in counseling participants.

The existing financial modeling software can be accessed on the DCP Web site at <https://washington.gwrs.com/login.do>.

F. Video

The record keeper may also be required to develop, with the input and approval of DRS, a video explaining DCP and the self-enrollment packages. The video must be available on the DCP Web site; however, DRS may request copies for distribution to various state and local personnel offices and other locations. The record keeper will be required to modify and reproduce the video in the event of changes.

4.2.3 Enrollment

All state and local government employees are eligible to enroll in DCP. DRS currently conducts all in-person enrollment activities, although the record keeper will prepare the self-enrollment packages as described above. Although DRS is currently the primary contact for enrollment activities, the record keeper must also be staffed to provide enrollment counseling to employees who wish to discuss participation over the telephone and to assist employees with the completion of the enrollment form.

Participants will be instructed to send all enrollment forms to DRS. Any forms sent to the record keeper in error must be securely delivered to DRS.

DRS will verify the completeness and accuracy of the forms, and will also be responsible for coordinating the establishment of salary deferrals and changes to deferral amounts with state, higher education, political subdivision and municipality employers. DRS enters the allocation and beneficiary information into a data file that is sent electronically to the participant's payroll system. The employer initiates deferrals, and the account is activated. DRS transmits the record to the record keeper to establish the participant account and to invest the deferral. The record keeper must invest deferrals within 24 hours of receipt.

The record keeper selected as part of this RFP process will receive a data file from DRS through File Transfer Protocol (FTP) transmission with the information necessary to set up

the participant's account record. Details and the record layouts provided to the record keeper by DRS can be found in the **DCP Record Layouts Exhibit H**. This information will include the amount of the participant's contribution as well as other information including the participant's investment allocation election.

The State of Washington's Department of Enterprise Services currently provides DRS use of Tumbleweed Secure Transport FTP Software, which meets the State of Washington standards for secure file transfer. Vendor should expect that this software requirement may be reevaluated, and could change, during the life of this contract.

It is expected that a data file containing this information will be transmitted to the record keeper daily. Data must be posted and available on the record keeper's record keeping system within one business day of receipt of data. The record keeper will also be required to mail to participants, at their address of record, confirmation of enrollment letters confirming the participant's beneficiary, contribution amount, and investment allocation. These letters must be mailed within five business days of the record keeper's receipt of the enrollment information from DRS. The record keeper will be required to mail with the enrollment confirmation letter a packet of information including material as determined by DRS. DRS is interested in expanding services so participants can elect to receive letters and notifications by e-mail.

DRS will be the primary holder of beneficiary information.

4.2.4 Contribution Processing

DRS receives contribution information from the State and its participating employers. DRS consolidates this payroll information and will transmit to the record keeper a data file with the contribution for each participant. The data file will include the pay date that must be reported on the participant statement. The record keeper must also report the contribution posting date. It is expected that DRS will send a data file with contributions daily. The record keeper will be required to provide to DRS confirmation of the receipt of contributions broken down by source via fax or e-mail the morning after receipt of data file. The record keeper will be required to process the payroll contribution detail and wire transfer the contributions to the appropriate investment fund companies within 24 hours from receipt of the electronic data file from DRS. The record keeper will also be required to confirm receipt of all wire transfers by each of the investment companies and provide written confirmation to DRS and the Office of the State Treasurer.

Participant contributions under DCP should be able to be made as either a dollar amount or a percentage of salary. The \$30 minimum per month contribution limit will continue.

The record keeper receives data from DRS through secure File Transfer Protocol (FTP) and processes the participant contribution detail provided, including negative contributions and adjustments, using each participant's current investment allocation election. The Daily

Activity and Daily Cash Activity file layouts can be found in the DCP Record Layouts **Exhibit H**.

4.2.5 Plan Administration Support and Participant Service Activities

The record keeper must provide all necessary services to support the administration of DCP.

