



STATE OF WASHINGTON  
DEPARTMENT OF RETIREMENT SYSTEMS

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**Request for Proposals  
RFP NO. 09-006**

*This RFP was posted to the Washington Electronic Business Solutions (WEBS) Web site, <https://fortress.wa.gov/ga/webs/> hosted by the Department of General Administration. Any addenda, including Respondent questions and Agency answers, to this RFP will be posted to WEBS. You are responsible for checking WEBS for this information.*

Project Title:

Third Party Record Keeping Services for the State of Washington's Deferred Compensation Program and the Defined Contribution Component of the Teachers' Retirement System (TRS) Plan 3, School Employees' Retirement System (SERS) Plan 3, and Public Employees' Retirement System (PERS) Plan 3 Defined Benefit Plans.

Proposal Due Date:

August 7, 2009 by 3:00 p.m. PDT

Expected Time Period for Contract:

January 1, 2010 – June 30, 2013. The Department reserves the right to extend the contract for up to two additional one-year periods.

Respondent Eligibility:

This procurement is open to those Respondents that satisfy the minimum qualifications stated herein and that are available for work in Washington State.

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# 1 INTRODUCTION

## 1.1 PURPOSE

The Washington State Department of Retirement Systems (DRS) was established by the Legislature in 1976 to administer state retirement systems. Currently, DRS administers eight public employee retirement systems, including 15 retirement plans, and the Deferred Compensation Program.

DRS is seeking third party record keeping services for the state's Deferred Compensation Program (DCP) and the defined contribution component of the Teachers' Retirement System (TRS) Plan 3, School Employees' Retirement System (SERS) Plan 3, and Public Employees' Retirement System (PERS) Plan 3 defined benefit plans.

## 1.2 DEFINITIONS

Definitions for the purposes of this RFP include:

**Agency or DRS.** The Department of Retirement Systems (DRS), as described in chapter 41.50 RCW, is the agency of the state of Washington issuing this RFP.

**Apparent Successful Vendor (ASV).** The Respondent selected as the entity to perform the anticipated services, subject to completion of contract negotiations and execution of a written contract.

**Contract Manager.** The individual designated by the Agency to direct work under this contract and act as the approval authority for all things related to this contract.

**DCP.** The Washington State Deferred Compensation Program.

**Director.** The Agency employee authorized by RCW 41.50.020 who serves as the executive and administrative head of DRS.

**ERBB.** The Agency's Employee Retirement Benefits Board as described in chapter 41.50 RCW.

**JRA.** Washington State Judicial Retirement Account.

**PERS.** Washington State Public Employees' Retirement System.

**Plan 3.** The defined contribution component of the PERS, SERS, and TRS Plan 3 retirement systems.

**Proposal.** A formal offer submitted in response to this solicitation.

**Request for Proposals (RFP).** This formal procurement document, its addendum, Respondents' written questions and the Agency's answers, and any related correspondence that is: (1) addressed to all Respondents and (2) signed by the Director, Deputy Director, their designee, or the RFP Coordinator.

**Respondent.** The individual, company, or firm intending to submit or submitting a proposal in order to enter into a contract with the Agency.

**SERS.** Washington State School Employees' Retirement System.

**TPA.** Third Party Administrator or record keeper.

**TRS.** The Washington State Teachers' Retirement System.

**WEBS.** This RFP was posted to the Washington Electronic Business Solutions (WEBS) Web site, hosted by the Department of General Administration. Any addenda, including Respondent questions and Agency answers, to this RFP will be posted to WEBS. Proposing TPA firms are responsible for checking WEBS for this information.

**WSIB or The Board.** Washington State Investment Board, consisting of the policy board described in RCW 43.33A.020 and staff authorized by RCW 43.33A.100.

Additional definitions are provided within the General Terms and Conditions contained in the **Sample Personal Service Contract**, attached as **Exhibit B** of this RFP.

### **1.3 BACKGROUND**

DRS is a state agency created by the 1976 Washington State Legislature. Enabling legislation is found in chapter 41.50 Revised Code of Washington (RCW). DRS administers the state's eight public sector retirement systems with 15 separate plans that have a combined total value of approximately \$48.6 billion. The retirement systems and plans are as follows:

- Judges' Retirement Fund
- Judicial Retirement System
- Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 and Plan 2
- PERS Plan 1, Plan 2, and Plan 3
- Public Safety Employees' Retirement System Plan 2
- SERS Plan 2 and Plan 3
- TRS Plan 1, Plan 2, and Plan 3
- Washington State Patrol Retirement System Plan 1 and Plan 2

All are defined benefit plans; PERS Plan 3, SERS Plan 3, and TRS Plan 3 each have a defined contribution component. DRS also administers DCP for state and local government employees.

The WSIB, a state agency created by the 1981 Washington State Legislature, invests and manages the defined benefit trust funds, determines investment options for the defined contribution component of Plan 3 and the DCP funds, and either manages or oversees the management of the investment options provided to Plan 3 members and DCP participants.

#### **A. Overview of Plan 3**

The defined contribution component of PERS, SERS, and TRS Plan 3 offers members the option to direct their contributions to one of two investment programs: the *WSIB Total Allocation Portfolio (TAP)* or the *Self-Directed Investment Program*. The three plans currently have approximately 113,000 active members and 174,200 total accounts (active, inactive, and beneficiary). Plan 3 accounts have a market value of over \$5 billion.

TRS Plan 3 was created by the Washington State Legislature in 1995 and became effective on July 1, 1996. All new teachers hired on or after July 1, 2007 have 90 days from date of

hire to make a choice of Plan 2 or Plan 3 membership. Members, who do not select a plan within the 90 days, default into Plan 3. TRS Plan 3 has approximately 53,000 active members. The DC accounts have a market value of \$3.1 billion; and include 24,790 individuals in the Self-Directed Investment Program, 52,403 individuals in the monthly valued WSIB Investment Program, and 5,532 individuals which participate in both.

SERS Plan 3 was created by the Washington State Legislature in 1998 and became effective on September 1, 2000. SERS membership includes all eligible classified employees of school districts and educational service districts. All new classified employees of school districts and educational service districts hired on or after July 1, 2007 have 90 days from date of hire to make a choice of Plan 2 or Plan 3 membership. Members, who do not select a plan after 90 days, default into Plan 3. SERS Plan 3 has approximately 33,000 active members. The DC accounts have a market value of \$843 million; and include 9,456 individuals in the Self-Directed Investment Program, 42,738 individuals in the monthly valued WSIB Investment Program, and 1,135 individuals which participate in both.

PERS Plan 3 was created by the Washington State Legislature in March 2000 and became effective March 1, 2002, for state agencies and higher education institutions, and September 1, 2002, for local governments and municipalities. All new employees hired on or after the effective dates for PERS Plan 3 have 90 days from date of hire to make a choice of Plan 2 or Plan 3 membership. Members, who do not select a plan after 90 days, default into Plan 3. PERS Plan 3 has approximately 27,000 active members. The DC accounts have a market value of \$1.1 billion; and include 12,342 individuals in the Self-Directed Investment Program, 32,471 individuals in the monthly valued WSIB Investment Program, and 1,764 individuals which participate in both.

#### Structure and Administration

The structure and administration of Plan 3 is differentiated from other plans administered by DRS by the following features and components:

- A defined benefit calculated with a one percent formula that is funded by employer contributions, and a defined contribution account consisting of member contributions plus the full investment return accumulated on those contributions.
- Two investment programs in which Plan 3 members can invest their defined contributions: a) an investment option (known as the WSIB-Total Allocation Portfolio) managed by the WSIB, made available at no additional cost to the member (administrative costs are paid by the state); and b) a series of Self-Directed investment options providing exposure to most major asset classes with associated administrative expenses paid by electively participating membership.
- Record keeping, investment education, and communication services supplied by a contracted record keeper hired by DRS through this RFP.
- Contribution rate options established by the Employee Retirement Benefits Board (ERBB).
- Plan 3 members, who choose or are defaulted to a contribution rate, can change their contribution rate when they change public sector employers.
- TRS 3 members have a Contribution Rate Flexibility Period each January. This provision is subject to continued approval by the Internal Revenue Service (IRS). Neither PERS

- nor SERS members have an annual window to change contribution rates.
- A range of defined contribution account distribution options, including annuity options administered by DRS and the record keeper.
  - There is an annual opportunity for Plan 2 members of PERS, SERS and TRS, who were in a Plan 2 before Plan 3 started, to transfer to Plan 3. Specific eligibility information is in our *Plan Choice Booklet* available on the Plan 3 Web sites at <http://www.icmarc.org/plan3/>.

#### B. Overview of DCP

The Deferred Compensation Program is an Internal Revenue Code (IRC) governmental 457 plan administered by DRS for state and local government employees. There are 53,142 participants in the plan with 33,091 participants actively contributing. The majority (21,798) of active participants are employed by the state of Washington. The program also serves participants in 818 political subdivisions (cities, counties, school districts, etc.), as well as community colleges and other institutions of higher education. Current market value of the total investments in the plan is approximately \$2 billion.

DRS also provides a separate IRC 401 (a) account, the Judicial Retirement Account (JRA,) for members of the Judicial Retirement System and judges, who are members of PERS. The JRA plan is administered by DCP and provides the same investment options and services as those available to DCP participants. The plan has 204 members, and contributions are received from both employers and employees. Market value of the plan is approximately \$10 million.

#### **1.4 BID REQUIREMENTS**

It is DRS' desire to enter into one or more fixed price contracts with one or more record keeper(s) to provide the services requested in this RFP. The fees proposed must cover the five-year period of record keeping performance, three base years (July 1, 2010 –June 30, 2013) and two one-year extensions at the discretion of DRS (through June 30, 2015). The fees for the five year period will be negotiated prior to the start of the agreement.

Additional information about the **Fee Proposal** is available in **Exhibit C**.

#### **1.5 PERIOD OF PERFORMANCE**

The period of performance of any contract(s) resulting from this RFP is tentatively scheduled to begin on or about January 1, 2010 and to end on June 30, 2013. A transition period, if necessary, is expected from January 1- June 30, 2010. Record keeping services are expected to begin July 1, 2010 and continue through June 30, 2013. Contract negotiations will begin upon selection of an ASV.

#### **1.6 ADA**

The Agency complies with the Americans with Disabilities Act (ADA). Respondents may contact the RFP Coordinator to receive this Request for Proposals in an alternate format.

## 2 GENERAL INFORMATION FOR RESPONDENTS

### 2.1 RFP COORDINATOR

The RFP Coordinator is the sole point of contact in the Agency for this procurement. Throughout the duration of the procurement process, all questions and other communications concerning the procurement are to be directed, in writing, to the contact listed below.

**Unauthorized contact regarding the procurement with other DRS staff or the RFP evaluators after issuance of this RFP may disqualify the Respondent.**

Name	Sarah White
Mailing Address	P.O. Box 48380 Olympia, WA 98504-8380 <i>OR</i>
Street Address	6835 Capitol Blvd. SE Tumwater, WA 98501
Phone Number	(360) 664-7291 or (800) 547-6657, option 1, ext. 47291
Fax Number	(360) 753-5397
TDD Number	(360) 586-5450 or (866) 377-8895
E-Mail Address	<a href="mailto:sarahw@drs.wa.gov">sarahw@drs.wa.gov</a>

Respondents may submit written questions to the Agency, via the RFP Coordinator, by post or e-mail, during the question and answer period. Questions must be received by the date indicated below. The Agency will respond to all questions by posting the questions and the answers on the Department of General Administration's Web site for Washington's Electronic Business Solutions (WEBS) by the date indicated below. The Agency will be bound only to written answers to questions.

### 2.2 ESTIMATED SCHEDULE OF PROCUREMENT ACTIVITIES

Issue Request for Proposals via WEBS	July 6, 2009
Vendor questions due	July 17, 2009
DRS answers posted	July 24, 2009
Proposals due	August 7, 2009 by 3:00 pm PDT
Evaluate proposals	August 10-26, 2009
Conduct interviews, if required	September 2-4, 2009
Conduct site visits, if required	September 9-17, 2009
Announce ASV and send notification via e-mail to unsuccessful Respondents	September 22, 2009

Last day to request debriefing conference	September 25, 2009
Last day to submit a protest	October 5, 2009
Negotiate and sign contract	No later than December 31, 2009
Contract begins	January 1, 2010
Transition activities begin	January 1, 2010
Record keeping activities begin	July 1, 2010

The Agency reserves the right to revise the above schedule as needed.

### **2.3 SUBMISSION OF PROPOSALS**

Respondents are required to submit seven hard copies of their response. Two copies must have original signatures and five copies can have photocopied signatures. One of the copies with original signatures must be unbound and marked "Master Copy." Additionally, you are required to submit a copy of the completed questionnaire and fee proposal on CD or electronic storage device; the documents must be compatible with Microsoft Office 2007.

The proposal, whether mailed or hand delivered, must arrive at the Agency no later than 3:00 p.m., Pacific Daylight Time, on the proposal due date. The proposal should be sent to the address noted in Section 2.1. The envelope should be clearly marked to the attention of the RFP Coordinator and indicate the RFP number: 09-006.

Respondents mailing proposals should allow normal mail delivery time to ensure timely receipt of their proposals by the RFP Coordinator. Proposals may not be transmitted using electronic media such as facsimile transmission or electronic mail. Respondents assume the risk for the method of delivery chosen. The Agency assumes no responsibility for delays caused by any delivery service. Notwithstanding RCW 1.12.070, postmarks will not be considered as date received for purposes of this RFP. Late proposals will not be accepted and will be automatically disqualified from further consideration.

All proposals and any accompanying documentation become the property of the Agency and will not be returned.

### **2.4 PROPOSAL FORMAT**

All proposals must be on 8 ½ x 11-inch paper and placed in binders with tabs separating the major sections of the proposal. The sections must include, in the order indicated below:

1. Letter of Submittal, including signed **Certification and Assurances (Exhibit A)**
2. Executive Summary
3. Responses to Questionnaire
  - Alternative 1: Plan 3 Section 7.1 (including questions 1-279)
  - Alternative 2: DCP Section 7.2 (including questions 280-572)

Alternative 3: Plan 3 and DCP Sections 7.1-7.2 (including questions 1-572)

**4. Fee Proposal (Exhibit C)**

5. Any supplemental information the Respondent wishes to include relevant to this RFP.

**2.5 SIGNATURES**

The Letter of Submittal and the Certifications and Assurances form must be signed and dated by a person authorized to legally bind the Respondent to a contractual relationship, e.g., the President or Executive Director if a corporation, the Managing Partner if a partnership, or the Proprietor if a sole proprietorship.

**2.6 PROPRIETARY INFORMATION/PUBLIC DISCLOSURE**

Proposals submitted in response to this competitive procurement will become the property of the Agency. All proposals received will remain confidential until the contract, if any, resulting from this RFP is signed by the Director of the Agency, or his Designee, and the ASV; thereafter, the proposals will be deemed public records as defined in Chapter 42.56 of the Revised Code of Washington (RCW) except as exempted in that chapter.

Respondents are advised that permissible exceptions from public disclosure pursuant to chapter 42.56 RCW are very narrow in scope and strictly construed. Any information in the proposal that the Respondent desires to claim as proprietary and exempt from disclosure under the provisions of chapter 42.56 RCW must be clearly designated in the transmittal letter. The information must be clearly identified and the particular exemption from disclosure upon which the Respondent is making the claim must be cited. Also, each page containing the information claimed to be exempt from disclosure must be clearly identified by the word "Confidential" printed on the lower right hand corner of the page. Marking the entire proposal exempt from disclosure or as confidential will not be honored.

If a public records request is made for the information that the Respondent has marked as "Confidential" the Agency will notify the Respondent of the request and of the date that the records will be released to the requester unless the Respondent obtains a court order enjoining that disclosure. If the Respondent fails to obtain the court order enjoining disclosure, the Agency will release the requested information on the date specified. If a Respondent obtains a court order from a court of competent jurisdiction enjoining disclosure pursuant to chapter 42.56 RCW, the Agency will maintain the confidentiality of the Respondent's information per the court order.

A charge will be made for copying and shipping, as outlined in chapter 42.56 RCW. No fee will be charged for inspection of contract files, but 24 hours notice to the RFP Coordinator is required. All requests for information should be directed to the RFP Coordinator.

NOTE: The proposal of the ASV will be incorporated to the resulting contract, either directly or by attachment. Therefore, as part of a public state agency contract, the entirety of the successful Respondent's proposal will be subject to public disclosure regardless of any claim of confidentiality or previously applicable statutory exemption. Nevertheless, should a successful Respondent obtain a court order from a Washington State court of competent jurisdiction prohibiting disclosure of parts of its proposal prior to the execution of the

contract incorporating the same, DRS will comply with the court order. The burden is upon a successful Respondent to evaluate and anticipate its need to maintain confidentiality and to proceed accordingly. Timeliness will be of the essence; a delay in execution of the contract to accommodate a petition to the courts will not be allowed.

## **2.7 REVISIONS TO THE RFP**

In the event it becomes necessary to revise any part of this RFP, addenda will be posted on WEBS. For this purpose, the published questions and answers and any other pertinent information will be considered an addendum to the RFP and also posted on WEBS.

The Agency also reserves the right to cancel or to reissue the RFP in whole or in part, prior to execution of a contract.

## **2.8 MINORITY AND WOMEN-OWNED BUSINESS PARTICIPATION**

In accordance with the legislative findings and policies set forth in chapter 39.19 RCW, the state of Washington encourages participation in all of its contracts by firms certified by the Office of Minority and Women's Business Enterprises (OMWBE). Participation may be either on a direct basis in response to this solicitation or on a subcontractor basis. However, no preference will be included in the evaluation of proposals, no minimum level of MWBE participation will be required as a condition for receiving an award, and proposals will not be rejected or considered non-responsive on that basis.

## **2.9 ACCEPTANCE PERIOD**

Proposals must provide 60 days for acceptance by Agency from the due date for receipt of proposals.

## **2.10 RESPONSIVENESS**

All proposals will be reviewed by the RFP Coordinator to determine compliance with administrative requirements and instructions specified in this RFP. The Respondent is specifically notified that failure to comply with any part of the RFP may result in rejection of the proposal as non-responsive.

The Agency also reserves the right, however, at its sole discretion to waive minor administrative irregularities.

## **2.11 CLARIFICATION OF PROPOSAL**

The RFP Coordinator may contact the Respondent for clarification of any portion of the Respondent's proposal.

## **2.12 MOST FAVORABLE TERMS**

The Agency reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal should be submitted initially on the most favorable terms that the Respondent can propose. The Respondent may not amend a submitted proposal, and may not submit supplemental material or information, unless specifically requested by the Agency. The Agency does reserve the right to contact a Respondent for clarification of its

proposal. Responses consisting solely of marketing materials are not acceptable and will be rejected.

The Respondent should be prepared to accept this RFP for incorporation into a contract resulting from this RFP. Contract negotiations may incorporate some or all of the Respondent's proposal. It is understood that the proposal will become a part of the official procurement file on this matter without obligation to the Agency.

The "Best and Final Offer" is an option available to DRS under the RFP process allowing one or more Respondents to submit a best and final offer. Respondents may be contacted asking that they submit their best and final offer. Respondents should not submit a best and final offer unless contacted by DRS. DRS reserves the right to negotiate with the ASV for any type or combination of fee structures.

### ***2.13 CONTRACT AND GENERAL TERMS & CONDITIONS***

The ASV will be expected to enter into a contract, which is substantially the same as the **Sample Personal Service Contract** and its general terms and conditions attached as **Exhibit B**. In no event is a Respondent to submit its own standard contract terms and conditions in response to this solicitation. A Respondent's request for substantial modification of the sample contract will be viewed as a non-responsive proposal resulting in the disqualification of the Respondent. Determination of what constitutes substantial modification rests solely with DRS. The Respondent may submit exceptions as allowed in the **Certifications and Assurances** section, **Exhibit A** to this solicitation. The Agency will review requested exceptions and accept or reject the same at its sole discretion.

### ***2.14 FILING REQUIREMENT***

Under the provisions of chapter 39.29 RCW, this personal service contract is required to be filed with the Office of Financial Management (OFM). This contract must be filed not later than the effective date of the contract (i.e., the start of services); no work may commence nor any payment for services made prior to the effective date of the contract. In the event OFM does not approve the contract, it will be null and void.

### ***2.15 COSTS TO PROPOSE***

The Agency is not liable for any costs incurred by the Respondent in preparation of a proposal submitted in response to this RFP, in conduct of a presentation, or any other activities related to responding to this RFP.

### ***2.16 NO OBLIGATION TO CONTRACT***

This RFP does not obligate the state of Washington or the Agency to contract for services specified herein. The ASV is advised that the contract is valid and enforceable only if sufficient funds have been appropriated by the state Legislature. Additionally, the contract is subject to any additional restrictions, limitations, or conditions enacted, which may affect the provisions, terms, or funding of the contract in a timely manner.

## **2.17 REJECTION OF PROPOSALS**

The Agency reserves the right at its sole discretion to reject any and all proposals received without penalty and not to issue a contract as a result of this RFP.

## **2.18 COMMITMENT OF FUNDS**

The Director of the Agency is the only individual, who may legally commit the Agency to the expenditures of funds for a contract resulting from this RFP. No cost chargeable to the proposed contract may be incurred before receipt of a fully executed contract.

## **2.19 SITE SECURITY**

Any contractors on-site must comply in all respects with physical, fire, and other agency security regulations as well as complying with all agency practices, standards, and policies. For example, contractors must use all state resources appropriately as identified in agency and state policies.

## **2.20 INSURANCE COVERAGE**

The Respondent must indicate in the letter of submittal and as a condition of contract award, that the Respondent will provide proof of insurance with a Certificate of Insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below.

The ASV will, at Vendor's own expense, obtain and keep in force insurance coverage, which must be maintained in full force and effect during the term of the contract. The ASV must furnish evidence in the form of a Certificate of Insurance that insurance will be provided, and a copy must be forwarded to the Agency within 15 days of the contract effective date. The ASV must at all times during the term of the contract carry and maintain insurance with the following limits:

### **Liability Insurance**

*Commercial General Liability Insurance (CGL):* Contractor will maintain general liability insurance and, if necessary, commercial umbrella insurance, with a limit of not less than \$1,000,000 per each occurrence. If CGL insurance contains aggregate limits, the general aggregate limit will be at least twice the "each occurrence" limit. CGL insurance will have products-completed operations aggregate limit of at least two times the "each occurrence" limit. CGL insurance will be written on ISO occurrence form CG 00 01 (or a substitute form providing equivalent coverage). All insurance will cover liability assumed under an insured contract (including the tort liability of another assumed in a business contract), and contain separation of insureds' (cross liability) condition.

Additionally, the Contractor is responsible for ensuring that any subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.

*Business Auto Policy:* As applicable, the Contractor will maintain business auto liability and, if necessary, commercial umbrella liability insurance with a limit not less than \$1,000,000 per accident. Such insurance will cover liability arising out of "Any Auto". Business auto

coverage will be written on ISO form CA 00 01, 1990 or later edition, or substitute liability form providing equivalent coverage.

### **Employer's Liability ("Stop Gap") Insurance**

In addition, the Contractor will buy employer's liability insurance and, if necessary, commercial umbrella liability insurance with limits not less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by disease.

### **Additional Provisions**

Above insurance policy will include the following provisions:

- **Additional Insured.** The Agency, its elected and appointed officials, agents and employees will be named as an additional insured on all general liability, excess, umbrella and property insurance policies. All insurance provided in compliance with this contract will be primary as to any other insurance or self-insurance programs afforded to or maintained by the state.
- **Cancellation.** The Agency will be provided written notice before cancellation or non-renewal of any insurance referred to therein, in accord with the following specifications. Insurers subject to 48.18 RCW (Admitted and Regulation by the Insurance Commissioner): The insurer will give the state 45 days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, the state will be given ten days advance notice of cancellation. Insurers subject to 48.15 RCW (Surplus lines): The state will be given 20 days advance notice of cancellation. If cancellation is due to non-payment of premium, the state will be given ten days advance notice of cancellation.
- **Identification.** Policy must reference the state's contract number and the agency name.
- **Insurance Carrier Rating.** All insurance and bonds should be issued by companies admitted to do business within the state of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best's Reports. Any exception will be reviewed and approved by the Agency, the risk manager for the state of Washington, before the contract is accepted or work may begin. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with Chapter 48.15 RCW and 284-15 WAC.
- **Excess Coverage.** By requiring insurance herein, the state does not represent that coverage and limits will be adequate to protect Contractor, and such coverage and limits will not limit Contractor's liability under the indemnities and reimbursements granted to the state in this contract.