A. Participant Service

DRS customer service representatives deal with participant phone calls. These staff provide assistance to participants who are interested in enrolling in DCP as noted above. They also provide the information for distributions as noted below. In addition, participants may contact DRS for information and assistance resolving problems.

The record keeper will maintain an adequate number of staff and an adequate number of toll-free telephone lines with voice response capabilities and Internet access to provide the required services. Access to the VRS and Internet will be available 24 hours a day with the exception of the time necessary for the normal maintenance of the system and updating of information. This telephone number must be TDD/TTY capable.

The VRS and Internet must provide the following information and services to the participant:

- General DCP overview information including how to reach a customer service representative at DRS, how to reach the various investment firms' customer service representatives, and other topical information;
- Current account balance, broken down by investment option;
- Current interest rates;
- Current unit values or share prices;
- Daily changes in share prices or unit values;
- Inquiries about current investment election (allocation of contributions);
- Changes to allocation of future deferrals;
- Transfers of existing assets between investment options;
- Changes to password and or PIN (Personal Identification Number);
- Requests for DCP informational brochures and forms.

The client service representatives must be available to answer participant questions between the hours of 8:00 a.m. Pacific Standard/Daylight Savings Time and 5:00 p.m. Pacific Standard/Daylight Savings Time each business day. Participants initiating transactions via client service representatives will receive a confirmation number followed by a written confirmation, which will be mailed directly to the address on file for the participant within three business days.

The record keeper will ensure that the personnel answering the customer service lines are qualified to provide information on the investments offered through DCP and their performance, which would be obtained by the record keeper from the investment providers

and DRS, and to discuss investment concepts and retirement planning considerations. The record keeper will ensure that such information be provided in a manner consistent with the requisite insurance and securities laws and that all personnel, who provide such information, will be properly licensed with all required regulatory agencies, if applicable. At the request of a participant, the record keeper will review and explain investment alternatives and past investment returns. The record keeper's customer service staff must be able to assist employees in all areas of their DCP participation including changing the amount of salary deferrals, utilizing catch-up provisions, making investment election changes or transfers, obtaining account balance information and initiating hardship withdrawals and benefit payments. DRS staff will also be available to assist participants in these areas, when contacted.

If unavailable at the time of a phone call, the record keeper's representative will call back a participant no later than the next business day. DCP will be provided access to recorded calls on a random basis, as requested, to review for quality and accuracy.

While DCP will be the primary contact for initiation of distributions, the record keeper must provide telephone assistance to participants, who are taking a distribution under DCP, and advise participants of payment options available, if requested. In addition:

- Inquiry services available through the VRS and Internet must use the NAV or unit values and account balances as of the previous day;
- Changes to investment allocations must be made to the participant's record the date they are requested;
- Investment transfers received by 4:00 p.m. Eastern Time must be priced using that day's unit value. Investment transfers received after 4:00 p.m. Eastern Time must use the following business day's unit value;
- The record keeper must respond to participant questions and complaints. Any complaints not resolved within five business days will be brought to DCP's attention;
- If a participant request requires additional research by the record keeper, the record keeper will respond to the participant within three business days;
- The record keeper must provide a proposal for DCP's review and approval for formally assessing participant satisfaction with the record keeper's services and outlining how participant and/or employer satisfaction issues would be identified, reported, and corrected;
- Written confirmation of the correction will be mailed to the address on file for the participant within five business days after the correction of error;

The record keeper must provide a proposal for DCP's review and approval for formally assessing participant satisfaction with the record keeper's services and outlining how participant and/or employer satisfaction issues would be identified, reported, and corrected;

B. Investment Transfers and Allocation Changes

The record keeper transacts all settlements among the investment providers due to participant transfers. The record keeper computes the amount of transfers between investment options for all instructions received in good order from the participant by 4:00 p.m. Eastern Standard/Daylight Savings Time using that day's NAV or closing price or value and wire transfers appropriate amounts to/from the individual investment providers within the time limits permitted by the agreement with each investment provider. The record keeper provides a monthly summary of this information to DRS and WSIB.