### **Workers' Compensation Coverage**

The Contractor will at all times comply with all applicable workers' compensation, occupational disease, and occupational health and safety laws, statutes, and regulations to the full extent applicable. The state will not be held responsive in any way for claims filed by the Contractor or their employees for services performed under the terms of this contract.

**Errors, Omissions, or Malpractice Insurance**

As applicable, the company will carry and maintain Errors & Omissions Insurance or Malpractice Insurance with limits of \$10,000,000 aggregate.

### 3 PLAN SUMMARIES

#### 3.1 PLAN 3 SUMMARY – all plan provisions are subject to change

<b>Type of Plan</b>	401(a) – defined benefit plan with a defined contribution component
<b>Participant Contributions</b>	Mandatory – Percentage of pay, six rate schedules, some vary based on age
<b>Deposit Frequency</b>	Majority (state and higher education): 10th & 25th of the month Local Government: daily
<b>Participant Investment Direction</b>	Yes
<b>Investment Options</b>	<ol style="list-style-type: none"> <li>1. <i>WSIB Investment Program</i> - made up of Total Allocation Portfolio (TAP) managed by the Washington State Investment Board</li> <li>2. <i>Self-Directed Investment Program</i> - made up of the following funds managed by WSIB or hired by WSIB as a sub-manager: <ul style="list-style-type: none"> <li>• Money Market Fund</li> <li>• Washington State Bond Fund</li> <li>• Washington State Socially Responsible Balanced Fund</li> <li>• U.S. Large Stock Index Fund</li> <li>• U.S. Stock Market Index Fund</li> <li>• U.S. Small Stock Index Fund</li> <li>• International Stock Index Fund</li> <li>• Retirement Strategy Funds (2000, 2005, 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050)</li> </ul> </li> </ol>
<b>Frequency of Valuation</b>	WSIB Investment Program (TAP): monthly valued, approximately 25 to 28 days after month end. Self-Directed Investment Program: daily
<b>Investment Management Fees</b>	Disclosed but netted prior to calculation of Net Asset Value (NAV)
<b>Record Keeping Services</b>	WSIB Investment Program (TAP): Paid for by state Self-Directed Investment Program: Paid by members
<b>In-service Withdrawals</b>	No, not permitted
<b>Loans</b>	No, not permitted
<b>Vesting</b>	100% immediate
<b>Participant Statements</b>	Quarterly
<b>Payout Elections</b>	May be deferred until Required Minimum Distribution (RMD) date
<b>Rollovers</b>	To other qualified plans and IRAs

<b>Payout Options</b>	WSIB Investment Program (TAP): Lump sum, installment and annuities
	Self-Directed Investment Program: lump sum, installment, and annuities
<b>Administrative Structure</b>	Unbundled
<b>Current TPA</b>	ICMA-Retirement Corporation
<b>Trustee/Custodian</b>	J.P. Morgan

**3.2 DCP PLAN SUMMARY – all plan provisions are subject to change**

	457 Plan	Judicial Retirement Account
<b>Type of Plan</b>	457(b)	401(a)
<b>Participant Contributions</b>	Voluntary, up to IRC limits	2.5% mandatory
<b>Employer Contributions</b>	None	2.5%
<b>Contributions As:</b>	Flat Dollar and Percentage of Pay	Percentage of Pay
<b>Deposit Frequency</b>	Majority (state employees and higher ed): 10th & 25th of the month Local government: daily	10th & 25th of the month
<b>Participant Direction</b>	Yes	Yes
<b>Investment Options</b>	<ul style="list-style-type: none"> <li>• Savings Pool (GIC's)</li> <li>• Washington State Bond Fund</li> <li>• Washington State Socially Responsible Balanced Fund</li> <li>• Active U.S. Value Stock Fund</li> <li>• U.S. Stock Market Index Fund</li> <li>• Active U.S. Core Stock Fund</li> <li>• Fidelity Growth Company Fund</li> <li>• U.S. Small Stock Index Fund</li> <li>• International Stock Index Fund</li> <li>• Retirement Strategy Funds (2000, 2005, 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050)</li> </ul>	<ul style="list-style-type: none"> <li>• Savings Pool (GIC's)</li> <li>• Washington State Bond Fund</li> <li>• Washington State Socially Responsible Balanced Fund</li> <li>• Active U.S. Value Stock Fund</li> <li>• U.S. Stock Market Index Fund</li> <li>• Active U.S. Core Stock Fund</li> <li>• Fidelity Growth Company Fund</li> <li>• U.S. Small Stock Index Fund</li> <li>• International Stock Index Fund</li> <li>• Retirement Strategy Funds (2000, 2005, 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050)</li> </ul>
<b>Frequency of Valuation</b>	Daily	Daily
<b>Investment Management and Related Fees</b>	Netted from return prior to calculations of unit value	Netted from return prior to calculations of unit value
<b>In-service Withdrawals</b>	Yes, for unforeseen financial hardship and voluntary de minimis distributions	Not permitted
<b>Loans</b>	Not available	Not available

<b>Vesting</b>	100% immediate	100% immediate
<b>Participant Statements</b>	Quarterly	Quarterly
<b>Distribution Elections</b>	May be deferred until RMD date	May be deferred until RMD date
<b>Rollovers</b>	To other qualified plans and IRAs	To other qualified plans and IRAs
<b>Distribution Options</b>	Lump sum, installment payment, annuities and rollovers	Lump sum, installment payment and rollovers
<b>Current TPA</b>	ING	ING
<b>Trustee/Custodian</b>	J.P. Morgan	J.P. Morgan

## **4 SCOPE OF SERVICES**

The following is a general description of the services DRS expects the ASV to provide for Plan 3 and DCP. It is incumbent upon bidders to fully understand the Scope of Services outlined below.

Additions or modifications to these expectations of a record keeper must be agreed upon by DRS and the ASV during contract negotiations.

### **4.1 PLAN 3**

For information and examples of the Plan 3 services described in this Section (4) see the current Plan 3 record keeping Web site at <http://www.icmarc.org/plan3/>

#### **4.1.1 Implementation of Services**

The record keeper must have a transition team on-site in Olympia, Washington, by May 1, 2010 and record keeping system tested and functional no later than May 31, 2010.

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, 2010.

The record keeper must provide any requested advice related to implementation and record keeping to DRS and establish written procedures for handling all member activities.

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

- Provide an implementation plan that outlines the specifics on how the implementation process will be completed. 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, 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 DRS, develop and mail a written communication to all members 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.

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. Record keeper will pay a financial penalty of \$5,000 per day for each day that the record keeper misses the agreed-upon implementation dates in this plan. Plan will identify how record keeper will:

- Establish contacts with appropriate DRS staff and departments.
- Hire necessary staff.
- Establish member master files through electronic transmission from DRS.
- Set up interfaces with all investment fund companies, the Plan custodian and WSIB, and arrange for change of authorizations as needed.
- Cooperate with DRS to establish administrative rules for operation of the Plan as may be required, and prepare a Manual of Tasks, Rules, and Procedures for use by DRS.
- Establish written and actual procedures for handling all member activities including transfers, employee contributions, rollovers, and termination/withdrawals.
- Train DRS staff on accessing and using the record keeping system.

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.

#### **4.1.2 Communications**

##### **A. Communication Plan**

The record keeper will be required to design a customized communication campaign for Plan 3 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 members 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.).

##### **B. General Requirements**

Publications must present an unbiased approach to investment information and should educate participants about all aspects of the Plan, including retirement planning, investment options, and performance and distribution selections. The information must provide information on record keeper services. The record keeper will distribute a fund prospectus to

participants when a fund is selected as an investment option or upon request. Fund prospectuses shall be made available on the Web site as well.

One of DRS' objectives is to provide clear, concise and professional plan communication materials. DRS may choose, at our discretion, to combine some of these publications. DRS may choose (again at our discretion) to handle all aspects of review and development. However, please prepare your responses and bid as if record keeper will be doing all coordination, design, layout, formatting, printing, mailing, etc.

The record keeper will be responsible for preparing, in consultation with DRS communication staff, all plan communication materials in both printed and HTML format (for posting on record keeper's and/or DRS' intranet/Internet Web page). Preparation includes the design, layout HTML formatting, printing, and where necessary, the mailing of all materials, including the quarterly Plan 3 newsletter.

The record keeper will be required to prepare professional brochures, publications and forms for members. Some publications and forms must be tailored to each plan (PERS, TRS and SERS Plan 3).

DRS will require the record keeper to develop 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 Design Premium CS4 (Dreamweaver, Illustrator, InDesign, Photoshop),
- Microsoft Vista,
- Microsoft Office 2007 (Access, Excel, Project, PowerPoint, Visio, Word),

DRS reserves the right to upgrade software during the life of this contract.

DRS communications staff will actively participate in the design, drafting and approval of all communication pieces. 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. DRS will request edits and redrafting of materials as necessary. Respondents should assume that there will be three drafts of materials required. In addition, record keeper will send finished publication through its internal compliance review process.

Materials developed by the record keeper must be submitted to DRS for final review and editing, with adequate time, as determined by DRS, for DRS' review process. Publications must present an unbiased approach to investment information and should educate members about all aspects of the plan, including retirement planning, investment options and performance and distribution selections. The information must explain both the WSIB Investment Program and Self-Directed options and provide information about the record keeper's services.

The record keeper will not be permitted to provide any generic investment materials to members. All publications and forms must be customized for DRS. All materials produced by the record keeper are for the sole use of Plan 3 members and are the property of DRS. All

materials must reflect the branding of Plan 3 and will not highlight or otherwise serve as a vehicle to promote the record keeper. Plan 3 branding will apply not only to printed materials, but also to the custom Web site and toll free phone line.

### C. Required Minimums

At a minimum, the record keeper is responsible for production and first class mailings of the following materials (including HTML formatting where appropriate):

- A booklet that provides a Plan 3 overview and highlights retirement investing in a defined contribution plan and includes investment portfolio construction (asset allocation) and risk/return workbook pages, investment options overview, and contribution rate information.
- Plan Choice Booklet, which provides members with all the information they need to make a plan choice.
- A summary investment guide that also serves as a prospectus-like document for a Plan's investment products.
- A brochure describing available features and how to use the record keeper's toll-free automated service line and Internet site.
- A distribution options brochure.
- An annuity guide.
- A brochure on how to read statements to be mailed with the first quarterly statement a member receives.
- A Plan 3 quarterly newsletter that highlights current plan activities.

For informational purposes, the various materials prepared, printed and distributed by the current record keeper are provided <http://www.icmarc.org/plan3/>. DRS requires the selected record keeper to provide, at a minimum, these types of publications.

DRS processes and stores original documents and correspondence in an electronic document image management system. The record keeper will be required to develop designated member 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.

### D. Plan Administrative Forms

The record keeper, with DRS input and approval, must prepare all forms required to administer the Plans. Samples of the forms currently used are available on the current record keeper's Web site <http://www.icmarc.org/plan3/>.

### E. Fulfillment Services

Publications and forms must be delivered by the record keeper to all DRS Plan 3 employers upon request. DRS currently maintains a 30-day supply of all Plan 3 materials on-site and expects the vendor to be able to restock that supply with one week's notice.

Specific materials, as determined by DRS, are mailed directly by the record keeper to members at their address of record. These materials may include, but would not be limited to:

confirmation letters, letters announcing new plan options, and updated brochures. The record keeper must also respond to individual member requests for publications and mail them to the member address of record.

The record keeper will be responsible for developing and including Plan 3 quarterly newsletters with member quarterly statements of account and mailing the statements and quarterly summaries to members at their address of record. These newsletters must include quarterly investment performance and other pertinent information about each plan and are subject to final review and approval by DRS.

The record keeper will also develop and mail special publications announcing changes to the investment funds or other specific plan features to members at their address of record. The record keeper will be required to update, reprint and distribute all forms and publications when necessary and may be required to produce additional publications as required by DRS. This RFP requests each Respondent to outline their costs for the design, review, editing and production of various communication pieces. This information and any limitations or restrictions must be fully disclosed in each Respondent's Fee Proposal.

#### F. Internet Based Communication

##### i. Basic Plan 3 Web site

The record keeper must develop and maintain a customized Web site with separate access to PERS, TRS and SERS Plan 3 information, including the current schedule for investment education seminars (see below). This Web site must be a unique site for the use of appropriate DRS members only. The record keeper Web site must:

- Have links to the Web site maintained by DRS for all Plan 3 members. To review the site maintained by the current TRS, SERS and PERS Plan 3 record keeper, go to <http://www.icmarc.org/plan3/>.
- Provide the ability to view and print publications and forms and register for educational session online. This facility will provide information on available sessions including dates, times, locations as well as the ability to register for a session. It will also provide various sorting criteria (employer, county, city or date). Reporting will be available to DRS and the employer.
- Have ability to provide streaming video and interactive communication abilities.
- Provide complete Web-based communications opportunities for members who do not want to receive written materials.
- Provide secured access to member 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 member technical difficulties.

Record keeper should expect and plan for frequent changes. Web site should be designed with flexibility to re-structure and update content often. 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.

Respondents to this RFP should present ideas for expanding current offerings and describe the kinds of information they currently provide on their Web sites. Any Web site material provided by the record keeper for Plan 3 members must be customized and for the sole use of Plan 3 members and potential members.

ii. Retirement Planning Calculators

The record keeper will develop and implement, with DRS assistance, retirement planning calculators on the Plan 3 Web site, which gives members easy to use tools to meet their retirement planning needs. At a minimum, the following calculators must be available on the Plan 3 Web site:

- *Asset Allocation Tool* – to assist members in determining what types of investments may best suit their needs based on their time horizon and risk tolerance.
- *Take-Home Pay Estimator* – to assist members in seeing the after-tax effect of various contribution rates on their current net pay. Most of the member contributions to Plan 3 are deducted on a pre-tax basis from the gross pay (some PERS Plan 3 members have after-tax contributions only).
- *Defined Contribution Disbursement Schedule* – to assist members in creating an estimate of payments they can anticipate from their Plan 3 DC account following separation from service considering various payout options and assumed rates of investment return.

Variables that must be accepted include:

- Date of Birth;
  - Planned Age to Start DC Withdrawals;
  - Current Balance of the Plan;
  - Current Pre-tax Contributions;
  - Annual Salary;
  - Assumed Investment Return (prior and during withdrawals);
  - Expected Salary Growth Rate;
  - Assumed Investment Return;
  - Pay Frequency;
  - Assumed Inflation Rate;
  - Planned Age at Separation from Service;
  - Term of Disbursements; and
  - Date of Birth of Joint Annuitant.
- *Life Expectancy Estimator* – to assist members in estimating their life expectancy based upon a given age.
  - *TAP Annuity Purchase Calculator* – to assist members in estimating the purchase amount of annuity stream payments.

This software must be:

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

This software is subject to DRS review and approval.

The existing software can be accessed at <http://www.icmarc.org/plan3/>.

*iii. Plan Choice Web sites*

In addition to the basic plan Web site the record keeper will maintain Plan 3 Choice Web sites which offer education to newly hired employees who must choose either Plan 2 or Plan 3 within 90 days of initial employment. The current Plan Choice Web sites are available at

- <http://www2.icmarc.org/xp/plan3/pers/planchoice/>
- <http://www2.icmarc.org/xp/plan3/sers/planchoice/>
- <http://www2.icmarc.org/xp/plan3/trs/planchoice/>

At a minimum, the Plan Choice Web sites must offer the following:

- Capacity to provide Video;
- Plan 2 vs. Plan 3 Comparison Chart;
- Plan Choice Publications;
- Ability to View and Register for Plan Choice Seminars Online;
- Frequently Asked Questions;
- Glossary of Terms;
- Financial Modeling Software;
- Contact Information;

*iv. Plan Choice Financial Modeling Software*

The record keeper must provide financial modeling software on the Plan Choice Web site to assist members with their plan choice decision. DRS owns the current modeling software; however, the record keeper will be expected to make modifications to this software as requested by DRS. Respondents must indicate in their Fee Proposal the costs to create this software in its entirety. The record keeper must develop this software to factor in multiple variables for Plan 2 and Plan 3 and to perform the complex calculations needed to project future benefits in each plan. The software must provide a comparison of the projected benefits for both plans based on each member's personal situation, including variables such as:

- Contribution Level;
- Expected Rate of Return;
- Life Expectancy;
- Payout Method;
- Current Age;
- Expected Years of Additional Service;
- Anticipated Date of Starting Defined Contribution Payment;

This software must be:

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

This modeling software is subject to DRS review and approval. The existing financial modeling software can be accessed at <http://www.icmarc.org/plan3/>.

v. Annual January Transfer Financial Modeling Software

The record keeper must also provide financial modeling software for SERS, TRS and PERS Plan 2 members, who are eligible to transfer in January to Plan 3, within the special criteria determined under each plan. The transfer includes an associated asset transfer. This modeling software is subject to DRS review and approval. The software must allow Plan members to calculate:

- Comparison of Plan 2 benefit vs. Plan 3 benefit;
- The impact of various contribution amounts on the member's take-home pay;
- The member's future account balances at various rates of investment return and contribution levels;
- How much income the member will need during retirement;
- The amount of expected Plan 3 payments during retirement under various pay out options and assumed rates of return; and
- Required minimum distribution amounts.

This software must be:

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

The existing financial modeling software can be accessed at <http://www.icmarc.org/plan3/>.

G. Video

In addition to written materials, the record keeper may be asked to prepare video presentations on various topics, including a video overview of Plan 3 and a video specifically focused on investment education. These videos are expected to be 20 to 30 minutes in length.

The investment education video must fully explain Plan 3 investment options and be able to replace attendance at the investment education seminars, described below, for members unable to attend.

The record keeper must update the videos when necessary due to changes in investment options, plan rules, procedures or other changes, subject to DRS' approval. These videos

must be of professional quality. Videos would be available for viewing through the record keeper's Plan 3 Web site. The record keeper may be required to provide copies to DRS and employer locations. Pricing by volume is requested in the Respondent's Fee Proposal.

#### H. In Person Education

The record keeper may be asked to create, schedule, and conduct educational seminars specific to PERS, SERS, and TRS Plan 3.

Seminars would be delivered on-site at employer locations throughout the State and the record keeper would be required to coordinate with DRS and its employers to schedule appropriate facilities for group and individual seminars. All seminars must be held in facilities that meet Americans with Disabilities Act (ADA) accessibility criteria, and reasonable accommodations must be made for members and their spouses with disabilities. Members will be asked if they require any reasonable accommodations when registering for group and individual sessions. The record keeper must also coordinate with member organizations that can assist in notifying members and encouraging attendance at education seminars.

Meeting announcement materials would also be developed and distributed to employers for use in notifying employees/members of available seminars. The record keeper must also distribute surveys at each seminar with the results compiled into a database and reported to DRS in a format acceptable to DRS.

##### *i. Investment Basics Education Seminars*

The record keeper may also be required to conduct ongoing investment education seminars as needed, determined by DRS, for all Plan 3 members. If provided, it is expected that a minimum of 325 investment education seminars will be presented annually throughout the State.

The seminars would discuss the structure of Plan 3, the contribution rate choices, the basics of retirement planning, the specific Plan 3 investment options, how to select appropriate investment options, and services provided to Plan 3 members. These presentations would include basics of investing, including investment concepts and investment risks and returns and how the various Plan 3 options fit on the risk/return continuum. The seminars may also describe the differences associated with the monthly valued WSIB TAP fund and the daily valued Self-Directed options. All seminars would be conducted by educational personnel qualified to provide information on Plan 3 investment offerings.

##### *ii. Plan Choice Education Seminars*

Newly hired PERS, SERS and TRS employees have 90 days to choose either Plan 2 or Plan 3. If an election is not made within 90 days the member defaults to Plan 3. The record keeper may also be asked to develop and conduct workshops targeted at members who are in their choice period. The information provided would be neutral in nature and will describe in detail the structure and benefits provided within both Plan 2 and Plan 3. No marketing to either plan will be allowed in the education seminars. If provided, it is expected that 75 seminars would be conducted each year throughout the State.

*iii. Distribution Seminars*

The record keeper may also be expected to develop and present Plan 3 distribution seminar curricula and materials with DRS involvement and approval. The current distribution seminars focus on distribution options available for Plan 3 members, and last approximately one hour. If provided, it is expected that 250 seminars will be needed each year throughout the State.

*iv. Other Presentations*

Employers periodically host benefit fairs to provide employees with access to information about their benefits. The record keeper may be expected to set up a booth at these benefit fairs and provide Plan 3 publications, answer questions for current and potential Plan 3 members, assist current Plan 3 members with reading their quarterly statement, and provide a demonstration of a benefit estimate using the retirement planning calculator. It is expected that attendance will be required at 35 benefit fairs per year throughout the State.

The record keeper may be expected to attend new employee orientations and present information on the structure of Plan 3 and the contribution rate choices as well as retirement planning basics to assist new members in selecting the appropriate contribution rate. It is expected that ten such orientations will be needed each year throughout the State.

In addition, the record keeper will provide workshops demonstrating the Plan 3 and DRS Web sites including but not limited to account access, retirement planning calculators, the publications available online, an extended question and answer period for current members, and a walk-through of a sample Plan 3 quarterly account statement. It is expected that 50 workshops will be needed each year throughout the State.

**4.1.3 Enrollment**

**A. Initial Member Record Set Up**

All new Plan 3 members must complete the following forms at the time of enrollment:

- A Member Information Form,
- An Investment Allocation Form, and
- A Beneficiary Designation Form.

DRS, based on data received from participating employers, is responsible for the enrollment process as well as setting up and maintaining all member data except as described in the following paragraphs.

Once member enrollment data has been received from an employer, DRS will transmit to the record keeper through secure File Transfer Protocol (FTP), a data file with the information necessary to set up the member's account record and to invest the contributions which includes file indicators for a member's plan choice and investment program. The record keeper will confirm with DRS via FTP the information received including new members, re-hires, transferees, and any updates to member information. The record keeper will promptly

notify DRS (by phone) in the event of a system transmittal error in which the record keeper did not receive complete member information.

The State of Washington's Department of Information Services, currently requires that DRS use Tumbleweed Secure Transport FTP Software. Vendor should expect that this software requirement will be reevaluated, and could change, during the life of this contract.

The Member Profile record layout can be found in the **Plan 3 Record Layouts Exhibit F**. It is expected that a data file containing this new enrollment data will be transmitted to the record keeper daily. Annually, the record keeper and DRS will develop a detailed processing schedule, including a holiday schedule, providing specific times for receipt and transmission of data.

The record keeper will establish member accounts and process member account changes received from DRS on the daily transmission of the Member Profile File through the FTP. The data must be posted and available on the record keeper's system within one business day of receipt of data. The record keeper will be required to mail confirmation letters confirming a member's enrollment. These letters must be mailed within five business days of the record keeper's receipt of the enrollment information from DRS.

**B. Transfers from Plan 2 to Plan 3**

Certain Plan 2 members have an annual opportunity to transfer to Plan 3. Any transfers from Plan 2 to Plan 3 will be processed daily during the appropriate transfer periods. If the transfer is into Self-Directed Investment Program, the corresponding cash from the Plan 2 trust funds is received on the second business day of the month following the month in which the transfer occurred.

**C. Initial New Member Investment Program Allocation**

During the enrollment process, DRS and the member's employer collect only the member's Investment Program election (the member's choice of WSIB-TAP or the Self-Directed Investment Program). A member who selects the Self-Directed Investment Program will be instructed to contact the record keeper to make their Self-Directed investment allocation election. While a member must be permitted to make their investment allocation using a paper form, employers and DRS will encourage members to utilize the record keeper's customer service center or use the Plan 3 Web site. The record keeper must be able to set up allocations prior to receipt of a new member's enrollment information.

**D. Rehires and Re-Enrollments**

DRS will transmit a rehire record for any terminated Plan 3 member (PERS, SERS, or TRS) who is rehired. This transmittal will contain a code to distinguish re-hired members from new enrollments. The record keeper will send a Rehire Welcome confirmation letter to rehired members. If the record keeper does not have the member on file, DRS will be notified.

Members cannot continue to receive installment payments when they have been rehired in the same retirement system, unless they are receiving an annuity payment. If a rehire record is received for the same system a member is receiving installment payments from, the installment payments are stopped.

Members may receive a lump-sum withdrawal if it is in place before DRS sends a rehire record to the record keeper. If a lump-sum withdrawal is in place, a rehire record will be sent to the record keeper. The record keeper must be able to account for rehire contributions separately from the withdrawal.

#### E. Maintaining Withdrawn Accounts

DRS will allow members to repay previously withdrawn amounts (reinstatement). The record keeper is responsible for keeping records of these withdrawn amounts for each member that withdraws to determine the amount eligible to be repaid.

#### **4.1.4 Contribution Processing**

DRS collects member contribution data and cash from the participating public employers. Contributions may be either pre-tax or after-tax dollars. Once DRS has balanced the contribution data with the cash, DRS determines a trade date and transmits Self-Directed and WSIB-TAP contribution detail to the record keeper. DRS transmits this data via secured FTP and makes a transmission virtually every business day. The Daily Activity and Daily Cash Activity file layouts can be found in the **Plan 3 Record Layouts Exhibit F**.

The record keeper must process the member contribution detail, using each member's current Investment Program (SELF or WSIB) sent by DRS. The contribution data sent by DRS to the record keeper may include member contributions (positive and negative), specialized payments, adjustments, bill payments and system/plan transfers. If the member is in the Self-Directed Investment Program, the record keeper must further process the member contributions according to their investment allocations. If no investment allocation for the Self-Directed option is on file with the record keeper, member contributions default to the Retirement Strategy Fund as if the member is age 65 today.

#### A. WSIB Investment Program (WSIB)

WSIB is offered to all Plan 3 members. There are three funds, the Total Allocation Portfolio (TAP), the Pending Total Allocation Portfolio (PTAP), and the Short Term Investment Fund (STIF).

The TAP is a monthly valued, diversified investment portfolio designed for long-term investing. Investments into and out of the TAP are allowed only once a month on the second business day of the month. The WSIB will supply the record keeper with a unit price on the 15<sup>th</sup> business day of the month following the valuation month (e.g., the record keeper would receive a unit price from WSIB on May 21, 2009). The record keeper uses the WSIB unit price to value member accounts on the next to the last business day of the month after the close of the valuation month (e.g., the valuation for April 2009 would be performed May 28, 2009).

The STIF is where contributions, bill payments, and SELF-Directed Investment Program transfers are posted and earn interest until they can be moved into the TAP.

DRS will transmit to the record keeper two files that contain member contribution detail (Daily Activity File, Cash Activity File). The contribution data sent by DRS includes member contributions (positive and negative), specialized payments, adjustments/back outs, bill payments, system/plan transfers.

Contributions and other payments are directed into and out of the TAP Fund in member accounts according to the instructions received on the Daily Activity File. Reports are generated (Activity Reports, cash management report) providing DRS with inflows and outflows of the TAP Fund.

Contributions allocated to the TAP Fund receive STIF earnings until month-end where they are swept into the PTAP, valued and swept into the TAP Fund. Member contribution data received and reconciled by the second to last business day of the month are included in the month-end valuation. The record keeper will post contributions to the WSIB STIF Fund daily using the trade-date received from DRS. During the appropriate month-end process, posted contributions are swept from the STIF Fund into the PTAP fund then swept into the TAP Fund.

If insufficient funds are available for any negative transactions, the record keeper will notify DRS by e-mail or telephone of the rejected transaction. DRS will provide instructions to the record keeper regarding the transaction. File formats will be mutually agreed upon by the record keeper and DRS.

#### B. Self-Directed Investment Program (SELF)

SELF is offered to all Plan 3 members. In SELF there are currently seven separate daily valued investment funds and a target date option which includes 11 Retirement Strategy Funds. A 12th Retirement Strategy Fund is expected to be added during the life of this contract. The NAV for these asset allocation funds is provided to the record keeper by the custodian.

Like WSIB, SELF requires a STIF fund because DRS may wire funds directly to the record keeper for SELF purchases prior to the individual member detail. Once the detail is received, the individual contributions plus their portion of the STIF earnings will be allocated to the member's SELF funds according to the member's allocation mix.

In addition to the STIF account, a holding fund will be established for settlement between accounts when members are moving funds between investment options.

DRS will transmit to the record keeper two files that contain member contribution detail (Daily Activity File, Cash Activity File). The contribution data sent by DRS includes member contributions (positive and negative), specialized payments, adjustments/back outs, bill payments, system/plan.

Contributions are posted to the STIF Fund and subsequently allocated to the SELF investment option. Reports will be generated by the record keeper providing DRS with inflows and outflows of SELF.

Similar to the process for WSIB, cash for SELF is received daily from employers for contributions and bill payments and is deposited with the Office of the State Treasurer (OST) (see Custody of Assets below). DRS, through OST, wires SELF contributions the day after receipt for investment in the SELF Short Term Investment Fund (STIF). Once the contribution detail is reconciled to the cash submitted by the employer, DRS transmits the detail to the record keeper.

The contributions and accrued earnings during the period are moved from STIF to member accounts according to their investment allocations. Bill payments are posted directly to member accounts using the investment allocation; they do not receive STIF earnings.

All member transfer instructions and member contribution data received in good order by 1:00 p.m. Pacific Standard/Daylight Savings Time, are included in that day's reconciliation and posted to member accounts at the price as of the close of business. The record keeper contacts DRS on the same day when assistance is required for discrepancies between contribution data and assets. The record keeper is responsible for establishing the SELF STIF daily prices.

Negative contributions and negative bill payments are taken from a member's SELF account pro-rata. The record keeper wires the redeemed funds to OST on the day following the posting of the correction.

### C. Custody of Assets

Coincident with DRS completing the deposit of the contributions to the appropriate accounts at the OST, it also gives OST wire transfer instructions. These wire instructions represent a reconciled summary of the amount of the contributions that need to be wired to the custodial account. The OST then wires the contributions to WSIB's custodial bank.

The record keeper will receive an electronic file of the daily cash activity which will reconcile to the amount given to OST. The record keeper will use this file to reconcile to the member activity when it arrives from DRS.

The record keeper will be required to provide net trade instructions to the investment managers and the custodial bank, representing the aggregated instructions for the day for all transactions. The custodial bank acts upon these instructions, moving the funds between the appropriate investment accounts. The record keeper must also provide information to the custodial bank on how much needs to be wired through the OST to the Plan's disbursement account for processing of disbursements to members and beneficiaries.

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.

#### D. Suspense Items

When an employee contribution or transaction is requested and, due to lack of sufficient information or other causes, it is unclear how it should be processed, the record keeper suspends that item. The record keeper maintains a subsidiary record of all suspense items, prepares a daily edit report of all items, and transmits the edit report to DRS each day by 4:00 p.m. Pacific Standard or Daylight Savings Time. The record keeper researches and resolves each item on the edit report within seven business days. DRS provides assistance as necessary to resolve suspense items.

If there is a change in investment value, including interest, between the time the suspense item should have been invested and the time it is ultimately invested, if the investment value has increased, and the record keeper caused the suspense item to occur, the record keeper contributes the difference between the initial contribution amount and the price of the investment when it is actually purchased. In the event the investment value has gone down, the entire initial contribution amount will be utilized to purchase the investment at its current price so that there is no gain to the record keeper. Conversely, if DRS or an employer makes the error, the record keeper is required to calculate the lost earnings and notify DRS of this additional amount within three business days.

The record keeper maintains and reports to DRS a monthly suspense account balance reflecting all unpaid and uncleared transactions with corresponding occurrence dates. Currently there have been less than ten transaction items outstanding at any one time.

#### **4.1.5 Ongoing Changes to Investment Directions**

##### A. Future Contributions

Members can elect to have their future contributions made either to the WSIB-TAP Fund or to the Self-Directed Investment Program. Members cannot direct contributions to WSIB-TAP and the Self-Directed Investment Program simultaneously for the same employer; however, members are permitted to change the Investment Program to which their future contributions are directed.

To make a change to the Investment Program to which future contributions are to be directed, members complete an election form and submit it to their employer. The change is recorded by DRS and transmitted to the record keeper. This affects the direction of the next contribution processed by DRS for that member.

##### B. Allocation Changes for Members Contributing to Self-Directed Investment Program

Members who are changing from directing their contributions to the WSIB-TAP Investment Program to the Self-Directed Investment Program will be instructed by their employer or DRS to contact the Plan 3 record keeper to make their Self-Directed investment allocation election.

Since the member already has a member account record on file with the record keeper, it is expected that investment election allocations can also be processed using the Voice Response System (VRS) or the Internet.

While members must be permitted to make their investment allocation using a paper form, employers and DRS will encourage members to utilize the record keeper's customer service center or use the Plan 3 Web site.

As noted in the enrollment section, should a member selecting the Self-Directed Investment Program not make an investment allocation election using any of these methods, the member's contributions will default to the Retirement Strategy Fund as if the member was age 65 today.

#### C. Fund Transfers within SELF

The record keeper will be required to permit members with assets in the Self-Directed Investment Program to make transfers of assets within the Self-Directed Program on a daily basis, subject to certain trade limitations (described in the following paragraph,) by:

- Completing a paper form and mailing it to the record keeper;
- Calling the record keeper's customer service center; or
- Using the record keeper's voice response system or their interactive Web site.

To safeguard members in the Self-Directed Investment Program from the effects of excessive trading, a member 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 member made a transfer out of the fund. The restriction will not affect the member's regular contribution or the ability to leave service and withdraw contributions and earnings from Plan 3. Record keeper will provide DRS periodic 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.

The record keeper must complete the transfers for all instructions received in good order from the member by 4:00 p.m. Eastern Standard/Daylight Savings Time using that day's Net Asset Value (NAV) closing price or value.

#### D. Investment Program to Investment Program Transfers

Members can choose to transfer their accumulated Plan 3 account balance between the WSIB Investment Program and the Self-Directed Investment Program.

The record keeper is responsible for processing Investment Program to Investment Program Transfers. Currently the member initiates this process by:

- Completing a paper form and mailing it to the record keeper;
- Calling the record keeper's customer service center.

The record keeper will complete Investment Program to Investment Program Transfers from the TAP Fund to the Self-Directed options once a month. Investment Program to Investment Program Transfer requests received by 1:00 p.m. Pacific Time on or before the fourth-to-last

business day of the month, are posted during that month's month-end process (with the valuation occurring the second-to-last business day of the next month.) The total amount of all Investment Program to Investment Program Transfers resides in a "pending account" until receipt of funds from WSIB (second business day of following month) for investment in the Self-Directed investment options.

Requests for Investment Program to Investment Program Transfers from SELF to WSIB received in good order by 1:00 p.m. Pacific Time are redeemed from SELF using the price as of the close of business. The total amount of all Investment Program to Investment Program Transfers resides in a "pending account" until the funds are received the following business day.

Members, who change the Investment Program to which their future contributions are directed, are not required to initiate an Investment Program to Investment Program Transfer. They are permitted to maintain account balances in both Investment Programs; however, they will be charged the respective fees for each Investment Program. Currently 8,431 individuals have accounts in both Investment Programs.

#### **4.1.6 Distributions**

##### **A. In-Service**

No in-service distributions are permitted under PERS, TRS or SERS Plan 3 unless they are receiving an annuity payment.

##### **B. Termination**

Employers notify DRS of all terminations. In its regular data transmission, DRS notifies the record keeper of the change in the employee's status. Members are permitted to leave their contributions in Plan 3 until April 1st following the calendar year of attainment of age 70-1/2.

Members, who wish to initiate a distribution of their account, must complete a Distribution Election Form and submit it to the record keeper. If the member has a termination date, the record keeper will disburse the member's account balance unless there is a legal order. DRS will electronically transmit legal order flags to the record keeper. The record keeper will validate with DRS the status of any legal order payees prior to commencing any distributions.

##### **C. Disbursement Calculation and Allocation**

Disbursements are to be paid from the record keeper's bank account. Monthly calculation of earnings on outstanding disbursements will be performed. The earnings will be allocated annually to the funds, using monthly average fund balances. A monthly calculation by item will be provided to DRS.

##### **D. Stale Dated Checks**

After a check is outstanding for 90 days from issuance, the record keeper will mail a letter to the member with the check information and ask the member to cash the check to avoid

having a stop payment placed on the check. This gives the member the opportunity to check his/her records for a disbursement check that has not been cashed. If the member cannot find the check, the letter will instruct the member 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, plan number, Social Security number, payee name and address. This information will be maintained until the item is resolved.

The member will not be entitled to earnings. For outstanding WSIB funds moved to the control account, earnings will be reported to DRS and deposited into the Trust fund. For outstanding SELF-directed funds moved to the control account, earnings will be moved into SELF STIF and apportioned to members as STIF earnings.

The record keeper will send a letter via certified mail to the member informing the member that a stop payment has been made on the check. The letter will also provide the member with the check information and instructions to notify the Phone Support Center by phone or the Remittance Services Unit in writing to have a new check issued. The record keeper will establish a procedure using a locator service to contact members whose letters are returned.

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

The record keeper will give DRS a monthly report of members 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 for each plan as of December 31st and June 30th. All information maintained on the control account will be provided in the report.

**E. Distribution Options – WSIB-TAP**

Lump sum, installment payments and rollovers are currently permitted from the WSIB-TAP Fund. These options are described in the *Plan 3 Request for Payment of Defined Contribution Funds* brochure (see <http://www.icmarc.org/plan3/pers/pubs/>). An annuity option is also available to members and beneficiaries. The TAP annuity program provisions are:

Contract Provider	Washington State Investment Board
Minimum Purchase Price	\$25,000
Annuity Payment Frequency	Monthly
Rescission Period	15 calendar days from date of purchase
Single Life Annuity	<ul style="list-style-type: none"> <li>• Provides regular payments for as long as member lives.</li> <li>• Automatic 3% Annual COLA</li> <li>• Conversion option to Joint Life Annuity</li> </ul>

	<ul style="list-style-type: none"> <li>• Balance refund</li> </ul>
Joint Life Annuity	<ul style="list-style-type: none"> <li>• Provides regular payments to member or joint annuitant as long as either lives.</li> <li>• Joint annuitant survivorship options: <ul style="list-style-type: none"> <li>• 100%, 66.67% or 50%</li> <li>• Automatic 3% Annual COLA</li> <li>• Monthly payment pops-up to Single Life Annuity amount if joint annuitant predeceases member.</li> </ul> </li> <li>• Balance refund</li> </ul>

The annuity uses actuarial factors provided by the Office of State Actuary based on the member's and joint annuitant's ages. There are separate factors for PERS, SERS, and TRS.

*i. Annuity Quotes*

The member will call the record keeper to request a quote on the different annuity options. A representative will calculate the annuity through an annuity calculator developed by the record keeper using the factors provided by the Office of State Actuary. In addition, this calculator will be available on the Web site for members to run scenarios. This program will be used for the final calculation, which will also be used for processing once the final balance is completed through the WSIB monthly valuation process.

The record keeper will provide the quote to the member, along with the specific time frame the quote is good for, which is 30 days. An annuity packet will be sent to the member.

*ii. Annuity Record Keeping*

The record keeper will provide record keeping services for members who elect to have an annuity as a payout option. The record keeper will process the annuity application according to the following time frames:

- Requests received prior to the third to last day of the month will be redeemed on the second to last business day the following month.
- The annuity will be purchased on the second business day of the month following the redemption and the annuity policy will be mailed to the member.
- The first payment will be sent at the first of the month following the purchase of the annuity (e.g., a request received May 15th will have the first payment sent the first part of August).

This service will include reporting to DRS the amount of the annuity purchase, the subsequent monthly payments, and providing monthly payments to members via check or ACH, specifically:

- The record keeper will be responsible for maintaining a record for each individual who purchases an annuity (the record will include profile information, annuity purchase amount and other data as determined).

- The record keeper will need to deduct each monthly annuity payment from the original purchase price for the purpose of determining what the “death benefit” will be. The record keeper will be required to do so until such time as the payments exceed the original purchase price.
- The record keeper will be responsible for creating and mailing Form1099-Rs and for creating a file to be merged with DRS’ file for reporting to the IRS.
- The record keeper will be responsible for sending payment information and balancing reports.

The record keeper will need to make adjustments to monthly payment amounts for the annual COLA, pop-up and conversion features, as well as make refunds as provided.

#### F. Distribution Options - Self-Directed

In addition to the ability to rollover to other qualified plans, many payment types, including annuities and personalized payment schedules, are permitted from the Self-Directed options and are described in the *Plan 3 Request for Payment of Defined Contribution Funds* brochure (see <http://www.icmarc.org/plan3/pers/pubs/>).

The record keeper will be required to provide an annuity shopping service for Self-Directed members who wish to receive their distribution as an annuity. For members in the Self-Directed Investment Program, who are considering annuity distribution, the record keeper will provide annuity distribution illustrations and make the annuity purchase for the member. The record keeper must obtain purchase rates from at least three companies that meet minimum qualifications agreed to by DRS.

#### G. Distribution Processing

The record keeper processes both Self-Directed and WSIB-TAP withdrawals. DRS receives termination date information from the employer and electronically sends it to the record keeper. This acts as DRS authorization to fulfill a member’s disbursement request. If the termination date is not on file, the request will remain as “pending” for nine months, and then it is purged from the system and notification is mailed to the member. A file of these requests will be mailed to DRS. The record keeper will send DRS a “pending withdrawal indicator” on the nightly feedback file for each withdrawal request form that is received from a member.

The record keeper must electronically notify DRS of all withdrawal requests made by members, beneficiaries or legal order payees. The record keeper must electronically notify DRS of all lump sum withdrawals, all WSIB installment payments and all Self-Directed installment payments. All WSIB and Self-Directed installment payments must be reported to DRS so that money can be wired from the OST to the custodian.

If there is a special condition (e.g; legal order, high compensation) on file, DRS transmits an indicator on the Daily Activity File. If the member has a termination date on file and there are no special conditions outstanding, the record keeper will disburse the member’s account balance. If there are special conditions, the record keeper must contact DRS before disbursing the funds. Once disbursement is complete, DRS requires the record keeper to

provide a feedback file using codes and formatting DRS has identified. Funds are not disbursed without the appropriate authorization from DRS.

Requests received in good order from members and beneficiaries by ten a.m. Pacific Standard/Daylight Savings Time are processed using that day's closing prices. Federal and state taxes (if applicable) are withheld and filed with the proper authorities within the mandated time period. Checks are printed the following business day and mailed within 24 hours. Direct deposits are transmitted the following business day. In addition, 1099 tax forms are mailed to members by January 31 of the year following the distribution/withdrawal.

Record keeper must be able to use either the pro-rata or the modified simplified method of basis recovery, depending on type of distribution (lump sum vs. installment) and whether the member's initial payment is in the form of a defined contribution or defined benefit payment. DRS requires the record keeper to provide a feedback file using codes and formatting we have identified.

Disbursements can be made from all Self-Directed Investment Program funds except the holding fund (if applicable). If there is a balance in the holding fund, settlement must occur before the distribution is made. This may delay members receiving their disbursements.

Contributions, earnings, fund withdrawals, transfers, or changes posted against the SELF funds during the processing of the disbursement will be included in the account balance, depending upon payment option selected. If optional bill payments are received during the pending withdrawal period, they may also be disbursed, depending upon payment option selected.

The record keeper must also prepare and provide to members a distribution options brochure and provide Plan 3 information on the Web site. Members wishing to initiate payment of their Plan 3 account balance will be instructed to send their distribution election form to the record keeper. The record keeper will issue payments by check, electronic direct deposit and wire or electronic fund transfer for all members with the appropriate authorization code. The record keeper must provide written confirmation to the member and DRS for payments made by electronic direct deposit, wire or electronic fund transfer.

Due to the different valuation schedules, the record keeper will make separate benefit payments from WSIB-TAP and the Self-Directed options. Since the WSIB-TAP Fund is valued monthly, lump sum payments cannot be paid until the second business day following the month-end valuation. For example, a member wishing to take a lump sum payment submits a fully completed form to the record keeper on May 20<sup>th</sup>. The lump sum payment will be in the member's TAP fund account on May 31<sup>st</sup>. Since the May 31st valuation is not calculated by WSIB until about June 25-28, the amount of the payment must be calculated and processed after the June month-end processing. Payment is made on July 2<sup>nd</sup>. Periodic payments are processed on a similar schedule.

#### H. Age 70 ½ Required Minimum Distribution (RMD)

The record keeper will identify and notify members not currently receiving disbursements of the IRS RMD by letter two months prior to the IRS-required distribution date. Forms and instructions necessary to initiate withdrawals will be included in the packet.

The record keeper will calculate the RMD annually for all members over age 70½ to ensure members begin to receive or continue to receive their minimum distribution. If necessary, the record keeper payment amounts are increased to meet the IRS minimum requirement.

Since RMD payments are not required if a member is still working, the record keeper will suppress its system from processing RMD payments for those members. DRS notifies the record keeper of the member's working employment status. However, once the member terminates, payments will commence immediately.

#### I. Survivor Benefits

DRS electronically transmits beneficiary information to the record keeper. Upon receiving a beneficiary withdrawal request, the record keeper will request confirmation from DRS of the deceased member's beneficiary designation form to verify that the individuals requesting payment are the most current designated beneficiaries. Record keeper will transmit the withdrawal request to DRS. The electronic feed from the record keeper identifies this request as a beneficiary withdrawal and includes both member and beneficiary SSNs. DRS transmits the date of death and the separation indicator as authorization for payment after the date of death is confirmed.

The record keeper does not process a beneficiary withdrawal payout until receipt of the date of death from DRS. If the record keeper receives a death certificate with the beneficiary's withdrawal request, the death certificate is forwarded immediately to DRS.

Upon notification of the member's death, the record keeper will establish accounts for the beneficiaries and move the money from the member's account to the beneficiaries' accounts. The record keeper, when sending the feedback file to DRS, will include the deceased member's Social Security number, regardless of beneficiary designation.

If the record keeper receives trailing contributions and/or specialized payments for a deceased member's account, those contributions are posted then distributed to all beneficiaries as a trailing payment.

#### J. WSIB Special Exception Distribution

If a member requests an immediate payment due to an unusual circumstance, such as a terminal illness, and has separated from employment, the member may request to have 80% of the balance in the member's account distributed as a lump sum payment, based on the most recent valuation. This special exception must be approved by DRS. Payment is made as soon as feasible after DRS receives notice of termination of employment and documentation verifying the special circumstances or terminal illness and the record keeper receives the request for withdrawal from the member. Any remaining balance in the account will be disbursed through the normal month-end distribution process.

#### K. Tax Withholding and Reporting

The record keeper will be responsible for calculating and depositing the IRS withholding deductions. The record keeper will provide monthly and annual reconciliation reports and annual IRS Form 1099-R detail data to DRS. The record keeper will produce and mail 1099-R forms. Annual detail must be sent to DRS before January 31<sup>st</sup> of each year. The record keeper is also responsible for processing and researching 1099-R forms. DRS is responsible for preparing the Form 1099-R electronic file and sending it to the IRS. Record keeper will be responsible for monitoring foreign tax withholding and issuing 1042-S forms when necessary.

The record keeper will be solely responsible for any tax penalties and/or interest that may arise due to errors it made in remitting withheld amounts to the appropriate government authorities or in reporting this information to DRS.

#### L. After Tax Basis Recovery

Distributions from Plan 3 may have after-tax basis recovery reported in either the DB plan component or the DC component. Depending on type of distribution, e.g., lump-sum or installment stream, and sequence of distributions from DB component and DC component, either the Pro-Rata Method or Modified Simplified Method is used to report basis recovery. Record keeper works with DRS to ensure proper component, method, timing, and record types are used. Periodic compares are done to ensure after-tax reporting accuracy.