Participants have the ability to transfer assets on a daily basis (except when trade restrictions rules apply) among all investment funds without limitations other than any limitations imposed by the fund manager(s).

The record keeper conducts changes to investment allocations. Transfers of account assets are made by participants through the record keeper. The record keeper is required to have transactional voice response and Internet systems that permit these changes to be made via these systems. In addition, participants, who do not want to use these systems, must be able to contact a record keeper customer service representative by telephone or submit a paper form to effect the change. All changes and transactions must be confirmed to participants in writing within two days of the change.

Each time a participant elects an investment option for the first time, the record keeper will mail the participant a fund prospectus. DRS may choose to revise this requirement during the life of the contract. The record keeper shall also maintain current prospectus materials on the Web site.

C. Error Correction

The record keeper must also develop and maintain a system for making corrections due to erroneous deductions, participant check cancellations, administrative errors, etc. The record keeper corrects items that were suspended incorrectly and other errors made by the record keeper at its expense so that the value of the participant's account is not less than it would have been had the error not occurred. The record keeper must make prompt corrections and must respond no later than five business days following the date on which the issue is brought to the record keeper's attention, regardless of when the error occurred. If the investment value has increased, the record keeper contributes the difference so that the participant suffers no loss. In the event the investment value has gone down, the entire correction is used to purchase the investment at its current price so that there is no gain to the record keeper.

The record keeper is not responsible for errors made or failure to provide information by DRS, participants, or investment managers. If such an error is made the record keeper is required to calculate the lost earnings and notify DRS of the results. DRS will be responsible to send a letter to the participant explaining the dollar cost for the adjustment. After the record keeper provides cost estimates to DRS, it makes the corresponding adjustment to

participant's accounts. DRS wires the money to the record keeper two business days later to cover the cost of the adjustments.

4.2.6 Record Keeping

The record keeper maintains records providing daily information associated with an individual's account, including: investment balances, salary deferral contributions, distributions, earnings, administrative fees, work location, address, beneficiary designations, and any other information necessary for the proper administration of a participant's account. For retired/terminated participants, there is additional data regarding distribution method amount maintained by the record keeper.

The record keeper will also be required to make changes to participant investment elections and effect transfers of existing account balances on a daily basis.

The record keeper must be able to monitor the annual participant dollar contribution for deferral amounts close to or exceeding maximum deferral amounts. The record keeper must maintain a catch-up indicator to track participants who are utilizing catch-up. DRS staff will assist in catch-up calculations and form completion. DRS will electronically provide record keeper with a catch-up utilization indicator to place in participant records for tracking requirements.

A. Inquiry Only Online System Access

The record keeper must provide DRS with a method to access the record keeper's record keeping system, in a format acceptable to DRS, for the purpose of accessing participant data.

The record keeper must maintain a data monitoring system that flags transactions input by the record keeper or by participants using the record keeper's voice response system or the Internet.

The online system must be compatible with DRS' current computer system, or some other alternative acceptable to DRS. The online system must provide DRS with connectivity to participant data, which is current as of the completion of the valuation process for the prior business day.

The record keeper must have adequate qualified personnel available to conduct at DCP offices, at implementation and at least semi-annually thereafter, complete and detailed training sessions on the record keeper's systems and processing methodology, including instruction on how to use the online access system.

B. Investment Options

The record keeper must provide all support needed regarding the investment options within DCP. A description of each investment option can be found on the DCP Web site at <https://washington.gwrs.com/login.do>.

i. Savings Pool

The record keeper selected will be expected to keep participant account balance records for one stable value income fund, called the Savings Pool. The Savings Pool is a diversified portfolio comprised of short-term cash funds and “guaranteed” investment contracts (known in the industry as GICs) that are issued and backed by insurance companies. Yields on insurance company investments, which have an average maturity of less than four years, are based on treasuries of similar maturities and will move up and down based on current market conditions. The Savings Pool is managed in a manner to facilitate liquidity needs and maintain stability of returns. This pool is managed by the Washington State Investment Board (WSIB). Interest is maintained through the share price which changes daily and is provided to the record keeper by WSIB.

Plan assets invested in the Savings Pool are valued at book value unless otherwise required by generally accepted accounting principles. Interest is accounted for on a daily effective method in accordance with DRS’ procedures and WSIB agreements with the stable value investment providers. The record keeper is responsible for crediting the interest rate factor to participant accounts on a daily basis.

This daily share price will enable the record keeper to provide daily valuation of the Savings Pool. Records of all the investment contracts and the cash reserve component that comprise the Savings Pool and their current values are and will continue to be maintained by the WSIB. The record keeper will be required to notify WSIB daily of expected cash inflows and outflows based on expected contributions and payments.

ii. Variable Funds

The record keeper keeps records for the DCP’s variable investment offerings (see **Exhibit O**).

Funds that are not guaranteed as to principal or interest are valued at their net asset value (NAV) as of the close of each business day, and/or in accordance with any applicable contract with an investment company or in accordance with the fund prospectus.

The WSIB or its custodian will maintain the target allocation for the funds. The record keeper will receive the daily NAV from WSIB and/or its contracted investment managers.

To safeguard participants from the effects of excessive trading, a participant transferring more than \$1,000 out of a fund is required to wait 30 calendar days before transferring money back into that same fund. The 30 day window is based on the last time the participant made a transfer out of the fund. The restriction will not affect the participant’s regular

contribution or the ability to leave state service and withdraw contributions and earnings from DCP. Record keeper will work with DRS to periodically review trade data to identify excessive trading. If DRS determines that existing restrictions are not sufficiently addressing excessive trade practices DRS, at its discretion, may take additional action. DRS reserves the right to establish or revise restrictions to comply with federal or state regulations, or as circumstances indicate.

C. Fund Fee Rebate

Fund companies may compensate DCP for not conducting individual participant account record keeping. There are no commissions or other indirect fees paid to the record keeper by an investment provider under the DCP that are not fully disclosed by the record keeper and used to reduce the costs participants pay for DCP administration. For all reimbursements/revenue sharing, the record keeper must collect the reimbursements/revenue sharing and credit them to participant accounts.

The record keeper is responsible for collecting and posting the receipt of all offsets.

D. Deduction of Plan Fees

The DCP has two types of fees: administrative and investment provider/management fees. Investment management fees will be deducted before the calculation of daily values by the investment companies. The administrative fee is deducted from each participant's account three business days before the end of each quarter.

The record keeper will deduct administration fees from participant accounts; in any manner requested by DRS.

E. Changes to Fund Managers

All decisions regarding the investment funds and fund managers offered are made by the WSIB. The WSIB functions as the investment advisor to DCP. The WSIB conducts periodic reviews of the investment funds/managers and recommends changes to the funds/managers, as appropriate.

There may be changes to the funds offered in DCP. The record keeper must assist DRS in implementing any changes to the fund managers and revising publications to communicate the changes to participants, including sending at least two letters on the change and assisting with the fund mapping process.

This procurement is for record keeping services only. As described below, the WSIB may make recommendations for future changes to the investment management services provided to DCP which would be obtained through a future investment manager search. The Successful Respondent will not be prohibited from proposing to provide investment

management services; however, the WSIB will conduct any manager search processes without regard to any company's role in providing record keeping services to DCP.

DRS recognizes that Respondents must be able to calculate their proposed fees based on the complexity of possible investment lineups and potential changes to that lineup. While no immediate changes are anticipated to the current fund lineup, it is possible that during the course of the contract the current fund options could increase in options. For purposes of the Fee Proposal, Respondents may assume that fund changes will be made an average of once a year during the contract period and that Respondents may have to interface with fund managers (currently three) plus the WSIB at any given time.