#### 4.1.7 Record Keeping

This procurement is for record keeping and related services only. The WSIB may make changes to investment management services that result from future procurement processes. The successful Respondent will not be prohibited from providing investment management services; however, the WSIB will conduct any procurement process without regard to the company's role in providing record keeping services to the Plans.

The record keeper will be required to provide record keeping for member accounts for both the monthly valued WSIB-TAP Fund and the daily valued Self-Directed options. In addition, the record keeper will need to maintain accounting for after-tax contributions associated with service buy backs and other situations for a small number of members.

#### A. Changes to Fund Managers

All decisions regarding the investment funds and fund managers offered under Plan 3 are made by the WSIB. The WSIB functions as the investment advisor to the Plan. The WSIB conducts periodic reviews of the investment funds/managers and recommends changes to the funds/managers as appropriate.

It is possible that, as a result of WSIB's ongoing review and advice, there may be changes to a fund at any time. The record keeper must assist DRS in implementing any changes to the fund and communicating them to members.

While no immediate changes are expected to the current investment fund lineup, it is possible that during the course of the contract the current options might increase to a maximum of 23 per plan. It is estimated that up to two Plan 3 Investment Options fund managers could change per year and that the record keeper might have to interface with as many as six different sub-advisors at any given time.

To safeguard members in the Self-Directed Investment Program from the effects of excessive trading, a member 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 member made a transfer out of the fund. The restriction will not affect the member's regular contribution or the ability to leave service and withdraw contributions and earnings from Plan 3. Record keeper will provide DRS periodic 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.

#### B. Investment Valuation

A timeline for the activities described briefly below is included in the *Plan 3 Investment Guide* brochure (see <http://www.icmarc.org/plan3/pers/pubs/>).

##### i. WSIB-TAP Fund

The record keeper will be required to provide monthly valued record keeping services for the WSIB-TAP Fund, which is part of a commingled trust fund managed by the WSIB. WSIB notifies the record keeper of the month-end value of WSIB-TAP Fund assets approximately 25–28 days after the end of the month. The valuations are net of all investment management fees and expenses.

The record keeper runs the month-end process on the second to last business day of the month for the previous month-end valuation received from the WSIB. Transactions posted during this process include contributions during the period, adjustments, benefit payments, and transfers to and from the WSIB-TAP Fund and the Self-Directed options. Money can go in and out of WSIB-TAP only once a month. There is a possibility that during the life of the record keeping contract the WSIB-TAP could be changed to a daily valued fund.

##### ii. Self-Directed Funds

The Self-Directed options, including the portfolio funds, are valued daily. They are unitized funds. Daily unit values are provided by WSIB and the current fund managers as of the close of each business day. The unit values are net investment management fees and WSIB's investment advisory fee. The record keeper's fees are currently also netted out of the daily unit value.

#### C. Account Information

The record keeper maintains records associated with an individual's account, including, but not limited to: investment balances, contributions (all types), distributions, earnings,

administrative fees, address, beneficiary designations, and any other information necessary for the proper administration of a member's account.

The record keeper processes all changes to individual member data received from DRS. Details and the record layouts provided to the record keeper by DRS can be found in the **Plan 3 Record Layouts Exhibit F**.

In addition, the record keeper will also transmit an electronic file to DRS to provide notice of address changes they received directly from the member. The Address Feedback record layout can be found in the **Plan 3 Record Layouts Exhibit F**.

The record keeper will be required to enter into contractual arrangements, on DRS' and WSIB's behalf, with investment companies providing services to the Plans. The contractual arrangements may include coordination of applicable administrative procedures and/or obtaining compensatory payment for conducting individual member account record keeping. Any payments negotiated by the record keeper, DRS or its representatives would need to be collected by the record keeper and used to offset Plan costs on a disclosed basis.

#### D. Property Division Orders (PDO)

DRS is responsible for qualifying and approving all information and distributions related to Property Division Orders (PDO). DRS will process two types of PDOs for Plan 3, one that provides "an interest in" an account to the ex-spouse and one that "splits" the retirement account between the member and the ex-spouse.

##### *i. Awards an Interest*

If a PDO "awards an interest" in the account to the ex-spouse, the ex-spouse cannot be paid until the member requests his/her payment. The record keeper will contact the ex-spouse at the time the member terminates employment and requests payment and inform the ex-spouse that he/she must take payment.

##### *ii. Splits an Account*

If a PDO "splits" the ex-spouse's account from the member's account, the ex-spouse can take a withdrawal of his/her account balance at any time. The account is independent of any action the member takes.

Upon qualification of a PDO, DRS will notify the record keeper of the terms of the PDO specifying the type of order (split or interest in). The record keeper will establish a separate account(s) for alternate payee(s) (or ex-spouse), and the record keeping system will track both parties' Social Security numbers on the member's and alternate payee's account.

While DRS is the primary record holder, the record keeper maintains on its record keeping system PDO information. The record keeper will accept and update their system with address changes for the ex-spouse and will transmit the address change to DRS on the Member Feedback file. If the ex-spouse is also a Plan 3 member, the record keeping system will distinguish between the member account and ex-spouse split accounts and will apply the

correct beneficiary and address information to the appropriate account. DRS will provide the record keeper with ex-spouse birth date information.

For both PDOs, state law requires that if an ex-spouse dies before the member takes payment; the money awarded to the ex-spouse is paid to the ex-spouse's estate. DRS will provide to the record keeper any necessary records such as legal orders. The record keeper is responsible for the disbursement process for both members and their ex-spouses or beneficiaries. DRS requires the record keeper to provide feedback file data on interest-in and split accounts that are different from each other. The appropriate codes and formatting identified by DRS must be used. (Vendors should note that Plan 3 uses Property Division Orders, while DCP uses Domestic Relations Orders.)

E. Order to Withhold and Deliver (OWD) (Child Support Payments)

DRS transmits to the record keeper a "legal order indicator" on the daily activity record when an OWD is received. The record keeper receives instructions from DRS when an OWD payment is ordered. This includes instructions regarding the amount to be paid. Payments are not permitted until the member separates from service and requests a payment; therefore this information arrives from DRS shortly after a pending withdrawal indicator is sent by the record keeper. DRS sends updated information prior to sending the separation indicator.

If a member has money in both Investment Programs, the record keeper communicates with DRS to determine which Investment Program will be used to satisfy the OWD. The OWD is satisfied and the remaining funds will be paid to the member according to the disbursement request. DRS provides the payee and mailing address for all OWD payments.

F. Member Statements

The record keeper is required to prepare and mail, by first-class mail to the member's address of record, quarterly member statements of account activity that will include beginning and ending balances and activity during the period (contributions, withdrawals, and investment returns). All information must be provided in both dollars and share/unit value. The statements include plan-to-date contributions, comparative charts of asset allocation, year-to-date contributions, and net gain or loss, as well as the various special reporting features, including:

- Pending transaction account;
- STIF balances (should net to zero at end of quarter);
- Plan entry date;
- Special contributions, such as bill payments, specialized payments, legal settlements, etc;
- Contributions (pre- and post-tax).

The record keeper must send a statement of account activity to the member's address of record no later than 15 calendar days following the quarter's end; for WSIB-TAP members, a statement must be sent 15 calendar days from the end of the final month of the quarter's evaluation (e.g., the June 30 statement for TAP would be mailed by August 15). To accommodate the time lag on the valuation of WSIB-TAP, members with account balances in both WSIB-TAP and Self-Directed receive two statements at different times.

A quarterly jointly developed, edited and approved by DRS newsletter, will be delivered by the record keeper. The record keeper will be responsible for printing the newsletter and inserting it into the quarterly statements of account.

As described under Communications, the record keeper will be responsible for developing and mailing a brochure with the first quarterly statement a member receives. The brochure will be a guide to understanding the member quarterly statement (see <http://www.icmarc.org/plan3/pers/pubs/>).

#### G. Plan Level Reporting

A listing of the Plan 3 reports currently provided by the record keeper can be found in the **Plan 3 Management Reports Exhibit G**.

#### H. Online Access

DRS requires the ability to read member data (including but not limited to: member account balances, allocation percentages, transaction history and withdrawal payout information) on the record keeper's system. The record keeper must provide DRS with a method, in a format acceptable to DRS, to accomplish this.

If a member cannot use technology to make balance transfers and/or allocation changes directly, then a paper form is still available. The form typically will be sent to the record keeper by the member. In the event that it is sent to DRS, the agency may use electronic transmission to update those items.

The record keeper must maintain a data monitoring system that flags any changes to a member's account and identifies where the change originated (for example, transactions from DRS or the record keeper, or member initiated changes through the record keeper's voice response system).

The on-line 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 member data, which is current as of the completion of the valuation process for the prior business day.

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 members and their spouses with disabilities.

### **4.1.8 Customer Service**

#### A. Voice Response System (VRS) and Internet

The record keeper must 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. The record keeper will be required to respond to customer phone calls within 30 seconds on average. Both VRS and Internet access will be available 24 hours a day, with the exception of the time necessary for normal maintenance of the system and

updating of information. The telephone number must be TDD/TTY capable. The VRS must provide the following information and services to the member from a touch-tone telephone:

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

Inquiry services available through the VRS and Internet must use the most current available share prices, unit values and account balances as of the previous day.

#### B. Customer Service

The customer service representatives must be available to answer member questions between the hours of 8:00 a.m. Pacific Standard/Daylight Savings Time and 6:00 p.m. Pacific Standard/Daylight Savings Time each business day. All telephone calls must be recorded, and tapes of these calls maintained in a retrievable location for at least 90 days. The record keeper will provide members initiating transactions via customer service representatives with a confirmation number followed by a written confirmation, which must be mailed directly to the address on file for the member within three business days.

In addition, the record keeper must provide DRS with monthly reports on service center activity including, but not limited to, purpose of calls, abandoned calls and voice response system and Internet usage.

The record keeper will ensure that the personnel answering the customer service lines are qualified to provide information on the investment offerings under PERS, TRS and SERS Plan 3 and to discuss investment concepts and retirement planning considerations. The record keeper will ensure that such information is 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.

If unavailable at the time of a phone call, the record keeper's representative will call back a member on the next business day. The record keeper must provide telephone assistance to members who are taking a distribution under the Plan, and advise members of payment options. DRS will be provided access to recorded calls on a random basis, as requested, to review for quality and accuracy.

The record keeper will provide telephone support services for all the complexities of Plan 3 including, but not limited to:

- Investment Program transfers including the special processing requirements due to the monthly valuation of the Total Allocation Portfolio (TAP);
- Address changes of active members (by directing these to DRS);
- Withdrawal processing and bill payments;
- Plan choice;
- Plan transfer, as applicable.

#### C. E-mail Inquiry Service

The record keeper will also maintain a customer service e-mail inbox for member inquiries. E-mails are to be answered within one business day.

#### D. Transaction Capabilities

Changes to investment allocations must be made to the member's record on the date they are requested. Investment transfers received by 1:00 p.m. Eastern Standard/Daylight Savings Time must be made on the next business day using the previous day's NAV or value.

The record keeper will allow members using the VRS or Internet access to effect a transaction, issue a confirmation number, and follow with a written confirmation, which will be mailed directly to the address on file for the member, within three business days. An error committed by the record keeper through the VRS, the Internet, or in regular processing will be corrected and processed as of the effective date of the original transaction.

Any errors and complaints made regarding services provided by the record keeper will be corrected at the record keeper's expense so that the value of the member's account is not less than it would have been had the error not occurred. The record keeper will mail written confirmation of the correction to the address on file for the member within five business days after the correction is made.

The record keeper must respond to member questions and complaints. DRS will work closely with record keeper on these issues. The record keeper will develop a process to identify and track issues. This process will identify the types of issues which are brought to DRS' attention immediately. DRS will review and approve this framework. At a minimum, the record keeper will bring any complaints not resolved within five working days to DRS' attention.

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

#### **4.1.9 Computer Security**

The record keeper must keep duplicates or back-up computer data files maintained in connection with the plans 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 last 12 months.

All computer data files for Plan 3, 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.

The record keeper must also demonstrate to DRS that the system used for record keeping will have an adequate capacity to handle the volume of records generated as well as 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.

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 Plan 3, as reasonably required so that DRS and/or its designated officers, agents and accountants, can conduct a financial examination and/or audit of Plan 3.

Vendors will be responsible for maintaining security requirements set by the Washington State Information Services Board (ISB). Requirements, as of July 6, 2009, 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 7.1. DRS will work with the ISB and ASV during contract negotiations to ensure current requirements are addressed prior to contract signature.

#### **4.1.10 Program Audits**

The record keeper must provide, within 60 days of the close of each calendar year, a reconciled annual summary report for each Plan. 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 cost of the report shall be paid by the record keeper.

The record keeper will also cooperate fully in the development and execution of Plan audits. A separate audit is conducted for each Plan. The audits will be conducted in accordance with generally accepted auditing standards (GAAS) and will be performed on a calendar year basis with a calendar year ending December 31 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 Plan asset records, DRS' 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 charges to Plan assets and withdrawals from the Plan 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;

#### **4.1.11 Supplemental Processing and Compliance Activities**

##### **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 members 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. The ability to accept alternate identifiers is required.

##### **C. Member 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. Confirmation Letters**

Confirmation letters should be provided for most member activities. Currently confirmations are mailed for the following transactions:

- Fund transfers within the Self-Directed Investment Program;
- Allocation Changes within the Self-Directed Investment Program;
- Investment Program Transfers:
  - Transfers from WSIB to Self-Directed;
  - Transfers from Self-Directed to WSIB;
- Address Changes:
  - Confirmations are sent to previous and new address;
- Requesting an initial Internet password:
  - Requesting a password reminder by mail;
  - Requesting a password reminder by e-mail;
- Confirmation of password changes on the Internet and VRS;
- Adjustments:
  - Informs member if an adjustment has been made to their account;
- Disbursement confirmations:
  - Confirmations are sent detailing disbursement date and type of withdrawal;

- Letters are sent if there is missing information on withdrawal paperwork, such as the notary signature required for the member signature;
- Minimum Required Distribution letters to inform member of age 70.5 requirement and the amount to be distributed;
- New Member Welcome Letter (there are 29 versions of these letters due to the complexity of the set-up of member enrollments):
  - New Plan 3 members are sent welcome letters when they are set up in the record keeping system.

Only the Welcome Letter and Disbursement Confirmations will identify a portion of a member's Social Security number. A reference code system will be used by the record keeper in place of the Social Security number for all other confirmation letters.

If the record keeper receives withdrawal paperwork or other written transaction requests that are unclear as to what the member is requesting, the record keeper will call the member directly to verify the request.

#### E. Address Changes

DRS transmits changes of address records to the record keeper to update the Plan 3 record keeping system. If an active member calls the record keeper to give a change of address, members 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 via the member profile file.

Written address changes for terminated members, inactive members (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 property division orders, ex-spouses may update their addresses directly with the record keeper and the change will be transmitted to DRS on the feedback file.

#### F. Undeliverable Mail and Statements

Returned mail sent to the record keeper, which does not contain a new forwarding address, will be designated as "Undeliverable." All "Undeliverable" and address changes are updated for both Investment Programs.

If the member is terminated and the returned mail contains a new forwarding address, the record keeper will update its system with the new address. Since DRS and the Plan 3 employers maintain the active member addresses, any returned mail for an active participant containing a new forwarding address is not updated. The account will be flagged as "undeliverable."

#### G. Specialized Payments

On occasion, DRS may require the record keeper to post specialized payments. These payments may occur due to litigation, legislative actions, or other unique circumstances. The record keeper will be required to uniquely identify and account for each specialized payment.

The record keeper should assume that each specialized payment will be separately identified on quarterly statements and other reporting as required by DRS.

#### H. Correction of Contributions

The record keeper provides a process for reversing or correcting erroneous transactions (for members who are erroneously assigned to the wrong plan, the correcting activity is generally a full account back out and reposting) and notifies DRS when such an event occurs. Incorrect postings due to the record keeper's error are corrected and funded by the record keeper.

DRS electronically transmits adjustments to member accounts to the record keeper. The record keeper trades all negative and positive transactions on the specified trade date. The record keeper reviews the negative transaction created to ensure that there are sufficient funds to cover an adjustment.

For SELF, if a negative contribution is received and there are insufficient funds in the current investment fund, the record keeper will use the prior contribution allocations until sufficient funds are located.

For both WSIB and SELF, if sufficient funds do not exist in the account, the record keeper notifies DRS of the situation and either deletes the transaction or changes it according to instructions from DRS.

#### I. Correction of Earnings

In the event that a transmittal contains errors or omissions, DRS will notify the record keeper and work with them to ensure that the accounts are made whole. This type of adjustment may require funding to cover the financial impact of the correction. For adjustments that require a cost recovery estimate, DRS will send requests for cost estimates to the record keeper. Cost estimates will be provided to DRS as soon as possible. Gains and losses will be offset at the account level when calculating the cost recovery estimate. Upon approval from the Plan 3 employer, DRS will instruct the record keeper to process the adjustment. For WSIB, every effort is made to incorporate the adjustment into the month-end process. Once completed, the cost and associated gain/loss will be reported to DRS for repayment.

DRS has instituted a process to verify the Investment Program to which the employer transfers money. If DRS discovers an error, the record keeper will be notified. If the error is not discovered by month-end, DRS will instruct the record keeper to perform an Investment Program-to-Investment Program transfer.

#### **4.1.12 Plan Level Support Activities**

DRS may require adjustments to member accounts due to occasional discrepancies in the contribution detail provided to DRS by employers. The record keeper provides cost estimates to DRS and makes the corresponding adjustment to member accounts. DRS wires the money to the record keeper two days later to cover the cost of the adjustments. The record keeper sends a letter to the member and the member's employer explaining the dollar cost for the adjustment.

The record keeper sets up, on DRS' behalf, all investment-related accounts.

Fees may be collected on either a disclosed or undisclosed basis (netted from returns prior to crediting of returns) or both. The fee schedule may be a per-member fee, an asset-based fee or a combination. DRS may also require the record keeper to collect fees in a manner that would limit the amount of fees collected on large individual account balances such as a graduated asset fee. Members are not charged an additional administrative fee for the WSIB Investment Program. Members, who invest in the Self-Directed Investment Program, pay investment management and advisor fees as well as an additional administrative fee.

The record keeper reconciles investment accounts for each plan with investment providers, trust and custody records. DRS records these monthly and the record keeper 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 for each plan will be in a form acceptable to DRS. Any manual transactions, which include dollars posted to members' accounts, must be included in your financial statements.

The record keeper must provide copies of the statements of account activity on CD-ROM to DRS within ten days after 95 percent of the statements have been mailed.

The record keeper will provide, 30 days prior to the implementation date, a manual of tasks, rules, and procedures for operation of the Plans, including a description for record keeper employees of how all services to be provided hereunder will be performed. The record keeper will review this manual and update it, if necessary, and will submit such changes to DRS for review and approval.

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

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

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.

## **4.2 DCP**

The following is a general description of the services DRS expects the Successful Respondent to provide. It is incumbent upon bidders to fully understand the Scope of Services outlined below. To provide additional information, a copy of the DCP plan document (Regulations) is available on the DCP Web site at <http://www.drs.wa.gov/dcp>.

### **4.2.1 Implementation of Services**

The record keeper must have a transition team on-site in Olympia, Washington, by May 1, 2010 and record keeping system tested and functional no later than May 31, 2010.

The record keeper will be required to provide initial implementation services prior to the commencement of record keeping services. The record keeper will not receive any fees under this contract, other than those negotiated for agreed upon start-up costs from transition period, until the effective date that record keeping services commence.

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 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.

An implementation team must be on-site in Olympia, Washington as agreed upon for a designated period before and after the effective date of the assumption of record keeping services.

The record keeper will develop and send in coordination with DRS at least one written communication 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 VRS and Internet access must be included. 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 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.

The record keeper will provide all requested information and assistance so that a transition plan audit can be completed by DRS or its contracted auditors.

#### 4.2.2 Communications

The record keeper will assist and support the development of DCP marketing and education presentations and publications; however, DRS staff will conduct group presentations and one-on-one counseling at locations throughout the State.

##### A. 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 when a fund is selected as an investment option or 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 communication staff, 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 communications staff will actively participate in the design, drafting and approval of these communication pieces. DRS will be responsible for review and comment and may request significant edits and redrafting of materials. Respondents should assume that there will be three drafts of materials required. 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 Design Premium CS4 (Dreamweaver, Illustrator, InDesign, Photoshop);
- Microsoft Vista;
- Microsoft Office 2007 (Access, Excel, Project, PowerPoint, Visio, Word).

DRS reserves the right to upgrade software during the life of this contract.

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 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.

## B. Communication Plan

The record keeper will be required to design, in consultation with DRS, 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.).

## 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 <http://www.drs.wa.gov/dcp>. 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 will be 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 <http://www.drs.wa.gov/dcp>.

*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 30-day 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. DRS will be primarily responsible for the content of the newsletter but record keeper 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 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;
- Provide complete Web-based communications opportunities for members who do not want to receive written materials;
- Provide secured access to member 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 member 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. 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 <http://www.drs.wa.gov/dcp>. 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 <http://www.drs.wa.gov/dcp>

#### 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 conducts all in-person enrollment activities, although the record keeper will prepare the self-enrollment packages as described above. Although DRS is 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. DRS has 13 employees located in Olympia.

Participants will be instructed to send all enrollment forms to DRS. Any forms sent to the record keeper in error must be faxed and then express mailed 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 Information Services, currently requires that DRS use Tumbleweed Secure Transport FTP Software. Vendor should expect that this software requirement will 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.

**Please note** that participant contributions under DCP currently can 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 primary contact and information source 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 from a touch-tone telephone:

- 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;

#### 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 <http://www.drs.wa.gov/dcp>.

##### *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 between two and 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 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:

- Washington State Bond Fund
- Washington State Socially Responsible Balanced Fund
- Active U.S. Value Stock Fund
- U.S. Stock Market Index Fund
- Active U.S. Core Stock Fund
- Fidelity Growth Company Fund
- U.S. Small Stock Index Fund
- International Stock Index Fund
- Retirement Strategy Funds (2000, 2005, 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050, with 2055 expected to be added within the life of this contract.)

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 or its contracted sub-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 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. Currently, reimbursements are credited to participants with account balances in the Fidelity fund and Barclay Global fund.

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. The current administrative fees charged to participants are 0.13% annually.

#### 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 procurement process. The Successful Respondent will not be prohibited from proposing to provide investment management services; however, the WSIB will conduct any procurement process 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 might increase to a maximum of 23 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 as many as six different fund companies 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 companies (currently AllianceBernstein L.P; Barclays Global Investors, Fidelity Growth Company, LSV Asset Management, State Street Global Advisors, Walden Asset Management), 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 mail to each participant at the address on file, 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. All information will be provided in both dollars and share/unit value.

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. The record keeper must provide copies of statements of account activity on CD-ROM 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.

DRS is the primary contact to provide telephone assistance to participants, who are taking a distribution under DCP; however, 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.

#### C. Hardship Withdrawals

DRS 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, DRS will notify the applicant in writing of the denial and his/her appeal options. DRS will also coordinate the 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 Orders

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.

#### 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 member with the check information and ask the member to cash the check to avoid having a stop payment placed on the check. This gives the member the opportunity to check his/her records for a disbursement check that has not been cashed. If the member cannot find the check, the letter will instruct the member 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 member 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 member, informing the member that a stop payment has been made on the check. The letter will also provide the member

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 members whose letters are returned.

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

The record keeper will give DRS a monthly report of members 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 members accounts, must be included in your financial statements;
- Investment valuation statements for each investment option, investment type;
- Annual financial reports.

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.

The record keeper must develop a bi-monthly financial update report to support WSIB in reports prepared for the Employee Retirement Benefits Board (ERBB). The record keeper will provide an annual report to DRS.

#### 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 July 6, 2009, 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 ASV 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 calendar 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 calendar year basis with a calendar year ending December 31 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.

#### **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. Member 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.

## **5 VENDOR QUALIFICATIONS**

As of June 30, 2009, Respondents must satisfy *all* of the following mandatory minimum qualifications as outlined below in order to be considered for the contract award.