F. Trustee/Custodial Services

Trustee/custodial services are currently provided by the Office of the State Treasurer (OST). However, the record keeper must provide a cash account for disbursements. Any additional costs for this service must be disclosed in the Fee Proposal form. The record keeper will also be responsible for accounting for all short-term earnings, reporting the amounts to DRS and disbursing them as instructed by DRS.

The record keeper will be responsible for conducting all trades for all the net investment transactions using prices received from the fund managers (see **Exhibit O**), and the WSIB.

For purposes of the Fee Proposal, Respondents should assume that they will receive information from up to seven sources. If Respondents will impose any limitations or restrictions, these should be fully disclosed in the Fee Proposal.

G. Participant Statements of Account

Quarterly statements of account are prepared and distributed to participants by the record keeper. Information displayed on the statement will include, but is not limited to, beginning and ending balances, activity during the period, net gain (loss), beneficiary information, plan to date deferrals, message capability, and asset allocation graphs.

The record keeper is required to provide a quarterly statement of account providing the information as detailed above. The cost of mailing and postage is the responsibility of the record keeper. The record keeper must be able to customize the statement for DCP and to provide a field for short messages.

The record keeper must agree to mail the statements, with the DCP newsletter described above, by the tenth business day of the month following the end of the quarter. Additionally, these documents should be able to be distributed via email at the participant's request. The record keeper must provide copies of statements of account activity to DRS within ten days after statements have been mailed.

The record keeper will research and resolve, with DRS' assistance, any participant statement of account not received by the participant but returned to the record keeper. The record keeper must provide a summary report to DRS within 30 days of mailing of statements.

4.2.7 Distributions

Distributions include hardship withdrawal, de minimis in-service withdrawals, Domestic Relation Orders, termination of employment and retirement.

The record keeper is the primary contact to provide telephone assistance to participants, who are taking a distribution under DCP; the record keeper must be able to advise participants of the payment options available under the DCP (see list below) and the implications of choosing one payment option, including rollovers, over another.

The record keeper is the primary record holder for retention purposes and maintains on its record keeping system a field in which distribution information is recorded and updated.

A. Payment Methods

The record keeper will distribute all disbursements of DCP benefits, including plan to plan transfers and rollovers, pursuant to information provided by DRS. The record keeper will provide distributions on those dates for existing distributions and additional days of the month as mutually agreed upon by DRS and the record keeper.

The record keeper will be required to duplicate the following payment options permitted from DCP funds:

- Lump sum;
- Partial lump sum followed by installment payments;
- Fractional payments of account balance over a specified time;
- Minimum distribution payments recalculated annually;
- Annuity purchase (specifics for shopping service in following section);
- Installment payments with annual cost of living;
- Installment payments based on single and joint life expectancies;
- Specified amount until account is exhausted;
- Frequency: monthly, quarterly, semi-annually, annually;
- Rollovers out to other investment media or purchase of DRS services credits.

The record keeper makes disbursement of funds by check, electronic direct deposit and wire or electronic fund transfer for benefit distributions, plan to plan transfers, rollovers or other large distributions, upon authorization and instruction by DRS. For lump sum payments, the record keeper must be able to make an electronic transfer of funds. The record keeper must also be able to provide direct deposit for systematic payments. Payment distributions are a combined amount from all investment providers, but must be taken from the account in the DRS specified order. The record keeper provides written confirmation to participants and

DRS for payments made by electronic direct deposit or wire or electronic fund transfer. The record keeper will provide distribution information and issue payments.

B. Annuity Shopping Service

The record keeper is required to provide an annuity shopping service for participants who wish to receive their distribution as an annuity. For participants, who are considering annuity distributions, the record keeper will provide annuity distribution illustrations, assist participants with annuity purchases through DRS-approved insurance programs, and confirm beginning of payments from insurers. The record keeper must obtain purchase rates from at least three companies that meet minimum qualifications agreed to by DRS. The selected record keeper will not be precluded from offering their own annuity options as long as it meets the minimum qualifications.

C. Hardship Withdrawals

The record keeper will be responsible for hardship withdrawal applications from participants, obtaining from the participant the information needed for DRS' hardship approval process. For applications approved by DRS, the record keeper will be required to make distribution within 72 hours. For applications not approved, the record keeper will notify the applicant in writing of the denial. The record keeper will also coordinate the DRS appeal process if the participant should request one.

The record keeper will monitor and enforce the six-month suspension of contributions under the 457 Plan for all hardship applications received.

D. Domestic Relations Order

DRS provides information and distributions related to Domestic Relations Orders (DRO). DRS is the primary record holder; however, the record keeper maintains on its record keeping system a field in which DRO information is recorded and updated. DRS will notify the record keeper with instructions on distribution elections and appropriate distribution to non-participant (ex) spouses as directed by DRS. The record keeper must provide for multiple account and distribution capacity (subaccount) for assets transferred to the (ex) spouse with the ability to track by participant. The record keeper will provide the (ex) spouse the same payment methods available to participants. In addition, the record keeper must send confirmation letters to both the participant and the alternate payee when the segregated account has been established. (Vendors should note that Plan 3 uses Property Division Orders, while DCP uses Domestic Relations Orders.)

E. Survivor Benefits

When receiving notification from DRS of the death of a participant who is in periodic distribution, the record keeper will cease benefit payments and make the necessary changes to begin making payments to the participant's beneficiary(ies) after the beneficiary has

selected a distribution method. The record keeper makes corrections and adjustments to income tax withholding and deposits as necessary, as instructed by DRS.

F. Tax Withholding and Reporting

The record keeper provides the appropriate rollover notices and participant federal and state income tax withholding and reporting for each benefit payment from DCP. Record keeper will be responsible for monitoring foreign tax withholding. The record keeper will be solely responsible for any tax penalties and/or interest that may arise due to errors it made in tax reporting or forwarding of funds to the appropriate government authorities.

The record keeper will be responsible for calculating and depositing the IRS withholding deductions. The record keeper will produce and mail 1099-R forms and send information electronically to the IRS. Annual detail must be sent to DRS before January 31st of each year. The record keeper is also responsible for processing and researching 1099-R forms.

G. Transfer and Rollover

DRS will provide counseling to participants that request a transfer or rollover of funds out of or into the DCP. The record keeper/DCP will mail the appropriate forms to the participant. The record keeper will distribute all disbursements of DCP benefits, including for plan to plan transfers and rollovers, pursuant to information provided by DCP. The record keeper must maintain separate participant accounts for assets that are transferred into the DCP from a qualified retirement plan such as an IRC Section 401(k) plan or from a 457 plan of a previous employer.

H. Stale Dated Checks

After a check is outstanding for 90 days from issuance, the record keeper will mail a letter to the participant with the check information and ask the participant to cash the check to avoid having a stop payment placed on the check. This gives the participant the opportunity to check his/her records for a disbursement check that has not been cashed. If the participant cannot find the check, the letter will instruct the participant on how to request the issuance of a replacement check.

After a check is outstanding for 180 days from issuance, the record keeper will place a stop payment on the check, void the check, and move the outstanding funds to a control account. The record keeper will maintain the following information on the account: check number, issue date, amount of the check, Social Security number and payee name. This information will be maintained until the item is resolved. The participant will not be entitled to earnings after the amount is moved to the control account.

The record keeper will send a letter via certified mail to the participant, informing the participant that a stop payment has been made on the check. The letter will also provide the

participant with the check information and instructions of whom to notify by phone or in writing to have a new check issued. The record keeper will establish a procedure using a locator service to contact participants whose letters are returned.

If stop payment has been made, the money stays in the control account until the participant asks for the money. The record keeper will mail a letter annually to the last known address of the participant to remind him/her that these funds exist.

The record keeper will give DRS a monthly report of participants whose money has been moved into and out of the control account. A full report of every item in the control account will be provided twice per year as of December 31st and June 30th. All information maintained on the control account will be provided in the report.