1. The Respondent must have at least \$1 billion in defined contribution assets under administration.
2. The Respondent must have provided record keeping, administrative and employee communication services for defined contribution plans for a minimum of five years.
3. The Respondent must have at least ten defined contribution plan accounts.
4. The Respondent must be a direct provider of services (not a third-party broker).
5. The Respondent must accept the written contract as supplied by DRS. The Respondent must have the approval of the Respondent's legal representative to the contract format set forth in **Exhibit B** prior to submittal of a proposal.
6. The key professionals and/or the organization (or affiliate) must not have a material conflict with DRS or its consultant, Mercer LLC.
7. The Respondent must agree to provide the minimum administrative, communications and record keeping services as well as all other requirements as stated in the RFP.
8. The Respondent will be required to provide DRS with proof of errors and omissions or malpractice insurance.
9. The Respondent's record keeping system must provide direct service that supports correction and reversal processing by DRS.

10. The Respondent must have industry standard security, back-up and recovery capabilities to its record keeping system.

11. The Respondent must have service-center support to meet the communication needs of DRS and participating members.

**RESTRICTIONS:** Any company, which -- either as a parent company, subsidiary, or affiliate -- is currently performing consulting services for DRS, may not compete in this procurement. The firm(s) or any subsidiary, affiliate or parent company thereof, selected as a result of this procurement may not compete during the term of the resulting contract, any extensions thereto, or in any subsequent DRS procurement, the main purpose of which is to hire a firm or firms for consulting purposes. Companies holding alliance, partnership, or other business affiliations with the consultant assisting DRS in the third party record keeping and selection process will be excluded from eligibility to respond to the record keeping RFP. Respondents must indicate their understanding and agreement to this by signing the **Certification and Assurances** statement, which is **Exhibit A** at the end of this RFP.

## **6 EXECUTIVE SUMMARY**

Each proposal must include a high level summary of the proposal, highlighting the strengths, experience, and background of your company. The summary must be no more than three pages in length.

## 7 QUESTIONNAIRE

In providing your company’s responses to the questions below, restate each question in **bold** face type with your response directly below. Your company’s proposal, and consequently your responses to the following questions, will be incorporated as part of the contract between your company and DRS.

### 7.1 PLAN 3

#### SCOPE OF SERVICES REVIEW – PLAN 3

Each company submitting a proposal is responsible for thoroughly reviewing the Scope of Services. Based on the review of the Scope of Services, complete the following table. The Department of Retirement Systems (DRS) does not anticipate substantial exceptions to the Scope of Services, if any, but any exceptions must be noted in this table. Responses provided will be considered as part of the evaluation of the questionnaire. In addition, DRS reserves the right to negotiate more favorable standards than those indicated in the Scope of Services

You may complete the table provided below, or you may provide the table as an appendix item to your proposal. In completing the table, provide the following information in the appropriate column:

I – Confirm that you have reviewed the appropriate section of the Scope of Services. (Yes/No)

II – Identify if your firm can provide each service contained in the appropriate section of the Scope of Services, including meeting all time frames, performance standards, deadlines, and providing all deliverables and services exactly as described. (Yes/No)

III – Indicate whether you currently provide the services exactly as described for one or more clients. (Yes/No)

*If you indicated “yes” in columns I - III, you may indicate “N/A” for columns IV and V.*

IV – For each service in column III that you have indicated “no”, describe your standard approach and how it differs from the Scope of Services.

V – For each service in column III that you have indicated “no”, identify if you are willing to adjust your standard approach to provide the service exactly as requested. (Yes/No)

VI – If you are willing to provide the services exactly as requested, but believe that there would be benefits (such as cost savings or improved service) to making a minor adjustment to the services outlined in the Scope of Services, describe the adjustment and the benefits.

Scope Section	I	II	III	IV	V	VI
<b>2.1.1 Implementation of Services</b>						
Entire Section						

Scope Section	I	II	III	IV	V	VI
<b>2.1.2 Communications</b>						
Overall						
Communication Plan						
General Requirements						
Required Minimums						
Plan Administrative Forms						
Fulfillment Services						
Internet Based Communication						
Video						
In Person Education						
<b>2.1.3 Enrollment</b>						
Initial Member Record Set Up						
Transfers from Plan 2 to Plan 3						
Initial New Member Investment Program Allocation						
Rehires and Re-enrollments						
Maintaining Withdrawn Amounts						
<b>2.1.4 Contribution Processing</b>						
WSIB Investment Program (WSIB)						
SELF-Directed Investment Program						
Custody of Assets						
Suspense Items						
<b>2.1.5 Ongoing Changes to Investment Direction</b>						
Future Contributions						
Allocation Changes for Members Contributing to Self-Directed Investment Program						
Fund Transfers within SELF						
Investment Program to Investment Program Transfers						
<b>2.1.6 Distributions</b>						
In-Service						
Termination						
Disbursement Calculation						

<b>Scope Section</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>VI</b>
and Allocation						
Stale Dated Checks						
Distribution Options – WSIB-TAP						
Distribution Options – Self-Directed						
Annuity Tax Reporting						
Reporting From Annuity Plans						
Annuity Shopping Service						
Distribution Processing						
Age 70 ½ Required Minimum Distribution (RMD)						
Survivor Benefits						
WSIB Special Exception Distribution						
Tax Withholding and Reporting						
<b>2.1.7 Record Keeping</b>						
Changes to Fund Managers						
Investment Valuation						
Account Information						
Property Division Order (PDO)						
Order to Withhold and Deliver (OWD) (Child Support Payments)						
Member Statements						
Plan Level Reporting						
Online Access						
<b>2.1.8 Customer Service</b>						
Voice Response System (VRS) and Internet						
Customer Service						
E-mail Inquiry Service						
Transaction Capabilities						
<b>2.1.9 Computer Security</b>						
Entire Section						
<b>2.1.10 Program Audits</b>						
Entire Section						
<b>2.1.11 Supplemental Processing and Compliance Activities</b>						
Overall						

<b>Scope Section</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>VI</b>
ADA Compliance						
Alternate Communication Format						
Member Privacy						
Confirmation Letters						
Address Changes						
Undeliverable Mail and Statements						
Specialized Payments						
Correction of Contributions						
Correction of Earnings						
<b>2.1.12 Plan Level Support Activities</b>						
Entire Section						

For each scope section identified above, provide a description of how the services you provide will meet or exceed the services requested.

### **QUESTIONNAIRE – PLAN 3**

Your company’s proposal, including this questionnaire, must be submitted both in printed form and on a “read-only” compact disc (CD) or protected electronic storage device. Respondents providing compressed files must include appropriate utility to extract files. The questionnaire must be provided in a Microsoft Word (version 2007 or higher) file. The CD must be labeled with your company’s name and contact information. Information provided should be as of June 30, 2009 unless otherwise noted.

#### **Company Information**

1. Provide your company’s name, address and type of legal entity (corporation, limited liability company, joint venture, partnership, etc.).
2. Provide the name, title, address, telephone, e-mail address and fax numbers of the contact person or persons from your company whom we may contact with questions regarding your response. These individuals must be authorized to negotiate contracts regarding the scope, terms and pricing outlined in the proposal.
3. Provide a short description of your organization, the businesses in which it engages and the services it provides.
4. Supply an independently audited financial statement for the most recently closed fiscal year.
5. Is your company a subsidiary or affiliate of another company? Provide full disclosure of all direct or indirect ownership.

6. Describe any pending agreements to merge or sell your company or any portion thereof. If you can provide this information and it is confidential, please clearly so indicate.
7. Describe any pending or anticipated plans to reorganize your company within itself or as part of the larger organization of which your company is a part.
8. What is the last date when your firm or any component of the overall organization had a change in business structure; whether through an acquisition or divestiture or through an alliance arrangement? If applicable, how did this change in business affect the record keeping division and how the firm provides record keeping services?
9. Describe your errors and omissions coverage. 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.

Risk Covered				
Carriers				
Levels				
Limits				
Deductibles				

10. List all subcontractors proposed to be used to provide any of your services, and fully describe the nature of the services to be provided and the subcontractor's experience and expertise.
11. List other governmental retirement plans in the state of Washington that you currently provide services for. Would you expect to begin marketing within the life of this contract?
12. Indicate which, if any, types of employees receive increased compensation (such as commissions, bonuses or incentive compensation) if the dollar amount deferred to the program increases.
13. If any of your employees are eligible to receive increased compensation based on performance, describe these compensation arrangements and the maximum percentage of each type of employee's total pay expected to be provided.
14. Has your company undergone any change in senior management in the last five years? Describe the change in detail.
15. Has your company ever filed or been petitioned into bankruptcy or insolvency or has your company ever made any assignment for the benefit of your creditors? If so, provide complete details.

16. Identify the number of geographic locations that provide each service and list the locations.

	Number	Locations
Redundant processing		
Redundant call centers		

17. Please include a written copy of your organization’s strategic plan. If you cannot provide the strategic plan, please provide a synopsis or summary of your organization’s strategic plan, including the following:

- Level of commitment management has to building market presence,
- Plan for enhancing current products,
- Plan for developing new products,
- Plan for controlling growth of the defined contribution business, and
- Plan for controlling the growth of administration beyond the defined contribution business.

18. Identify any leading edge services available from your company that would not be available from other firms. Identify plans for leading edge services to be developed over the next three years.

19. Provide your sums for spending on the record keeping business in relation to your organization’s total spending company-wide. If you cannot provide actual figures please provide the ratio of record keeping spending to total company spending within the given time frames. You do not need to provide ratio figures if you can provide total expenditures for the years listed:

	Record keeping expenditures	Total company expenditures	<u>Or:</u> Ratio of record keeping to total spending
Total for 2009:	\$	\$	
Total for 2008:	\$	\$	
Total for 2007:	\$	\$	

20. Discuss the recent economic impact on your company’s financials, including company layoffs, hiring freezes, stock price changes, or funds received or requested from the US or other governments, or potential requests for government funds or other government assistance.

**Experience**

21. The administrative services requested for Plan 3, as described in the Scope of Services, are extremely customized. Identify the current defined contribution client your company feels is most similar to DRS, in terms of customized services (preferably a governmental client). Describe the custom services you provide to this client, the size of the client, what unusual issues have occurred, and how the issues were resolved.

22. Give the number of years experience your company has in providing administrative services for Section 401(a) plans.
23. List the three largest governmental 401(a) plans you administer. Identify the plan name, plan type, assets and participants for each.
24. Identify the number of defined contribution plans you currently administer with the following number of participants:

Number of Members in Plan	<i>Number of DC Plans</i>	<i>Number of Governmental DC Plans</i>	<i>Number of Governmental 401(a) Plans</i>
Up to 1,000			
1,001 to 5,000			
5,001 to 10,000			
10,001 to 25,000			
25,001 to 50,000			
More than 50,001			
Total			

25. Identify the number of defined contribution plans you currently administer with the following assets:

Number of Members in Plan	<i>Number of DC Plans</i>	<i>Number of Governmental DC Plans</i>	<i>Number of Governmental 401(a) Plans</i>
Up to \$50 million			
\$51 to \$100 million			
\$101 to \$250 million			
\$251 to \$500 million			
\$0.51 to \$1 billion			
More than \$1.1 billion			
Total			

26. Provide the total number of member accounts you administer on your record keeping system. How many are 401(a) participants?

27. How many DC plan clients and members have you gained and lost in the last three years for clients above and below \$250 million in assets?

*Below \$250 Million*

Year	Clients Added		Clients Lost	
	Number of Plans	Number of Participants	Number of Plans	Number of Participants
2009				
2008				
2007				

*Above \$250 Million*

Year	Clients Added		Clients Lost	
	Number of Plans	Number of Participants	Number of Plans	Number of Participants
2009				
2008				
2007				

28. List the three defined contribution plans over \$100 million which most recently retained your company's services. Include the plan type, approximate number of participants, total plan assets and the month and year your company was retained. Indicate which plans involve record keeping for unbundled investments separately selected by the plan.

Plan Name			
Plan Type			
# Participants			
Total Assets			
Month/Yr retained			
Service Provided			

29. List the three governmental defined contribution plans over \$100 million that most recently terminated (or did not renew) your services. Provide a contact name, address, and phone number so that DRS may contact these plans. Include the approximate number of participants, total plan assets, and a brief description of services provided.

Plan Name			
Plan Type			
# Participants			

Total Assets			
Service Provided			
Reason for Termination			
Contact			
Phone #			

30. Provide as references three governmental defined contribution plans administered by your company for at least three years you consider most similar to that of DRS. Provide a contact name, address, and phone number so that DRS may contact these references. Include the approximate number of participants, total plan assets, and a brief description of services provided and why they are similar to those requested by DRS.

Plan Name			
Plan Type			
# Participants			
Total Assets			
Service Provided			
How similar to DRS			
Contact			
Phone #			

### **Contractual Issues**

31. Indicate whether your company is a licensed broker/dealer and licensed to accept payment from investment companies for providing individual account record keeping, marketing and enrollment services.
32. Identify and describe any past, pending or threatened judicial or administrative litigation against you or in which you are litigating against someone else, within the past five years, related to services you are proposing.
33. Has your company been cited or threatened with citation within the last five years by federal or any state regulators for violations of any federal or state laws or regulations? If yes, please describe fully.
34. Has your company been involved in investigations within the last five years by federal or any state regulators? If yes, describe fully.
35. Has your company had a contract terminated by a client for cause within the last five years? If so, by whom and under what circumstances?
36. Identify any potential conflict of interest, or appearance of a conflict of interest that your company would have in providing the services requested. Describe how you will handle this and why it should not be detrimentally viewed.

**Conversion**

- 37. Provide a draft conversion plan, including target dates for appropriate milestones.
- 38. Comment on unique problems associated with plans with extensive customization, and approaches that limit risks during the conversion.
- 39. Describe how you would propose to communicate the implementation to participants.
- 40. If you are the incumbent provider, summarize any service and or price changes that are included in your proposal. How would you propose to communicate these to participants?
- 41. List the roles and responsibilities of your conversion team. Identify the expected members by name if they have been identified. Identify what team members will be 100% dedicated to the conversion, and identify dates and number of team members that would be in Olympia.
- 42. Do you currently have adequate staffing internally to staff for the Plan 3 implementation? If you expect to use existing staff, demonstrate how you will be able to handle the implementation of a plan this large. To the extent you do not, how will staff be added?
- 43. If any of the team members will not be working exclusively on this implementation, how many additional plans/programs will they be working on?
- 44. Describe any experience your company has had in conversions from the incumbent administrator. Provide brief reference and contact information for the three largest.
- 45. How do you monitor the effectiveness and quality of your conversion process and team?
- 46. Describe the most recent improvement your company has made to the transition process and the reason for the update. Have the results been as expected?
- 47. Describe the testing of data received from the previous record keeper. How do you confirm the data is consistent with previous test data?
- 48. What documentation will be provided to DRS regarding tests conducted and their results? What level of failure will be deemed acceptable?
- 49. How many conversions and implementations has your company conducted during the past four years involving the following number of participants (not accounts)?

Number of Participants	Number of Defined Contribution Conversions
1 to 10,000	

10,001 to 25,000	
25,001 to 50,000	
Over 50,001	

50. Describe the on-site training you will provide to DRS employees (including staff who work with customers, technology, accounting, etc.). What are the qualifications and experience of individuals who will conduct the training? What skill-based training have they received that will enable them to provide clear information to attendees. Provide a sample training manual and materials.
51. Describe on-site training to DRS employees that will be provided on an on-going basis. Will you provide training as needed, on dates and times determined by DRS ? Identify any limitations your pricing assumes.
52. Describe your ability to coordinate a post-transition audit. Have you provided this for other clients? If yes, what were the results?
53. Will there be a blackout period? If so for how long? Assume complete data is received from the prior record keeper in good order. Fully describe all the components and restrictions of the blackout period. Indicate a minimum and maximum number of days.
54. For conversions completed in the last two years, identify the average number of business days it has taken to complete the conversion after receipt of reconciled items. Identify the shortest time period and longest time period.
55. How will you guarantee your stated implementation time frame? How will you measure the success of the plan implementation?
56. Please provide the following statistics regarding the DRS conversion:

	<i>Response</i>	<i>Comments</i>
Minimum and maximum lead time from selection date until asset conversion date		
Minimum and maximum number of business days from receipt of reconciled data from prior record keeper until system "live date"		
Minimum number of business days from system "live date" (reconciliation data is loaded) until:		

	<i>Response</i>	<i>Comments</i>
Participant Internet inquiry access		
Plan Sponsor online/Internet access		
Transactions permitted during conversion blackout period		
Final distributions		
Other		

57. How do you propose to handle benefit payments?

58. How many conversions has your company conducted in the past three years? List all conversions scheduled for the next 12 months and the scheduled completion dates.

59. What is the latest selection date your company requires in order to meet the identified implementation date?

### **Quality Assurance**

60. Does your organization have an electronic monitoring system for client/plan sponsor inquiries?

*If yes:*

- Can the system track the type of inquiry?
- Can the system track the required time to respond?
- Does the monitoring system track how often the same inquiries come through via feedback loop?

*If no:*

- Does your organization have a non-electronic monitoring system?

61. Briefly describe your management's review of responses to client/plan sponsor inquiries. In your description, please address the following issues:

- What percentage of client/plan sponsor inquiries does senior management or supervisory staff review?
- How frequently are managerial reviews conducted?
- What levels of management conduct reviews of client/plan sponsor inquiries and the responses that the client relationship manager and/or administration staff provides?
- What type of feedback is given to the client relationship manager and/or staff as a result of these reviews, if any?

62. Please describe your proposed method for formally assessing member and employer satisfaction with the services your company provides.
63. Describe your method for assessing member satisfaction with the Internet services your company provides. Identify the results you have experienced. Do you have participant feedback that your Web site is user-friendly? What suggestions have been made for improvement?
64. Will you provide an annual satisfaction survey of the Plan 3 members? Describe the member sampling and content you would suggest. Who will conduct these surveys?
65. Describe how you communicate the results of client and participant surveys.
66. Does your offer include performance guarantees? Identify which of the following areas are included in your performance guarantees and the standard you propose (number of business days, etc.):
- Enrollment processing
  - Contribution processing
  - Statement distribution
  - Confirmation mailing
  - Field representative responsiveness
  - Phone service representative responsiveness
  - Check distribution
  - Web response time
  - Web down time
  - Plan Sponsor satisfaction
  - Other
67. What penalties would you propose for non-performance?
68. Describe the internal auditing staff and functions performed regarding record keeping and trust services.
69. Does the internal auditing staff perform client specific audits?
70. Are your record keeping system controls and administrative procedures audited by an independent accounting company on a regular basis? Confirm the frequency you have a Statement of Auditing Standards (SAS) 70 audit conducted, and include a copy of your most recent report.
71. Are your accounting reports customized? Describe a modification you have made for a plan sponsor.
72. What quality control systems do you have in place that ensure your activities meet your internal quality standards? Describe fully.

- 73. Describe the quality improvement system you have in place to ensure that your activities are continually improved to reflect industry best practices.
- 74. How will you assure quality service from your subcontracted companies, if any are used?
- 75. How will you assure that any subcontractor will maintain the privacy of data used in conducting the subcontracted service?
- 76. DRS places a value on maintaining consistent relationships with the personnel who work and the processes that support the record keeping engagement. How will you keep us up-to-date on personnel changes that impact this engagement?
- 77. When your automated systems or processes change, how will you keep DRS and Plan members up-to-date on system changes?
- 78. At what point do you elevate problems to DRS? What types of issues do you resolve internally? Describe your error notification process.

**Record Keeping and Processing**

- 79. Describe your procedures for ensuring that Plan 3 is in balance on a daily basis.
- 80. Describe your procedures for communicating purchase and sale directions (e.g. transfers, withdrawals, rollovers) to the custodian. Describe any separate processes that would apply for the stable value option or asset allocation portfolios.
- 81. What was the total staff turnover for 2007? 2008?

	2007	2008
Number of FTE:		
Percent:		

- 82. What is the average tenure (in years) of the following positions with your organization?

Plan administrator	
Client Relationship Manager	
Processing/Operations Staff	
Senior Management	

- 83. Identify the hours of training provided to the following positions initially and on-going.

	Initial Annual (# hours)	On-going Annually (# hours)

Client Relationship Manager		
Plan Administrator		
Processing/Operations Staff		

84. Do you have a continuing education program in place for your personnel to stay current with changes in the law and investments? If so, describe in detail.

85. Do you currently have adequate staffing to staff for the services that will be provided to DRS? If not, how much staff will be added?

86. Provide your proposed staffing for the record keeping function and a description of the types of personnel to be involved. Also provide in an appendix an organizational chart and the names and resumes of individuals in your organization who would be primarily responsible for the record keeping function. Describe the roles, responsibilities and qualifications of each and provide a typical job description. Identify the number of FTEs that would be dedicated only to these plans.

87. What minimum licensing, degrees, or training is required to hold the following positions? Indicate “Y” or “N” for each requirement needed.

	College Degree	Advanced Degree	Series 6	Series 63	Series 7	Years of Related Work Experience
Phone Service representatives						
Client Relationship Manager						
Plan Administrator						
Processing/Operations Staff						

88. Identify the client-specific contact(s) for plan administration services. Who will have overall responsibility for coordination of record keeping services?

89. What is the caseload for the relationship manager responsible for this program, as measured by number of programs? Is this the same person responsible for record keeping services?

90. For the following functions performed for DRS, identify which would be handled by a dedicated team and which would be handled by a functional group? Complete the table below indicating “yes” or “no” for the record keeping tasks.

	Dedicated Client Team	Functional Group
Contribution processing		
Distribution processing		
70 ½ payments		
Property Division Order		

(PDOs)		
Member requests		
Plan Sponsor requests		
Other		

91. Can DRS approve any and all assigned personnel and subcontractors? Fully describe any limitations and your suggested approach for addressing your employee not providing satisfactory service.
92. If your company is not located in the Pacific Time zone, how will you provide service to members and participants during core office hours (8am-5pm) and after work? How will you make sure your staff is available to DRS staff during core business hours?
93. How are errors handled through your record keeping system for:
- Contributions
  - Withdrawals/distributions (both over- and under- payments)
  - Transfers
  - Rollovers
  - Allocation of earnings
  - Tax reporting
  - Describe any error corrections that cannot be handled on the system.
94. Describe your process for accepting plan-to-plan transfers into Plan 3, including how you verify the acceptability of the transfer.
95. Describe your company's procedures for correcting erroneous financial transactions. Any departure from the requirements in the Scope of Services should be outlined in the Scope of Services Review that precedes this questionnaire.
96. If your company expects to impose a time window for making participants whole, describe your reasoning for this policy, including when it was instated, what problems occurred prior to instating it, and participant and plan reactions since instating it.
97. Confirm that investment election changes and investment transfers can be made daily. Confirm that you do not intend to impose any limitations such as a maximum number of changes, contribution investment transfers or elections, other than those outlined in the Scope of Services.
98. Are direct deposits available for:
- Installment distributions?
  - Lump sum payments?
99. What time is the cut-off for member requested transactions?
100. Which methods can be used for processing transfers/exchanges?
- Balance realignment in percentages

- Percentage from/percentage to
- Dollar from/dollar to

101. Describe your experience and capability with NSCC trading. For what percentage of your business do you use this platform? Is NSCC usage a prerequisite for a fund partnership?
102. Who is responsible for following up with DRS if a data file is not received and what tool is used to track expected data files?
103. Please indicate whether your record keeping system provides these payroll feed data edits by indicating “yes” or “no”. Use the Comments column to identify any qualifications on the availability of the services.

<i>Edits</i>	<i>Service Provided</i>	<i>Comments</i>
<i>Missing Data:</i>		
• Social Security Number		
• Alternate Identifier		
• Name		
• Address		
• Location or other agency identifier		
• Birth Date		
• Hire Date		
• Status Code		
<i>Illogical Data:</i>		
• Duplicate records		
• Status term but no term date		
• Status active but pay = 0		
• Status terminated, term date in prior payroll period but comp > \$0 or deferral > \$0		
<i>Invalid Dates:</i>		
• Birth date out of range <> specified dates		

<i>Edits</i>	<i>Service Provided</i>	<i>Comments</i>
• Hire date out of range <> specified dates		
• Term date out of range <> specified dates		
• Hire date > term date		

104. Describe the quality standards for performance (in business days) that you will use in servicing DRS, and the average actual performance for current clients. 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.