4.2.8 Plan Level Reporting

The record keeper maintains Plan level records and reconciles individual participant accounts to the Plan level balances monthly. The record keeper reconciles investment accounts for investment providers, trust and custody records, and DRS records monthly and provides a copy of the monthly financial reports and reconciliation summary to DRS within ten days of month-end. The monthly financial report reconciliation summary will be in a form acceptable to DRS.

A. Plan Level Reports

The record keeper electronically transmits daily files containing the prior night's activity to DRS.

The record keeper submits separate daily, monthly and quarterly reports on all activities for DRS and each participating employer and/or agency as designated by DRS. The types of reports and/or the kinds of information required include, but are not limited to, the following information:

- Total number of participants in DCP;
- Number of new participants in DCP, broken down for the period and cumulative for the year;
- Total employee salary deferrals and withdrawals, broken down for the period and cumulative for the year to and from each investment provider;
- Assets in DCP, broken down by investment provider at the end of the reporting period and cumulative since the beginning of the year. Differences between the monthly allocation of investment funds and deposits for each investment option shown on the requested report are explained by a footnote;
- A statement of the rate of return, broken down by investment provider for the reporting period and cumulative for the year;
- Benefit distribution reports, reports on loans (if implemented) and hardship withdrawal requests identified by participant;

- Amounts deducted from participant accounts by the record keeper for administrative fees and reconciliation of all charges to participants accounts;
- Number of conversion to annuities;
- Daily and monthly activity summary report for each investment option;
- Report of electronic data transmission from the record keeper (dollars by activity type), if applicable;
- Monthly financial statements – trial balance, balance sheet and statement of changes in net assets as well as reports on rollover activity and stale dated checks. Any manual transactions, which include dollars posted to participants accounts, must be included in your financial statements;
- Investment valuation statements for each investment option, investment type;
- Annual financial reports (please see **Exhibit L**).

The record keeper must provide a report monitoring participants approaching or over the maximum annual deferral amount and their minimum required distribution date.

The record keeper must provide a monthly report on service center quality and performance including, but not limited to, activity, purpose of calls, abandoned calls. The record keeper must also provide an accounting of all outstanding items or items processed in error on a basis to be determined and which could be as frequently as weekly and be available for a conference call to review the items with DRS staff.

The record keeper will provide a monthly status report for the prior period by the tenth business day of the following month. This reconciliation will document by plan all trading activity initiated by the record keeper, all cash transactions flowing through the custodial bank (with ending balances) to the fund manager's fund and share balances. An explanation will be provided for any differences.

B. Plan Sponsor Support Services

The record keeper will perform any and all administrative functions necessary to ensure the thorough and accurate financial accounting essential for each party's financial records. The record keeper will ensure that DRS has a qualified account service representative available on a fully dedicated basis to provide timely and comprehensive assistance with all aspects of the record keeper's services.

The record keeper must inform DRS within 60 days of recently enacted federal tax laws and regulations, and all present or future federal tax legislation or other changes in the tax laws which may have an impact upon the record keeping and administration requirements of DCP. The record keeper must describe the nature of any amendments to DCP, which may be required by changing conditions, federal tax laws or regulations. The record keeper will work with DRS legal counsel to evaluate and implement any amendments to DCP.

The record keeper will provide DRS with detailed costs associated with any new or proposed legislatively mandated programs that would materially change the DCP program. In addition, the record keeper prepares and maintains special purpose reports and other material as determined by DRS to be necessary for the proper administration of DCP.

The record keeper sets up on DRS' behalf all investment-related accounts as necessary to conduct investment transactions as directed by participants.

4.2.9 Computer Security

The record keeper must keep duplicate or back up computer data files maintained in connection with DCP at an alternate site. Maximum recovery time can be no more than 24 hours. Additionally, the record keeper must have a disaster recovery plan in effect and will be required, periodically by DRS, to provide evidence that the system has been tested within the most recent 12 months.