<i>Activity</i>	<i>Quality Standard (business days)</i>	<i>2008 Average Actual (business days)</i>
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
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
Investment fund transfers settled	Days from receipt of request	Days from receipt of request
Confirmations mailed	Days from execution of transaction or request	Days from execution of transaction or request
Member statements mailed	Days from period end	Days from period end
Ad hoc reports produced	Days from request	Days from request
Meetings with Plan Sponsor	Meetings per year	Meetings per year

105. Can your company collect participant transaction fees if necessitated by a fund? How do you propose to handle such fees?

106. What process does your company use to identify members attempting to market time exchanges? What methods has your company used to discourage or eliminate this practice? Can your company limit the number of exchanges a single member can make in a given period of time?

107. Discuss the processing cycle in preparing termination distribution requests. Start with the date a participant terminates and end with the receipt of a distribution.
108. DRS internal procedures are governed by federal, state and agency requirements. Describe your approach and experience with testing benefit and contribution amounts against federal and other statutory limits.
109. DRS would like to offer our customers the option to choose between e-mail and mail delivery of mailings. Can your system do this? How would you go about providing this service? What data would you need from DRS and our members?

### **Systems & Technology**

110. Describe your record keeping software system.
111. Describe the hardware platform for record keeping and administration of defined contribution plans.
112. Is your record keeping system/software fault tolerant with no single point of failure for processing, storage, or connectivity?
113. Indicate whether your record keeping system is owned by your company or subcontracted from another organization. If the system is subcontracted, provide details of the arrangement and the name and qualifications of the organization.
114. Are you planning to go through any system conversions or major changes/enhancements now or in the next three years? If so, please describe and give the schedule.
115. When was your record keeping system first put into place? When the last major system enhancement and what was the nature of the enhancement?
116. Describe the integration among your voice response, online and record keeping systems. How do you assure that requests made via one access method will not be duplicated through another method if requests are batch processed?
117. Is your record keeping system current and in compliance with all new legislation?
118. Does your company propose to charge for system modifications required by legislative changes? If so, indicate the anticipated fees here and in the Fee Proposal.
119. How many hours was the record keeping system down in the last 12 months? Describe all such incidents and explain the cause of the down time.
120. Do you foresee any specific problems incorporating the Plans into your record keeping system? If so, describe them in detail, and your proposed solutions.

121. Does your company propose to charge for system modifications required by DRS? If so, indicate the method for determining fees.
122. How frequently are system backups performed?
123. Describe your system security, data back up and disaster recovery procedures.
124. How frequently are disaster recovery procedures tested? When the last test? What were the results?
125. Describe the most severe disaster your company has experienced, including when it occurred, what happened, how you dealt with it and the effect on plan sponsors and participants.
126. Has your company experienced an incident when participant or plan data has been compromised? Describe the situation and identify any steps your company has taken to avoid such incidents in the future.
127. How do you monitor system capacity and plan for future expansion? Describe the impact of adding the Plan 3 accounts to your system. What steps have you taken in the past to accommodate expansion, and what steps would be needed to accommodate the DRS program?
128. Does your organization have different groups for systems development and product support? Identify the number of employees dedicated to each.
129. What type of resources (internal/external) does your organization use for systems development? Will these resources be dedicated to DRS? If a combination, please specify percentage to each resource.
  - Internal
  - External
130. What type of resources (internal/external) does your organization use for systems maintenance? Will these resources be dedicated to DRS? If a combination, please specify percentage to each resource.
  - Internal
  - External
131. Describe your approach to testing changes to your automated record keeping systems? Do you maintain a separate test environment?
132. DRS requires access to vendor's record keeping system. Please describe how DRS will access your record keeping system. Describe the technology that will be needed for this access. What training will be provided to make sure DRS staff can properly access the

system? What will be the system response time? If your response time lags, how will that be addressed?

- 133. Does your organization use a document imaging system internally? Is access to this system available to DRS? If so, what requirements would DRS have to meet to receive access? Are there any costs to providing this access?
- 134. Describe all manual or one off processes for posting participant data to your record keeping system.
- 135. After reading through our requirements, do you see areas where you could offer an automated solution, to replace a manual process?

**Communications**

- 136. Describe your experience with a client where your company administers multiple defined contribution plans. What communication issues and challenges did you encounter and how were they resolved?
- 137. DRS requires vendors to provide fully customized communication/educational materials, including hard and electronic copies. Required minimums for written communication materials are included in the Scope of Services. Please complete the table below identifying the different materials included in your proposal, who their audience is (i.e., new participants, retirees, etc.), how they will be delivered (mailed, handed out at meetings, posted on Web, etc.), how many copies are expected to be distributed each year, an indication of artwork used on the material (Y-graphs and pictures, etc.) and a description of size and color (8.5x11 four-color, 8.5x14 black and white, etc.).

Document/ Material	Audience	Delivery Method	Yearly Distribution	Artwork (Y/N) - Type	Size/Color/ Pages

- 138. Identify the budgeted annual amount you have assumed for producing the materials above.

139. Will you require additional fees if the budgeted amount is exceeded? Describe your plan for providing any additional materials requested by DRS without causing an increase in fees.
140. DRS must approve all changes to Publications and the Web site. How will you conduct appropriate reviews?
141. For each publication listed above, provide a description of the time and resources your firm proposes to dedicate to the development of the customized communication pieces. This description should include an itemized listing of time spent by various professionals including communications consultants, graphic and design artists, writers, editors, and the expense for design, graphics, layout and printing.
142. Provide sample educational materials that you have customized for other clients.
143. DRS will need to work closely with the record keepers on multiple communications efforts. How would you go about making sure that the lines of communication are open and that expectations are documented and being followed?
144. Describe your experience with developing forms in formats suitable for recognition via Optical Character Recognition software.
145. Do your materials include items intended for targeted rather than general distribution? If yes, list those targeted items.
146. Describe the materials or other support you will provide to assist the program in educating participants about the use of your company's customer service center and online systems.
147. Please indicate in the *Service Provided* column below whether or not the following services are part of your proposal by indicating "yes" or "no". Use the Comments column to identify any qualifications on the availability of the services.

<i>Member Statements</i>	<i>Service Provided</i>	<i>Comments or Limitations</i>
Standard format, can add client name and logo		
Completely custom format		
Modular format, can designate modules to include		
<i>Can include the following data:</i>		
<ul style="list-style-type: none"> <li>• Member name and address</li> </ul>		

<i>Member Statements</i>	<i>Service Provided</i>	<i>Comments or Limitations</i>
• Department code or employee number		
• Beneficiary name		
• Current contribution election(s)		
• Current investment election(s)		
• Activity by individual transaction		
• Activity summarized by type		
• Asset allocation:		
○ In percentages format		
○ In graph format		
• Fund rates of return		
• Comparative performance benchmarks/indices		
• Individual participant rates of return		
• Individual fees paid		
• Year-to-date contributions		
• Year-to-date withdrawals		
• Year-to-date investment earnings		
• Inception-to-date contributions		
• Inception-to-date withdrawals		
• Inception-to-date investment earnings		
• Plan Sponsor specific messages		
• Employee specific messages (varying based on demographic criteria)		

148. Attach a copy of the member statement you intend to prepare for the Program.

149. Provide a sample timeline for development and issuance of quarterly statements, including milestone items such as drafting of statements and newsletters, DRS review,

updating, finalization, incorporation of investment performance data, and mailing. Identify the parties assumed to complete each task (DRS, record keeper, etc.).

150. Within how many calendar days (not business days) after quarter end will you mail member statements?
151. For your five largest clients, provide your firm's statement accuracy percentage (i.e., the percentage of statements that are not mailed on the normal mail date because of an unresolved discrepancy). Confirm that you will agree to incorporate a minimum error percentage in your contract.
152. Describe the process you employ for undeliverable statements.
153. How do you prefer to coordinate returned mail (including statements)? What steps would you recommend to ensure customer addresses are kept up-to-date? Explain.
154. What statement content may be selected or de-selected by DRS?
155. Can statements be e-mailed rather than mailed? If yes, who makes this choice?
156. If statements are posted on your Web site, does the participant receive an e-mail notification that they are available?
157. On occasion, DRS may require the record keeper to post specialized payments. Can you post specialized payments and label them individually, so members can see them on their statements?
158. Attach samples of the communication materials you would use to communicate investment performance information to both new participants and existing participants. Describe what comparative information you will be able to provide (i.e. performance benchmarks).
159. What investment performance information is available via the Web and voice response?
160. Describe the financial modeling software you will make available to members. Provide a Web site address and any necessary password for DRS to review the software.
161. Specifically list each material that your company makes available in a foreign language.
162. What materials are available for members that are visually impaired?
163. What materials do you provide to terminated members eligible for distributions?

164. Describe your capability to provide video presentations. Identify other clients you provide this service for. If you choose to provide a sample video as part of your response to this RFP, please provide a digital copy, or include a link to where it is available on a Web site. DRS will not accept VHS tapes as part of a vendor's response.
165. Do you work with an outside firm in conjunction with developing the videos? If yes, describe the firm. If no, describe the internal department that will assist in developing the videos.
166. Provide your proposed staffing for the in-person education function and a description of the types of personnel to be involved. Also provide in an appendix an organizational chart and the names and resumes of individuals in your organization who would be primarily responsible for the customer service function. Describe the roles, responsibilities and qualifications of each and provide a typical job description. Identify the number of FTEs that would be dedicated only to these plans.
167. Provide samples of communications from past conversions.
168. Describe the content of the on-going education that your company would conduct. This description should be complete and include all topics covered. Provide sample education materials.

Meeting Title	Content

169. Identify the total number of group meetings you have assumed would be provided annually. Will you include this number in the contract as part of annual performance standards?

# Annual Group Meetings:
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**Access Channels**

170. Provide the volume for the following technologies for the last eight annual quarters.

<i>Qtr/Year</i>	<i>Voice Response</i>	<i>Phone Service Rep</i>	<i>Internet</i>
Q2 2009			
Q1 2009			
Q4 2008			
Q3 2008			
Q2 2008			
Q1 2008			
Q4 2007			
Q3 2007			

Describe the reason for any unusual increases or decreases in the volumes above.

171. Indicate with a “Y” or “N” which services are available to participants through each technology.

	<i>Customer Service Rep</i>	<i>Voice response</i>	<i>Internet</i>	<i>Describe process if not available through technology</i>
Custom greeting using client name				
<i>Enrollment:</i>				
• Request forms				
• Select elections				
<i>Fund information:</i>				
• Request material				
• Prior day NAV/unit value				
• Performance information				
• Benchmark comparison information				
<i>Investment transfers of existing balances:</i>				
• Rearrange balances				

	<i>Customer Service Rep</i>	<i>Voice response</i>	<i>Internet</i>	<i>Describe process if not available through technology</i>
• By percent				
• By dollar amount				
• Contribution rate modeling				
• Change investment direction for future contributions				
<i>Final distribution:</i>				
• Learn amount available				
• Tax modeling				
• Model payment options available on final distribution				
• Request form				
• Request distribution (paperless)				
<i>Member addresses:</i>				
• Request form				
• Make changes				
<i>Beneficiary:</i>				
• Initial designation				
• Request form				
• Make changes				
<i>PIN/Password:</i>				
• Establish PIN				
• Change PIN				
• Request lost PIN				
<i>Statements on demand:</i>				
• Last quarterly statement				
• Current balance				

	<i>Customer Service Rep</i>	<i>Voice response</i>	<i>Internet</i>	<i>Describe process if not available through technology</i>
• Participant specified period				
• Transactions since last period				

172. Please provide the following statistics for the time periods indicated:

	<i>Calendar Year 2007</i>	<i>Calendar Year 2008</i>
Quality standard for VRS answer time in number of seconds		
Average actual VRS answer time in number of seconds		
Quality standard for VRS downtime (hours per month)		
Average actual VRS downtime (hours per month)		
Number of Phone Service Representatives		
Average length of calls with Phone Service Representatives		
Quality standard for number of seconds on hold while call transfers to Phone Service Representatives		
Average actual number of seconds on hold while call transfers to Phone Service Representatives		
Quality standards for call abandonment rate		
Actual call abandonment rate		
Percentage of calls requiring call back		
Quality standard for amount of time to call back with status on issue		
Average actual amount of time to call back with status on issue		
Number of calls per Phone Service Representative monitored by supervisor on a monthly basis		

173. What is your procedure and timing for issuing PIN/Passwords? Describe how PIN/Passwords are assigned. Is the same PIN/Password used for voice response and Internet?

174. Describe process for changing the PIN/Password.

- 175. What activity can a member without a PIN/Password complete? Does the Plan Sponsor decide to permit access and what criteria will be used?
- 176. Do Phone Service Representatives have access to participant PIN/Passwords?
- 177. Do you provide alternatives to using a PIN/Password for member access to the record keeping system?
- 178. Describe your experience with providing the confirmation letters outlined in the Scope of Services. Are there letters that will need to be newly created for DRS? Provide samples if possible.

**Call Center**

- 179. Provide your proposed staffing for the customer service function and a description of the types of personnel to be involved. Also provide in an appendix an organizational chart and the names and resumes of individuals in your organization who would be primarily responsible for the customer service function. Describe the roles, responsibilities and qualifications of each and provide a typical job description. Identify the number of FTEs that would be dedicated only to this plan.
- 180. What percentage of the Phone Service Representatives who leave that job stay within your organization?
- 181. What is the average tenure of Phone Service Representatives in your call center?
- 182. Identify the hours of initial and ongoing training that Phone Service Representatives receive.
- 183. Describe the toll-free telephone system you will provide. What hours are the Phone Service Representatives available (Pacific Time)?
- 184. How will Phone Service Representatives be trained on specifics of the DRS Plan? List the atypical characteristics of the Plan that you feel would be important to cover in the training (TAP vs. Self-Directed investments, plan choice, etc.).
- 185. Please describe how members without touch-tone telephone service will be accommodated.
- 186. Identify the number and percentage of Phone Service Representatives that are fluent in Spanish and other languages. Identify other languages in the table below.

	Spanish	[other]	[other]	[other]
# phone reps				

% phone reps	%	%	%	%
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187. Are all conversations recorded? If yes, can the Plan Sponsor monitor recordings? How long does your organization maintain recordings? Can the Plan Sponsor monitor calls live?
188. In staffing Phone Service Representatives, how many members do you assume a single representative can cover?
189. How many hours per day do Phone Service Representatives spend on the phone on average (over last year)?
190. What security procedures do you use at your customer service center to authorize transactions that a member makes over the phone?
191. Where is your customer service center located? Will your record keeping and administrative services also be processed at this location? If not, where will these services be located?
192. Identify if any call center staff outside of the United States is used, and how your company monitors the performance of this group.
193. When a Phone Service Representative speaks to a member, can the representative see other transactions performed by the participant earlier the same day via VRS or Internet?
194. What records do Phone Service Representatives have direct access to when handling a telephone inquiry? Do they have access to imaged documents? Do representatives have access to workflow tools used to track participant processing by the administration team?
195. Describe your customer service staffing plan to deal with peak volume, such as after the issuance of member statements or a plan change. Describe the process to determine if you have sufficient lines to handle call volume. How frequently is this checked?
196. Confirm your ability to provide TDD services during all hours of telephone customer service availability.
197. How are investment advice questions handled by customer service representatives?
198. Do you separate services for retirees from those provided to active plan members? For example, is certain staff assigned to handle retirees' questions regarding their accounts?

199. If a call must be transferred from one Phone Service Representative to another or to a supervisor, can data and the call be transferred simultaneously? If no, how is the transfer accomplished?
200. How are members' calls logged and tracked and who has access to that information?
201. Can Phone Service Representatives provide the following services to participants:

Service	Yes/No
Simultaneous ("live") access to Internet account to demonstrate how to execute a transaction	
Generic direction to participants regarding the execution of Internet transactions	
Simultaneous ("live") access to VRS to demonstrate how to execute a transaction	
Generic direction to participants regarding the execution of VRS transactions	

**Internet**

202. Confirm you will provide a Web site dedicated to DRS . Describe the attributes of the site that may be customized for the Program.
203. What communication materials do you offer on the participant Internet site?
204. Confirm you will duplicate the materials available on the current Web site.
205. What retirement planning and investment related tools will be available through the Internet site?
206. What targeted materials will be available via the member Web site?
207. Describe other tools and services available to members through your Internet site.
208. Can members e-mail account-specific questions via the Internet site? If yes, who receives the e-mail, researches the issue and responds? Do you have responses generated by key words?
209. What is the most current data available to members over the Internet?
210. How much historical information will members have access to over the Internet site?

211. What language services other than English are available for DRS Web site? If an Internet translation service is offered, describe the services that are provided.
212. Describe your company's experience with providing education session schedules online, including the ability to register for sessions online. How will DRS education representatives be able to access registrant lists? Indicate if you provide this service for other clients.
213. Do you have any experience in providing financial modeling software similar to that used by Plan 2 members that have the option to transfer to Plan 3? Describe any other similar client arrangements.
214. Describe your experience with providing an e-mail inbox for member inquiries. What other plans do you provide this service for? Will responses be provided within one business day?
215. Software on the Internet site is subject to DRS review and approval. Describe the review and approval process you would propose to use, including how material would be presented to DRS. Identify other clients that review and approve software applications.
216. DRS utilizes Web site calculators to help customers with certain types of projections. How would you support these calculators? Please explain any enhancements you would recommend.
217. Provide the address and necessary access codes or passwords in order to test your Internet capabilities. If separate codes are needed for access to participant and employer data, provide both.
218. How do you coordinate Web site updates? Do you have different processes/timelines for different types of updates? If so, please explain process, with timelines, for each of the following:
  - Emergency update (text only);
  - Standard/operating updates(posting PDF, text changes, etc);
  - Web re-structuring to accommodate a new marketing plan.
219. Customers call DRS with complex questions that often involve what they are seeing on our record keeper's secure, account access Web site. DRS would like the ability to follow them click-by-click, so DRS staff can see the same fund detail and answer questions. How will you provide this service?
220. Within the life of this contract, DRS expects to institute a Single Sign-On with other state services. The requirements for this change have not been developed, but will include requirements from stakeholders and authorizers including the state of Washington Department of Information Systems. How will you approach providing

Single Sign-On to systems within the state network? How will you implement this change?

221. Do you have experience with Single Sign-On with any other clients? Describe your experience.
222. DRS requires our customers have fast and easy access to their accounts. We are concerned about server speed on both the public side and secured side of our Web sites. How will you monitor Web site usage to ensure our customers are receiving consistent and fast service? What specific targets will you use? What plan will you execute, if you fail to meet your targets?
223. DRS is interested in providing Plan 3 members with a way to see their DB and DC information together – side by side. The Department provides access to members defined benefit information through a DB Access Application available at <https://fortress.wa.gov/drs/services/registration/login.aspx>. How would you approach providing a single view of the information maintained by DRS with the DC data maintained in your record keeping system?
224. Describe your experience with providing similar side-by-side views (DB and DC) for other clients.

### **Voice Response System**

225. Provide the phone number and necessary access codes or passwords in order to test your VRS capabilities.
226. Is the voice system key entry only or does it have natural voice recognition capabilities as well? Indicate all that apply:
  - Key entry
  - Voice recognition (number, short phrases)
  - Natural voice recognition (full speech and sentences)
227. Is your VRS available in Spanish?
228. If a participant is using the Spanish VRS, which of the following applies:
  - Election for Spanish will be retained and Spanish is automatically offered next time participant calls
  - Participant opts out to Spanish Phone Service Representatives automatically
  - Materials requested via the VRS will be provided in Spanish
229. What is the VRS downtime per month for maintenance in hours?
230. Can Plan Sponsor broadcast special messages? If yes, indicate all parties that can actually record the message.
  - Plan Sponsor

- Your organization
231. How does a member transfer to a Phone Service Representatives from the VRS?
  232. Will the VRS alert a participant to the anticipated hold time before a Phone Service Representative will be available?
  233. When a member transfers from the VRS to a service representative:
    - Will the member's PIN/Password automatically transfer or must it be reentered?
    - Must the member's SSN be reentered by the representative?
    - Will the representative know what VRS function the member was using at the time they transferred?
  234. How many calls is your telephone system equipped to handle simultaneously? What are the average daily call volumes over the last six months?
  235. For which services or transactions are confirmation statements generated? Provide samples of the confirmation statements.

**Management Reporting**

236. Confirm that you will provide the reports described in the Scope of Services. Identify any reports that will need to be specifically developed or changed/modified for DRS , as opposed to being existing reports.
237. Confirm that you will provide an up-to-date customized administration manual. Provide a sample table of contents from a customized administration manual.
238. How frequently does your organization provide a client service report on plan activity to the clients typically? Provide a sample copy of the report.
239. Indicate which features your client service report contains.

Plan level breakdown of:	
• Asset allocation	
• Cash flow	
• Withdrawal/distribution activity	
• Fund performance	
• Member access statistics	
Demographic breakdown of:	
• Asset allocation	
• Cash flow	
• Withdrawal / distribution activity	
• Fund performance	
• Member access statistics	



244. In how many days from request are ad-hoc reports produced and delivered in hard-copy?

### **Regulatory Services**

245. Describe how you monitor IRC Section 401(a)(9) required minimum distributions, including:

- Identification of individuals
- Determination of the amount of the minimum required payment
- Payment within required deadlines

246. How does your organization propose to process error corrections? Describe.

247. How does your organization write and send a letter of explanation to the member?

248. Describe how you would modify or prepare the plan choice modeling software. Fully outline relevant experience as well as your fundamental, economic, investment and other assumptions underpinning projections.

249. Describe your company's experience with the following domestic relations orders, as described in the Scope of services:

- Property Division Orders including:
  - *Awards an Interest*
  - *Splits an Account*
- Orders to Withhold and Deliver

Describe the services you will provide to support DRS in administering these.

250. Describe how you will handle after-tax dollars for contributions and service purchases, etc.

251. Does your organization have separate dedicated legal staff for defined contribution activities? Identify the number of FTE that are dedicated to defined contribution plans. If none are dedicated to defined contribution plans, identify the other services they provide.

252. Describe the type of legal support provided in your proposal and any fees that would apply to those services. List fees, if any, both here and in the Fee Proposal.

253. Identify the types of legal support not included in your proposal.

254. What notification will you provide DRS when there are changes that could impact our 401(a) plan?

255. What steps has your company taken in 2009 to communicate the waiver of required minimum distributions? Are there targeted communications to any specific subset of participants such as those currently receiving required minimum distributions?

256. What fiduciary responsibility does your organization assume? How does your firm define your fiduciary responsibility? Be specific.
257. How will you ensure the program remains in compliance with regulatory and legislative changes?
258. How do you ensure that the record keeping system is in compliance with all regulations?
259. Will your organization provide DRS specific updates on legislative changes? If yes, how frequently? Provide samples of any regulatory updates provided to clients.
260. How will you comply with the annual audit requirement as described in the Scope of Services?

### **Investments**

261. Confirm that you can administer the investment options currently offered. Identify any concerns or issues. Describe any situations in which you interface with plan sponsors' investment groups similar to the WSIB.
262. Confirm that you will administer any investment options selected in the future. Identify any limitations you must impose.
263. As DRS selects or de-selects investments, the record keeper will perform fund additions and fund mapping. While DRS does not anticipate frequently changing the investment line-up, confirm that your company will perform fund changes as needed by DRS, without limitation.
264. Provide recommendations for participant communications and a strategy to reduce participant concerns and/or complaints during fund changes.
265. Identify the notice period that your firm would need to add a new fund.
266. Identify the notice period that your firm would need to substitute a fund (map assets from one fund to another).
267. Describe your company's experience in coordinating on a daily basis with a variety of investment companies. List the investment companies that you currently deal with on a daily basis. Indicate whether there are any investment companies with which your company cannot work.
268. Would your fees be impacted if the number of investment options available increased? Identify any appropriate fees here and in the Fee Proposal form.

269. Describe any complexities that are included in maintaining daily valued investments and monthly valued investments. Identify other clients for whom you provide record keeping services for both. What challenges were brought about, and how were they resolved?
270. Describe your experience with investment options similar to the WSIB-TAP.
271. DRS may decide to change our Administrative Fee processes. How does your organization prefer to handle administrative fees?
- If we choose to deduct fees monthly, by adjusting the daily capital stock activity, (as we do with Plan 3,) would that be a problem?
  - If we choose to deduct fees quarterly, posting fees to participant accounts on quarterly statements, (as we do with DCP,) would that be a problem?

### **Investment Advice**

272. DRS does not anticipate awarding investment advice services initially under this RFP, although it wishes to understand the capabilities of proposing firms to offer such services. Please describe your participant investment advice services you are able to make available, including the number of years you have been providing the services and the number of clients that utilize them.
273. Does your firm utilize an independent advice provider to provide the services? If yes, identify the provider and how long you have worked with the firm.
274. What fiduciary responsibility does your firm accept for the advice services provided?
275. Identify the fees associated with the investment advice services.

### **Supplemental Education Services**

276. DRS does not anticipate offering supplemental education services initially under this RFP, although it wishes to understand the capabilities of proposing firms to offer such services. Please describe supplemental education services you are able to provide to participants, such as debt management, education funding, estate planning, and other topics that generally extend beyond typical retirement planning.
277. How many years has your company been providing these services? How many clients utilize these services?
278. What staff provides these services? Are the services provided by the same staff that provides general retirement education services? Identify the number of staff within your organization that provides supplemental education services. Does the staff have any special training or certifications, such as CFPTM designations?

279. Identify the fees associated with supplemental education services. Describe the level of servicing associated with these fees (quarterly seminars, etc.)

**7.2 DCP**

**SCOPE OF SERVICES REVIEW – DCP**

Each company submitting a proposal is responsible for thoroughly reviewing the Scope of Services. Based on the review of the Scope of Services, complete the following table. The Department of Retirement Systems (DRS) does not anticipate substantial exceptions to the Scope of Services, if any, but any exceptions must be noted in this table. Responses provided will be considered as part of the evaluation of the questionnaire. In addition, DRS reserves the right to negotiate more favorable standards than those indicated in the Scope of Services.

You may complete the table provided below, or you may provide the table as an appendix item to your proposal. In completing the table, provide the following information in the appropriate column:

I – Confirm that you have reviewed the appropriate section of the Scope of Services. (Yes/No)

II – Identify if your firm can provide each service contained in the appropriate section of the Scope of Services, including meeting all time frames, performance standards, deadlines, and providing all deliverables and services exactly as described. (Yes/No)

III – Indicate whether you currently provide the services exactly as described for one or more clients. (Yes/No)

*If you indicated “yes” in columns I - III, you may indicate “N/A” for columns IV and V.*

IV – For each service in column III that you have indicated “no”, describe your standard approach and how it differs from the Scope of Services.

V – For each service in column III that you have indicated “no”, identify if you are willing to adjust your standard approach to provide the service exactly as requested. If there are any limitations or maximums that you expect to place on the services provided, these must be included/footnoted in the Scope of Services Review. (Yes/No)

VI – If you are willing to provide the services exactly as requested, but believe that there would be benefits (such as cost savings or improved service) to making a minor adjustment to the services outlined in the Scope of Services, describe the adjustment and the benefits.

Scope Section	I	II	III	IV	V	VI
<b>2.2.1 Implementation Services</b>						
Entire Section						
<b>2.2.2 Communications</b>						
General Requirements						

<b>Scope Section</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>VI</b>
Communication Plan						
Written Communication Materials						
Web site						
Financial Modeling Software						
Video						
<b>2.2.3 Enrollment</b>						
Entire Section						
<b>2.2.4 Contribution Processing</b>						
Entire Section						
<b>2.2.5 Plan Administration Support and Participant Service Activities</b>						
Participant Service						
Investment Transfers and Allocation Changes						
Suspense Items and Error Correction						
<b>2.2.6 Record Keeping</b>						
Overall						
Inquiry Only Online System Access						
Investment Options						
Fund Fee Rebate						
Deduction of Plan Fees						
Changes to Fund Managers						
Trustee/Custodial Services						
Participant Statements of Account						
<b>2.2.7 Distributions</b>						
Overall						
Payment Methods						
Annuity Shopping Service						
Hardship Withdrawals						
Domestic Relations Orders						
Survivor Benefits						
Tax Withholding and Reporting						
Transfer and Rollover						

<b>Scope Section</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>VI</b>
Stale Dated Checks						
<b>2.2.8 Plan Level Reporting</b>						
Overall						
Plan Level Reports						
Plan Sponsor Support Services						
<b>2.2.9 Computer Security</b>						
Entire Section						
<b>2.2.10 Program Audits</b>						
Entire Section						
<b>2.2.11 Supplemental Processing and Compliance Activities</b>						
ADA Compliance						
Alternate Communication Format						
Participant Privacy						
Address Changes						

For each scope section identified above, provide a description of how the services you provide will meet or exceed the services requested.

### **QUESTIONNAIRE – DCP**

Your company's proposal, including this questionnaire, must be submitted both in printed form and on a "read-only" compact disc (CD) or protected electronic storage device. Respondents providing compressed files must include appropriate utility to extract files. The questionnaire must be provided in a Microsoft Word (version 2007 or higher) file. The CD must be labeled with your company's name and contact information. Information provided should be as of June 30, 2009 unless otherwise noted.

#### **Company Information**

280. Provide your company's name, address and type of legal entity (corporation, limited liability company, joint venture, partnership, etc.)
281. Provide the name, title, address, telephone, e-mail address and fax numbers of the contact person or persons from your company whom we may contact with questions regarding your response. These individuals must be authorized to negotiate contracts regarding the scope, terms and pricing outlined in the proposal.
282. Provide a short description of your organization, the businesses in which it engages and the services it provides.

- 283. Supply an independently audited financial statement for the most recently closed fiscal year.
- 284. Is your company a subsidiary or affiliate of another company? Provide full disclosure of all direct or indirect ownership.
- 285. If your company is affiliated with any investment providers, how do you address potential conflicts of interest?
- 286. Describe any pending agreements to merge or sell your company or any portion thereof. If you can provide this information and it is confidential, please clearly so indicate.
- 287. Describe any pending or anticipated plans to reorganize your company within itself or as part of the larger organization of which your company is a part.
- 288. What is the last date when your firm or any component of the overall organization had a change in business structure; whether through an acquisition or divesture or through an alliance arrangement? If applicable, how did this change in business affect the record keeping division and how the firm provides record keeping services?
- 289. Describe your errors and omissions coverage. 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.

Risk Covered				
Carriers				
Levels				
Limits				
Deductibles				

- 290. List any subcontractors proposed to be used to provide any of your services, and fully describe the nature of the services to be provided and the subcontractor's experience and expertise.
- 291. List other governmental retirement plans in the state of Washington that you currently provide services for. Would you expect to begin marketing within the life of this contract?
- 292. Describe the safeguards and procedures your company intends to provide to avoid complications and potential conflict in situations in which your company provides services to a local entity also participating in the DCP. Would you be willing to discuss removing the non-competitive clause from your Washington State local government contracts?
- 293. Indicate which, if any, types of employees receive increased compensation (such as commissions, bonuses or incentive compensation) if the dollar amount deferred to the program increases.

294. If any of your employees are eligible to receive increased compensation based on performance, describe these compensation arrangements and the maximum percentage of each type of employee's total pay expected to be provided.
295. Has your company undergone any change in senior management in the last five years? Describe the change in detail.
296. Has your company ever filed or been petitioned into bankruptcy or insolvency or has your company ever made any assignment for the benefit of your creditors? If so, provide complete details.
297. Identify the number of geographic locations that provide each service and list the locations.

	Number	Locations
Redundant processing		
Redundant call centers		

298. Please include a written copy of your organization's strategic plan. If you cannot provide the strategic plan, please provide a synopsis or summary of your organization's strategic plan, including the following:
- Level of commitment management has to building market presence,
  - Plan for enhancing current products,
  - Plan for developing new products
299. Identify any leading edge services available from your company that would not be available from other firms. Identify plans for leading edge services to be developed over the next three years.
300. Provide your sums for spending on the record keeping business in relation to your organization's total spending company wide. If you cannot provide actual figures please provide the ratio of record keeping spending to total company spending within the given time frames. You do not need to provide ratio figures if you can provide total expenditures for the years listed:

	Record keeping expenditures	Total company expenditure	<u>Or</u> : Ratio of record keeping to total spending
Total for 2008:	\$	\$	
Total for 2007:	\$	\$	
Total for 2006:	\$	\$	

301. Discuss the recent economic impact on your company’s financials, including company layoffs, hiring freezes, stock price changes, or funds received or requested from the US or other governments, or potential requests for government funds or other government assistance.

**Experience**

302. The administrative services requested for the DCP, as described in the Scope of Services, are extremely customized. Identify the current defined contribution client your company feels is most similar to DRS, in terms of customized services (preferably a governmental client). Describe the custom services you provide to this client, the size of the client, what unusual issues have occurred, and how the issues were resolved.

303. Give the number of years experience your company has in providing administrative services for governmental 457 plans.

304. List the three largest governmental 457 plans you administer. Identify the plan name, plan type, assets and participants for each.

305. Identify the number of defined contribution plans you currently administer with the following number of participants:

Number of Participants in Plan	<i>Number of DC Plans</i>	<i>Number of Governmental DC Plans</i>	<i>Number of Governmental 457 Plans</i>
Up to 1,000			
1,001 to 5,000			
5,001 to 10,000			
10,001 to 25,000			
25,001 to 50,000			
More than 50,001			
Total			

306. Identify the number of defined contribution plans you currently administer with the following assets:

Number of Participants in Plan	<i>Number of DC Plans</i>	<i>Number of Governmental DC Plans</i>	<i>Number of Governmental 457 Plans</i>
Up to \$50 million			
\$51 to \$100 million			

Number of Participants in Plan	Number of DC Plans	Number of Governmental DC Plans	Number of Governmental 457 Plans
\$101 to \$250 million			
\$251 to \$500 million			
\$0.51 to \$1 billion			
More than \$1.1 billion			
Total			

307. Provide the total number of participant accounts you administer on your record keeping system. How many are 457 participants?
308. How many DC plan clients and participants have you gained and lost in the last three years for clients above and below \$250 million in assets?

*Below \$250 million*

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

*Above \$250 million*

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

309. List the three defined contribution plans over \$100 million which most recently retained your company's services. Include the plan type, approximate number of participants, total plan assets and the month and year your company was retained. Indicate which plans involve record keeping for unbundled investments separately selected by the Plan.

Plan Name			
Plan Type			
# Participants			

Total Assets			
Month/Yr retained			
Service Provided			

310. List the three governmental defined contribution plans over \$100 million that most recently terminated (or did not renew) your services. Provide a contact name, address, and phone number so that DRS may contact these plans. Include the approximate number of participants, total plan assets, and a brief description of services provided.

Plan Name			
Plan Type			
# Participants			
Total Assets			
Service Provided			
Reason for Termination			
Contact			
Phone #			

311. Provide as references three governmental defined contribution plans administered by your company for at least three years you consider most similar to that of DRS. Provide a contact name, address, and phone number so that DRS may contact these references. Include the approximate number of participants, total plan assets, and a brief description of services provided and why they are similar to those requested by DRS.

Plan Name			
Plan Type			
# Participants			
Total Assets			
Service Provided			
How similar to DRS			
Contact			
Phone #			

### **Contractual Issues**

312. Indicate whether your company is a licensed broker/dealer and licensed to accept payment from investment companies for providing individual account record keeping, marketing and enrollment services.

313. Identify and describe any past, pending or threatened judicial or administrative litigation against you or in which you are litigating against someone else, within the past five years, related to services you are proposing.
314. Has your company been cited or threatened with citation within the last five years by federal or any state regulators for violations of any federal or state laws or regulations? If yes, please describe fully.
315. Has your company been involved in investigations within the last five years by federal or any state regulators? If yes, describe fully.
316. Has your company had a contract terminated by a client for cause within the last five years? If so, by whom and under what circumstances?
317. Identify any potential conflict of interest, or appearance of a conflict of interest that your company would have in providing the services requested. Describe how you will handle this and why it should not be detrimentally viewed.

### **Conversion**

318. Provide a draft conversion plan, including target dates for appropriate milestones.
319. Comment on unique problems associated with plans with extensive customization, and approaches that limit risks during the conversion.
320. Describe how you would propose to communicate the implementation to participants. Or if you are the incumbent provider, summarize any service and or price changes that are included in your proposal. How would you propose to communicate these to participants?
321. List the roles and responsibilities of your conversion team. Identify the expected members by name if they have been identified. Identify what team members will be 100% dedicated to the conversion, and identify dates and number of team members that would be in Olympia.
322. Do you currently have adequate staffing internally to staff for the DCP implementation? If you expect to use existing staff, demonstrate how you will be able to handle the implementation of a plan this large. To the extent you do not, how will staff be added?
323. If any of the team members will not be working exclusively on this implementation, how many additional plans/programs will they be working on?
324. Describe any experience your company has had in conversions from the incumbent administrator. Provide brief reference and contact information for the three largest.
325. How do you monitor the effectiveness and quality of your conversion process and team?

- 326. Describe the most recent improvement your company has made to the transition process and the reason for the update. Have the results been as expected?
- 327. Describe the testing of data received from the previous TPA. How do you confirm the data is consistent with previous test data?
- 328. What documentation will be provided to DRS regarding tests conducted and their results? What level of failure will be deemed acceptable?
- 329. How many conversions and implementations has your company conducted during the past four years involving the following number of participants (not accounts)?

Number of Participants	Number of Defined Contribution Conversions
1 to 10,000	
10,001 to 25,000	
25,001 to 50,000	
Over 50,001	

- 330. Describe the on-site training you will provide to DRS employees (including staff who work with customers, technology, accounting, etc.). What are the qualifications and experience of individuals who will conduct the training? What skill-based training have they received that will enable them to provide clear information to attendees. Provide a sample training manual and materials.
- 331. Describe on-site training to DRS employees that will be provided on an on-going basis. Will you provide training as needed, and on the dates and times determined by DRS? Identify any limitations your pricing assumes.
- 332. Describe your ability to coordinate a post-transition audit. Have you provided this for other clients? If yes, what were the results?
- 333. Will there be a blackout period? If so for how long? Assume complete data is received from the prior TPA in good order. Fully describe all the components and restrictions of the blackout period. Indicate a minimum and maximum number of days.
- 334. For conversions completed in the last 2 years, identify the average number of business days it has taken to complete the conversion after receipt of reconciled items. Identify the shortest time period and longest time period.
- 335. How will you guarantee your stated implementation time frame? How will you measure the success of the plan implementation?

336. Please provide the following statistics regarding the DCP conversion and standard conversions implemented by your company:

	<i>DCP Conversion</i>	<i>Standard Conversion</i>
Minimum and maximum lead time from selection date until asset conversion date		
Minimum and maximum business days from receipt of reconciled data from prior record keeper until system "live date"		
Minimum number of business days from system "live date" (reconciliation data is loaded) until:		
▪ Participant Internet inquiry access		
▪ Plan Sponsor online/Internet access		
Transactions permitted during conversion blackout period		
▪ Hardship withdrawals		
▪ Final distributions		

337. How do you propose to handle benefit payments?

338. How many conversions has your company conducted in the past three years? List all conversions scheduled for the next 12 months and the scheduled completion dates.

339. What is the latest selection date your company requires in order to meet the identified implementation date?

**Quality Assurance**

340. Does your organization have an electronic monitoring system for client/plan sponsor inquiries?

If yes:

- Can the system track the type of inquiry?
- Can the system track the required time to respond?
- Does the monitoring system track how often the same inquiries come through via feedback loop?

If no:

- Does your organization have a non-electronic monitoring system?

341. Briefly describe your management's review of responses to client/plan sponsor inquiries. In your description, please address the following issues:
- What percentage of client/plan sponsor inquiries does senior management or supervisory staff review?
  - How frequently are managerial reviews conducted?
  - What levels of management conduct reviews of client/plan sponsor inquiries and the responses that the client relationship manager and/or administration staff provides?
  - What type of feedback is given to the client relationship manager and/or staff as a result of these reviews, if any?
342. Please describe your proposed method for formally assessing participant and employer satisfaction with the services your company provides.
343. Describe your method for assessing participant satisfaction with the Internet services your company provides. Identify the results you have experienced. Do you have participant feedback that your Web site is user-friendly? What suggestions have been made for improvement?
344. How frequently do you conduct client satisfaction surveys of your clients (plan sponsor level)?
345. Will you provide an annual satisfaction survey of the DCP participants? Describe the participant sampling and content you would suggest. Who will conduct these surveys?
346. Describe how you communicate the results of client and participant surveys.
347. Does your offer include performance guarantees?
348. Identify which of the following areas are included in your performance guarantees and the standard you propose (number of business days, etc.):
- Enrollment processing
  - Contribution processing
  - Statement distribution
  - Confirmation mailing
  - Phone service representative responsiveness
  - Employee participation rates
  - Check distribution
  - Web down time
  - Web response time
  - Employee satisfaction
  - Plan Sponsor satisfaction
  - Other

What penalties would you propose for non-performance?

349. Describe the internal auditing staff and functions performed regarding record keeping services.
350. Describe how your company will support the program audits as outlined in the Scope of Services. Identify the three largest clients you perform similar services for, and describe the services provided for each client.
351. Are your record keeping system controls and administrative procedures audited by an independent accounting company on a regular basis? Confirm the frequency you have a Statement of Auditing Standards (SAS) 70 audit conducted, and include a copy of your most recent report.
352. Are your accounting reports customized? Describe a modification you have made for a plan sponsor.
353. What quality control systems do you have in place that ensure your activities meet your internal quality standards? Describe fully.
354. Describe the quality improvement system you have in place to ensure that your activities are continually improved to reflect industry best practices.
355. What new services do you see on the horizon for 457 plans?
356. How will you assure quality service from your subcontracted companies, if any are used?
357. How will you assure that any subcontractor will maintain the privacy of data used in conducting the subcontracted services?
358. DRS places a value on maintaining consistent relationships with the personnel who work and the processes that support the record keeping engagement. How will you keep us up-to-date on personnel changes that impact this engagement?
359. When your automated systems or processes change, how will you keep DRS and DCP participants up-to-date on system changes?
360. At what point do you elevate problems to DRS? What types of issues do you resolve internally? Describe your error notification process.

### **Record Keeping and Processing**

361. Describe your procedures for ensuring that the plan is in balance on a daily basis.
362. Describe your procedures for communicating purchase and sale directions (e.g. transfers, withdrawals, rollovers) to the custodian. Describe any separate processes that would apply for the stable value option or future asset allocation portfolios.

363. What was the total staff turnover for 2007? 2008?

	2007	2008
Number of FTE:		
Percent:		

364. What is the average tenure (in years) of the following positions with your organization?

Plan administrator	
Client relationship manager	
Processing/operations staff	
Senior management	

365. Identify the hours of training provided to the following positions initially and on-going.

	Initial Annual (# hours)	On-going Annually (# hours)
Client relationship manager		
Plan administrator		
Processing/operations staff		

366. Do you have a continuing education program in place for your personnel to stay current with changes in the law and investments? If so, describe in detail.

367. Do you currently have adequate staffing to staff for the services that will be provided to DRS? If not, how much staff will be added?

368. Provide your proposed staffing for the record keeping function and a description of the types of personnel to be involved. Also provide in an appendix an organizational chart and the names and resumes of individuals in your organization who would be primarily responsible for the record keeping function. Describe the roles, responsibilities and qualifications of each and provide a typical job description. Identify the number of FTEs that would be dedicated only to this plan.

369. What minimum licensing, degrees, or training is required to hold the following positions? Indicate "Y" or "N" for each requirement needed.

	College Degree	Advanced Degree	Series 6	Series 63	Series 7	Years of Related Work Experience
Phone service representatives						
Client relationship manager						
Plan administrator						

	College Degree	Advanced Degree	Series 6	Series 63	Series 7	Years of Related Work Experience
Processing/operations staff						

370. Identify the client-specific contact(s) for plan administration services. Who will have overall responsibility for coordination of record keeping services?
371. What is the caseload for the relationship manager responsible for this program, as measured by number of programs? Is this the same person responsible for record keeping services?
372. For the following functions performed for DCP, identify which would be handled by a dedicated team and which would be handled by a functional group? Complete the table below indicating “yes” or “no” for the record keeping tasks.

	Dedicated Client Team	Functional Group
Eligibility determination		
Enrollment		
Contribution processing		
Hardship processing		
Distribution processing		
70 ½ payments		
Domestic Relations Order(DRO)		
De minimis distributions		
Participant requests		
Plan Sponsor requests		
Other		

373. Can DRS approve any and all assigned personnel and subcontractors? Fully describe any limitations and your suggested approach for addressing your employee or agent not providing satisfactory service.
374. If your company is not located in the Pacific Time zone, how will you provide service to members and participants during core office hours (8am-5pm) and after work? How will you make sure your staff is available to DRS staff during core business hours?
375. Describe your experience with receiving data files through secure File Transfer Protocol (FTP) transmission with information necessary to set up participant accounts. Identify the number of clients you perform this service for and identify the largest.
376. Describe your capability to receive imaged documents such as fund transfer request forms from the DRS.
377. How are errors handled through your record keeping system for:
- Contributions

- Withdrawals/distributions (both over- and under- payments)
  - Transfers
  - Rollovers
  - Loans
  - Allocation of earnings
  - Tax reporting
  - Describe any error corrections that cannot be handled on the system.
378. Describe your process for accepting plan-to-plan transfers into DCP, including how you verify the acceptability of the transfer.
379. Describe your company's procedures for correcting erroneous financial transactions. Any departure from the requirements in the Scope of Services should be outlined in the Scope of Services Review that precedes this questionnaire.
380. If your company expects to impose a time window for making participants whole, describe your reasoning for this policy, including when it was instated, what problems occurred prior to instating it, and participant and plan reactions since instating it.
381. Confirm that investment election changes and investment transfers can be made daily. Confirm that you do not intend to impose any limitations such as a maximum number of changes, contribution investment transfers or elections, other than those outlined in the Scope of Work .
382. Describe your capabilities to offer automatic rebalancing services to participants. Describe the frequency of rebalancing, mailing of confirmations, and any limitations that may apply.
383. What are your procedures for handling incoming rollovers?
384. What procedures do you use to verify the source and validity of the rollover?
385. Are direct deposits available for:
- Installment distributions?
  - Lump sum payments?
386. The record keeper is required to provide an annuity shopping service. Indicate whether providing this service will have any impact on your cost proposal.
387. For the annuities that you have provided, give the actual and guaranteed purchase rates per \$1,000 for the following payment options on December 31, 2006, 2007, and 2008. Provide purchase rates for a participant age 50, 55, 60, 62, and 65. For joint and survivor payment options assume that the spouse is the same age. Unisex rates are required.
- Life only
  - Life and 10 years certain
  - 50 percent joint and survivor

388. For the annuity purchase rates listed above, list the commissions, if any, your firm receives. Note that your firm must fully disclose all commissions paid for annuities purchased under the plan
389. What time is the cut-off for participant requested transactions?
390. Which methods can be used for processing transfers/exchanges?
- Balance realignment in percentages
  - Percentage from/percentage to
  - Dollar from/dollar to
391. Describe your experience and capability with NSCC trading. For what percentage of your business do you use this platform? Is NSCC usage a prerequisite for a fund partnership?
392. Who is responsible for following up with DRS if a data file is not received and what tool is used to track expected data files?
393. Please indicate whether your record keeping system provides these data edits by indicating “yes” or “no”. Use the Comments column to identify any qualifications on the availability of the services.