The record keeper must also demonstrate to DRS that the system used for record keeping for DCP will have an adequate capacity to handle the volume of records generated and daily transmittals. In addition, the record keeper needs a test environment that is accessible by DRS project staff and has the capability of emulating the record keeper's production environment, complete with daily and monthly posting cycles. The record keeper must have program version software in place to control software development.

All computer data files of DCP, as maintained by the record keeper, will at all times remain the property of DRS 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 record keeper. DRS or its representatives will, at all reasonable times, 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 record keeper, the record keeper will provide DRS with assurances from the owner of such computer facilities, satisfactory to DRS, of the continued availability and security of such records at all times.

The record keeper must provide access to DRS to all back-up source materials, reports, books, records, computer programs and all other information and documentation relating to DCP, as reasonably required so that DRS and/or its designated officers, agents and accountants, can conduct a financial examination and/or audit of DCP.

Vendors will be responsible for maintaining security requirements set by the Washington State Information Services Board (ISB). Requirements, as of June 23, 2014, are provided in the Information Technology Security Standard, **Exhibit I**. Vendors should review the exhibit and confirm they can meet requirements specified. If unable to meet requirements, they must document the specific discrepancies in the Scope of Services Review, Section 7.2. DRS will work with the ISB and ASB during contract negotiations to ensure current requirements are addressed prior to contract signature.

4.2.10 Program Audits

The record keeper must provide, within 60 days of the close of each fiscal year, a reconciled annual summary report. The report will be fully reconciled with the sum total of participant transactions for the relevant period, as reflected on the record keeper's records.

The record keeper will also cooperate fully in an annual DCP audit. The audit will be conducted in accordance with generally accepted auditing standards (GAAS) and will be performed on a fiscal year basis with a calendar year ending June 30 of each year. In addition, these audits will include certain agreed upon test procedures, including but not limited to the following:

- Reconcile between the trustee/custodian or other party's DCP asset records, DRS 's records and the record keeper's participant records;
- Confirm assets held in trust/custody under the supervision of the trustee/custodian or other party with the parties providing the actual investment options;
- Reconcile revenue received by the trustee/custodian or other party with the specific revenue of the various investment options;
- Test changes to Plan assets and withdrawals from the DCP to determine compliance with trustee/custodial agreements and Plan provisions;
- Test actual investments held by trustee/custodian or other party to determine whether they coincide with actual participant records.
- Audits of your IT security standards to confirm compliance with the standards found in **Exhibit I**.

Payment or reimbursement for the audits will be determined during contract negotiations.

4.2.11 Supplemental Processing and Compliance Activities

The record keeper will provide DRS with detailed costs associated with any new or proposed state or federally mandated programs that would materially change DCP. In addition, the record keeper prepares and maintains special purpose reports and other materials as determined by DRS for the proper administration of DCP.

A. ADA Compliance

The record keeper will coordinate with DRS to provide materials and information in a format that meets Americans with Disabilities Act (ADA) accessibility criteria and reasonable accommodations must be made for participants and their spouses with disabilities.

B. Alternate Communication Format

The record keeper will be expected to produce communication materials in alternate formats and languages upon request by DRS.

C. Participant Privacy

In addition, the record keeper will work closely with DRS to ensure that all Internet privacy guidelines are enforced as outlined in the Governor's Public Records Privacy Protections Executive Order 00 03 **Exhibit D** and the DRS Internet Privacy Statement **Exhibit E**.

D. Address Changes

DRS transmits changes of address records to the record keeper to update the DCP record keeping system. If a participant calls the record keeper to give a change of address, participants are instructed to update their address with their employer. The employer sends the new address to DRS which, in turn, sends the new address to the record keeper in the contribution/data transmission.

Written address changes for terminated participants (and participants not currently employed) or beneficiaries received by the record keeper are entered on the record keeper's system and electronically sent to DRS.

In the case of domestic relations orders, ex-spouses may update their addresses directly with the record keeper and the change will be transmitted to DRS on the data transmission file.