Edits	Service Provided	Comments
Missing Data:		
• Social Security Number		
• Alternate Identifier		
• Name		
• Address		
• Location or other agency identifier		
• Birth Date		
• Hire Date		
• Status Code		
Illogical Data:		
• Duplicate records		
• Status term but no term date		
• Status active but pay = 0		
• Status active, deferral % > 0 but deferral = \$0		

Edits	Service Provided	Comments
<ul style="list-style-type: none"> <li>Status active, deferral % = 0 but deferral &gt; \$0</li> </ul>		
<ul style="list-style-type: none"> <li>Status suspended but deferral &gt; \$0</li> </ul>		
<ul style="list-style-type: none"> <li>Status terminated, term date in prior payroll period but comp &gt; \$0 or deferral &gt; \$0</li> </ul>		
Invalid Dates:		
<ul style="list-style-type: none"> <li>Birth date out of range &lt;&gt; specified dates</li> </ul>		
<ul style="list-style-type: none"> <li>Hire date out of range &lt;&gt; specified dates</li> </ul>		
<ul style="list-style-type: none"> <li>Catch-up date out of range &lt;&gt; specified dates</li> </ul>		
<ul style="list-style-type: none"> <li>Term date out of range &lt;&gt; specified dates</li> </ul>		
<ul style="list-style-type: none"> <li>Hire date &gt; term date</li> </ul>		

394. Describe the quality standards for performance (in business days) that you will use in servicing the DCP, and the average actual performance for current clients. 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)	2008 Average Actual (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
Hardship withdrawals paid	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
Investment fund transfers settled	Days from receipt of request	Days from receipt of request
Rollovers/transfers into the plan processed and invested	Days from receipt of deposit	Days from receipt of deposit

Activity	Quality Standard (business days)	2008 Average Actual (business days)
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
Meetings with plan sponsor	Meetings per year	Meetings per year

395. Can your company collect participant transaction fees if necessitated by a fund? How do you propose to handle such fees?
396. What process does your company use to identify participants attempting to market time exchanges? What methods has your company used to discourage or eliminate this practice? Can your company limit the number of exchanges a single participant can make in a given period of time?
397. Discuss the processing cycle in preparing termination distribution requests. Start with the date a participant terminates and end with the receipt of a distribution.
398. DRS internal procedures are governed by federal, state and agency requirements. Describe your approach and experience with testing benefit and contribution amounts against these and other statutory limits.
399. DRS would like to offer our customers the option to choose between e-mail and mail delivery of mailings. Can your system do this? How would you go about providing this service? What data would you need from DRS and our participants?
400. Do you have clients who enroll participants online? Tell us about your experience. Identify other plans you provide this service for.
401. DRS is interested in introducing online enrollment. Can your system do this? How would you go about providing this service? What data would you need from DRS and our participants?

### **Systems & Technology**

402. Describe your record keeping software system.
403. Describe the hardware platform for record keeping and administration of defined contribution plans.
404. Is your record keeping system/software fault tolerant with no single point of failure for processing, storage, or connectivity?

405. Indicate whether your record keeping system is owned by your company or subcontracted from another organization. If the system is subcontracted, provide details of the arrangement and the name and qualifications of the organization.
406. Are you planning to go through any system conversions or major changes/enhancements now or in the next three years? If so, please describe and give the schedule.
407. When was your record keeping system first put into place? When was the last major system enhancement and what was the nature of the enhancement?
408. Describe the integration among your voice response, online and record keeping systems. How do you assure that requests made via one access method will not be duplicated through another method if requests are batch processed?
409. Is your record keeping system current and in compliance with all new legislation?
410. Does your company propose to charge for system modifications required by legislative changes? If so, indicate the anticipated fees here and in the Fee Proposal.
411. How many hours was the record keeping system down in the last 12 months? Describe all such incidents and explain the cause of the down time.
412. Do you foresee any specific problems incorporating DCP into your record keeping system? If so, describe them in detail, and your proposed solutions.
413. Does your company propose to charge for system modifications required by DRS? If so, indicate the method for determining fees.
414. How frequently are system backups performed?
415. Describe your system security, data back-up and disaster recovery procedures.
416. How frequently are disaster recovery procedures tested? When was the last test and what were the results?
417. Describe the most severe disaster your company has experienced, including when it occurred, what happened, how you dealt with it and the effect on plan sponsors and participants.
418. Has your company experienced an incident when participant or plan data has been compromised? Describe the situation and identify any steps your company has taken to avoid such incidents in the future.

419. How do you monitor system capacity and plan for future expansion? Describe the impact of adding the DCP accounts to your system. What steps have you taken in the past to accommodate expansion, and what steps would be needed to accommodate the DCP?
420. Does your organization have different groups for systems development and product support? Identify the number of employees dedicated to each.
421. What type of resources (internal/external) does your organization use for systems development? Will these resources be dedicated to DRS?  
If a combination, please specify percentage to each resource.
- Internal
  - External
422. What type of resources (internal/external) does your organization use for systems maintenance? Will these resources be dedicated to DRS?  
If a combination, please specify percentage to each resource.
- Internal
  - External
423. Describe your approach to testing changes to your automated record keeping systems? Do you maintain a separate test environment?
424. DRS requires access to vendor's record keeping system. Please describe how DRS will access your record keeping system. Describe the technology that will be needed for this access. What training will be provided to make sure DRS staff can properly access the system? What will be the system response time? If your response time lags, how will that be addressed?
425. Does your organization use a document imaging system internally? Is access to this system available to DRS? If so, what requirements would DRS have to meet to receive access? Are there any costs to providing this access?
426. Describe all manual or one off processes for posting participant data to your record keeping system.
427. After reading through our requirements, do you see areas where you could offer an automated solution, to replace a manual process?
428. Do you have clients who auto enroll participants? Tell us about your experience. Identify plans you provide this service for.
429. What data is required from the plan sponsor in order to accommodate an auto enrollment platform?

**Communications**

- 430. Describe the DCP communication plan you will develop with DRS and how you will measure the effectiveness of the plan. Identify other items that will be measured.
- 431. DCP 's Web site and primary education deliverables were developed in 2001. DRS will look to update these deliverables with new and fresh marketing/education materials. What role can you play in the process?
- 432. Describe how your communications differ when multiple plans [457 and 401(a)] are available to participants? For new participants, how would you compare and contrast the plans? Identify important differences that you feel participants should be aware of.
- 433. Describe your experience with a client where your company administers multiple defined contribution plans. What communication issues and challenges did you encounter and how were they resolved?
- 434. DRS requires vendors to provide fully customized communication/educational materials, including hard and electronic copies. Required minimums for written communication materials are included in the Scope of Services. Please complete the table below identifying the different materials included in your proposal, who their audience is (i.e. new participants, retirees, etc.), how they will be delivered (mailed, handed out at meetings, posted on Web, etc.), how many copies are expected to be distributed each year, an indication of artwork used on the material (Y-graphs and pictures, etc.) and a description of size and color (8.5x11 four-color, 8.5x14 black and white, etc.).

Document/Material	Audience	Delivery Method	Yearly Distribution	Artwork (Y/N) - Type	Size/Color/Pages

- 435. Identify the budgeted annual amount you have assumed for producing the materials above.
- 436. Will you require additional fees if the budgeted amount is exceeded? Describe your plan for providing any additional materials requested by DRS without causing an increase in fees.

437. Describe your approach to testing changes to your Web site. Do you maintain a separate test environment?
438. DRS must approve all changes to Publications and the Web site. How will you conduct appropriate reviews?
439. For each publication listed above, provide a description of the time and resources your firm proposes to dedicate to the development of the customized communication pieces. This description should include an itemized listing of time spent by various professionals including communications consultants, graphic and design artists, writers, editors, and the expense for design, graphics, layout and printing.
440. Provide sample marketing materials that you have customized for other clients.
441. DRS will need to work closely with the record keepers on multiple communications efforts. How would you go about making sure that the lines of communication are open and that expectations are documented and being followed?
442. Describe your experience with developing forms in formats suitable for recognition via Optical Character Recognition software.
443. Do your materials include items intended for targeted rather than general distribution? If yes, list those targeted items.
444. Describe the materials or other support you will provide to assist the program in educating participants about the use of your company's customer service center and online systems.
445. Please indicate in the Service Provided column below whether or not the following services are part of your proposal by indicating "yes" or "no". Use the Comments column to identify any qualifications on the availability of the services.

<i>Participant Statements</i>	<i>Service Provided</i>	<i>Comments or Limitations</i>
Standard format, can add client name and logo		
Completely custom format		
Modular format, can designate modules to include		
<i>Can include the following data:</i>		
• Participant name and address		
• Department code or employee number		
• Beneficiary name		

<i>Participant Statements</i>	<i>Service Provided</i>	<i>Comments or Limitations</i>
• Current contribution election(s)		
• Current investment election(s)		
• Activity by individual transaction		
• Activity summarized by type		
• Asset allocation:		
○ In percentages format		
○ In graph format		
• Fund rates of return		
• Comparative performance benchmarks/indices		
• Individual participant rates of return		
• Individual fees paid		
• Year-to-date contributions		
• Year-to-date withdrawals		
• Year-to-date investment earnings		
• Inception-to-date contributions		
• Inception-to-date withdrawals		
• Inception-to-date investment earnings		
• Employer specific messages		
• Employee specific messages (varying based on demographic criteria)		

446. Attach a copy of the participant statement you intend to prepare for DCP.
447. Provide a sample timeline for development and issuance of quarterly statements, including milestone items such as drafting of statements and newsletters, DRS review, updating, finalization, incorporation of investment performance data, and mailing. Identify the parties assumed to complete each task (DRS, record keeper, etc.).
448. Within how many calendar days (not business days) after quarter end will you mail participant statements?
449. For your five largest clients, provide your firm's statement accuracy percentage (i.e., the percentage of statements that are not mailed on the normal mail date because of an

unresolved discrepancy). Confirm that you will agree to incorporate a minimum error percentage in your contract.

450. Describe the process you employ for undeliverable statements.
451. How do you prefer to coordinate returned mail (including statements)? What steps would you recommend to ensure customer addresses are kept up-to-date? Explain.
452. What statement content may be selected or de-selected by DRS?
453. Can statements be e-mailed rather than mailed? If yes, who makes this choice?
454. If statements are posted on your Web site, does the participant receive an e-mail notification that they are available?
455. On occasion, DRS may require the record keeper to post specialized payments. Can you post specialized payments and label them individually, so participants can see them on their statements?
456. Include samples of the communication materials you would use to communicate investment performance information to both new participants and existing participants. Describe what comparative information you will be able to provide (i.e. performance benchmarks).
457. What investment performance information is available via the Web site and voice response? What information do you portray on the public site? What information is available after login?
458. Describe the financial modeling software you will make available to participants. Provide a Web site address and any necessary password for DRS to review the software.
459. Specifically list each material that your company makes available in a foreign language.
460. What materials are available for participants that are visually impaired?
461. What materials do you provide to terminated participants eligible for distributions?
462. Describe your capability to provide video presentations. Identify other clients you provide this service for. If you choose to provide a sample video as part of your response to this RFP, please provide a digital copy, or include a link to where it is available on a Web site. DRS will not accept VHS tapes as part of a vendor's response.
463. Do you work with an outside firm in conjunction with developing the videos? If yes, describe the firm. If no, describe the internal department that will assist in developing the videos.

464. Describe the written communications you will distribute to participants during the conversion. Provide samples of communications from past conversions.

Access Channels

465. Provide the volume for the following technologies for the last 8 annual quarters.

<i>Qtr/Year</i>	<i>Voice Response</i>	<i>Benefit Service Rep</i>	<i>Internet</i>
Q2 2009			
Q1 2009			
Q4 2008			
Q3 2008			
Q2 2008			
Q1 2008			
Q4 2007			
Q3 2007			

Describe the reason for any unusual increases or decreases in the volumes above.

466. Indicate with a “Y” or “N” which services are available to participants through each technology.

	<i>Customer service rep</i>	<i>Voice response</i>	<i>Internet</i>	<i>Describe process if not available through technology</i>
Custom greeting using client name				
<i>Enrollment:</i>				
• Request forms				
• Select elections				
<i>Fund information:</i>				
• Request material				
• Prior day NAV/unit value				
• Performance information				
• Benchmark comparison information				

	<i>Customer service rep</i>	<i>Voice response</i>	<i>Internet</i>	<i>Describe process if not available through technology</i>
<i>Investment transfers of existing balances:</i>				
• Rearrange balances				
• By percent				
• By dollar amount				
• Changes in payroll deferral percentage (salary deferral)				
• Suspend contributions				
• Contribution rate modeling				
• Change investment direction for future contributions				
<i>Final distribution:</i>				
• Learn amount available				
• Tax modeling				
• Model payment options available on final distribution				
• Request form				
• Request distribution (paperless)				
<i>Participant addresses:</i>				
• Request form				
• Make changes				
<i>Beneficiary:</i>				
• Initial designation				
• Request form				
• Make changes				
<i>PIN/Password:</i>				
• Establish PIN				
• Change PIN				
• Request lost PIN				
<i>Statements on demand:</i>				
• Last quarterly statement				
• Current balance				

	<i>Customer service rep</i>	<i>Voice response</i>	<i>Internet</i>	<i>Describe process if not available through technology</i>
• Participant specified period				
• Transactions since last period				

467. Please provide the following statistics for the time periods indicated:

	<i>Calendar Year 2007</i>	<i>Calendar Year 2008</i>
Quality standard for VRS answer time in number of seconds		
Average actual VRS answer time in number of seconds		
Quality standard for VRS downtime (hours per month)		
Average actual VRS downtime (hours per month)		
Number of Phone Service Representatives		
Average length of calls with Phone Service Representatives		
Quality standard for number of seconds on hold while call transfers to Phone Service Representatives		
Average actual number of seconds on hold while call transfers to Phone Service Representatives		
Quality standards for call abandonment rate		
Actual call abandonment rate		
Percentage of calls requiring call back		
Quality standard for amount of time to call back with status on issue		
Average actual amount of time to call back with status on issue		
Number of calls per Phone Service Representative monitored by supervisor on a monthly basis		

468. What is your procedure and timing for issuing PIN/Passwords? Describe how PIN/Passwords are assigned. Is the same PIN/Password used for voice response and Internet?
469. Describe process for changing the PIN/Password.
470. What activity can a participant without a PIN/Password complete? Does the plan sponsor decide to permit access and what criteria will be used?
471. Do Phone Service Representatives have access to participant PIN/Passwords?
472. Do you provide alternatives to using a PIN/Password for participant access to the record keeping system?
473. Describe your experience with providing the confirmation letters outlined in the Scope of Services. Are there letters that will need to be newly created for DRS? Provide samples if possible.

### **Call Center**

474. Provide your proposed staffing for the DCP customer service function and a description of the types of personnel to be involved. Also provide in an appendix an organizational chart and the names and resumes of individuals in your organization who would be primarily responsible for the customer service function. Describe the roles, responsibilities and qualifications of each and provide a typical job description. Identify the number of FTEs that would be dedicated only to this plan.
475. What percentage of the Phone Service Representatives who leave that job stay within your organization?
476. What is the average tenure of Phone Service Representatives in your call center?
477. Identify the hours of initial and ongoing training that Phone Service Representatives receive.
478. Describe the toll-free telephone system you will provide. What hours are the Phone Service Representatives available (Pacific Time)?
479. How will Phone Service Representatives be trained on specifics of the DCP plan? List the atypical characteristics of the plan that you feel would be important to cover in the training.
480. Please describe how participants without touch-tone telephone service will be accommodated.
481. Identify the number and percentage of Phone Service Representatives that are fluent in Spanish and other languages. Identify other languages in the table below.

	Spanish	[other]	[other]	[other]
# phone reps				
% phone reps	%	%	%	%

482. Are all conversations recorded? If yes, can the plan sponsor monitor recordings? How long does your organization maintain recordings? Can the plan sponsor monitor calls live?
483. In staffing Phone Service Representatives, how many participants do you assume a single Phone Service Representative can cover?
484. How many hours per day do Phone Service Representatives spend on the phone on average (over last year)?
485. What security procedures do you use at your customer service center to authorize transactions that a participant makes over the phone?
486. Where is your customer service center located? Will your record keeping and administrative services also be processed at this location? If not, where will these services be located?
487. Identify if any call center staff outside of the United States is used, and how your company monitors the performance of this group.
488. When a Phone Service Representative speaks to a participant, can the Phone Service Representative see other transactions performed by the participant earlier the same day via VRS or Internet?
489. What records do Phone Service Representatives have direct access to when handling a telephone inquiry? Do they have access to imaged documents? Do Phone Service Representatives have access to workflow tools used to track participant processing by the administration team?
490. Describe your customer service staffing plan to deal with peak volume, such as after the issuance of participant statements or a plan change. Describe the process to determine if you have sufficient lines to handle call volume. How frequently is this checked?
491. Confirm your ability to provide TDD services during all hours of telephone customer service availability.
492. How are investment advice questions handled by customer service representatives?
493. Do you separate services for retirees from those provided to active plan participants? For example, is certain staff assigned to handle retirees' questions regarding their accounts?

- 494. If a call must be transferred from one Phone Service Representative to another or to a supervisor, can data and the call be transferred simultaneously? If no, how is the transfer accomplished?
- 495. How are participant calls logged and tracked and who has access to that information?
- 496. Can Phone Service Representatives provide the following services to participants:

Service	Yes/No
Simultaneous (“live”) access to Internet account to demonstrate how to execute a transaction	
Generic direction to participants regarding the execution of Internet transactions	
Simultaneous (“live”) access to VRS to demonstrate how to execute a transaction	
Generic direction to participants regarding the execution of VRS transactions	

**Internet**

- 497. Confirm you will provide a Web site dedicated to the DCP. Describe the attributes of the site that may be customized for the Program.
- 498. What communication materials do you offer on the participant Internet site? Confirm you will duplicate the materials available on the current Web site.
- 499. What retirement planning and investment related tools will be available through the Internet site?
- 500. What targeted materials will be available via the participant Web site?
- 501. Describe other tools and services available to participants through your Internet site.
- 502. Can participants e-mail account-specific questions via the Internet site? If yes, who receives the e-mail, researches the issue and responds? Do you have responses generated by key words?
- 503. What is the most current data available to participants over the Internet?
- 504. How much historical information will participants have access to over the Internet site?

505. What language services other than English are available for the DRS Web site? If an Internet translation service is offered, describe the services that are provided.
506. Do you have any experience in providing financial modeling software? Describe the software and provide a Web link and any necessary password to review the modeling software.
507. Software on the Internet site is subject to DRS review and approval. Describe the review and approval process you would propose to use, including how material would be presented to DRS. Identify other clients that review and approve software applications.
508. DRS utilizes Web site calculators to help customers with certain types of projections. How would you support these calculators? Please explain any enhancements you would recommend.
509. Provide the address and necessary access codes or passwords in order to test your Internet capabilities. If separate codes are needed for access to participant and employer data, provide both.
510. How do you coordinate Web site updates? Do you have different processes/timelines for different types of updates? If so, please explain process, with timelines, for each of the following:
- Emergency Update (text only)
  - Standard/operating Updates(posting PDF, Text changes, etc)
  - Web re-structuring to accommodate a new marketing plan
511. Customers call DRS with complex questions that often involve what they are seeing on our record keeper's secure, account access Web site. DRS would like the ability to follow them click-by-click, so DRS staff can see the same fund detail and answer questions. How will you provide this service?
512. Within the life of this contract, DRS expects to institute a Single Sign-On with other state services. The requirements for this change have not been developed, but will include requirements from stakeholders and authorizers including the state of Washington Department of Information Systems. How will you approach providing Single Sign-On to systems within the state network. How will you implement this change?
513. Do you have experience with Single Sign-On with any other clients? Describe your experience.
514. DRS requires our customers have fast and easy access to their accounts. We are concerned about server speed on both the public side and secured side of our Web sites. How will you monitor Web site usage to ensure our customers are receiving consistent and fast service? What specific targets will you use? What plan will you execute, if you fail to meet your targets?

## Voice Response System

515. Provide the phone number and necessary access codes or passwords in order to test your VRS capabilities.
516. Is the voice system key entry only or does it have natural voice recognition capabilities as well? Indicate all that apply:
- Key entry
  - Voice recognition (number, short phrases)
  - Natural voice recognition (full speech and sentences)
517. Is your VRS available in Spanish?
518. If a participant is using the Spanish VRS, which of the following applies:
- Election for Spanish will be retained and Spanish is automatically offered next time participant calls?
  - Participant opts out to Spanish Phone Service Representatives automatically?
  - Materials requested via the VRS will be provided in Spanish?
519. What is the VRS downtime per month for maintenance in hours?
520. Can plan sponsor broadcast special messages? If yes, indicate all parties that can actually record the message.
- Plan Sponsor
  - Your organization
521. How does a participant transfer to a Phone Service Representative from the VRS?
522. Will the VRS alert a participant to the anticipated hold time before a Phone Service Representative will be available?
523. When a participant transfers from the VRS to a service representative:
- Will the participant's PIN/Password automatically transfer or must it be reentered?
  - Must the participant's SSN be reentered by the representative?
  - Will the representative know what VRS function the participant was using at the time they transferred?
524. How many calls is your telephone system equipped to handle simultaneously? What are the average daily call volumes over the last six months?
525. For which services or transactions are confirmation statements generated? Provide samples of the confirmation statements.

**Management Reporting**

- 526. Confirm that you will provide the reports described in the Scope of Services. Identify any reports that will need to be specifically developed or changed/modified for DRS, as opposed to being existing reports.
- 527. Confirm that you will provide an up-to-date customized administration manual. Provide a sample table of contents from a customized administration manual.
- 528. How frequently does your organization provide a client service report on plan activity to the clients typically? Provide a sample copy of the report.
- 529. Indicate which features your client service report contains.

Plan level breakdown of:	
• Asset allocation	
• Cash flow	
• Withdrawal / distribution activity	
• Fund performance	
• Participant access statistics	
Demographic breakdown of:	
• Asset allocation	
• Cash flow	
• Withdrawal / distribution activity	
• Fund performance	
• Participant access statistics	
• Participation rates	
• Comparative data	
• Client-specific data	
• Other features?	



532. How much historical information will the Plan Sponsor have access to over the Internet site?
533. In how many days from request are ad-hoc reports produced and delivered online?
534. In how many days from request are ad-hoc reports produced and delivered in hard-copy?

### **Regulatory Services**

535. Describe how you monitor IRC Section 401(a)(9) required minimum distributions, including:
- Identification of individuals
  - Determination of the amount of the minimum required payment
  - Payment within required deadlines
536. How does your organization propose to process error corrections? Describe.
537. How does your organization write and send a letter of explanation to the participant?
538. Describe your company's experience with the following domestic relations orders, as described in the Scope of services:
- Legal Order Payee (LOP) Split
  - Property Division Orders
  - Orders to Withhold and Deliver
539. Describe the services you will provide to support DRS in administering these.
540. Does your organization have separate dedicated legal staff for defined contribution activities? Identify the number of FTE that are dedicated to defined contribution plans. If none are dedicated to defined contribution plans, identify the other services they provide.
541. Describe the type of legal support provided in your proposal and any fees that would apply to those services. List fees, if any, both here and in the Fee Proposal section.
542. Identify the types of legal support that are not included in your proposal.
543. What notification will you provide DRS when there are changes that could impact our 457 plan?
544. What steps has your company taken in 2009 to communicate the waiver of required minimum distributions? Are there targeted communications to any specific subset of participants such as those currently receiving required minimum distributions?
545. What fiduciary responsibility does your organization assume? How does your firm define your fiduciary responsibility? Be specific.

- 546. How will you ensure the program remains in compliance with regulatory and legislative changes?
- 547. How do you ensure that the record keeping system is in compliance with all regulations?
- 548. Will your organization provide DRS specific updates on legislative changes? If yes, how frequently?
- 549. How will you comply with the annual audit requirement as described in the Scope of Services?

### **Investments**

- 550. Confirm that you can administer the investment options currently offered. Identify any concerns or issues. Describe any situations in which you interface with plan sponsors' investment groups similar to the WSIB.
- 551. Confirm that you will administer any investment options selected in the future. Identify any limitations you must impose.
- 552. As DRS selects or de-selects investments, the record keeper will perform fund additions and fund mapping. While DRS does not anticipate frequently changing the investment line-up, confirm that your company will perform fund changes as needed by DRS, without limitation.
- 553. Provide recommendations for participant communications and a strategy to reduce participant concerns and/or complaints during fund changes. Will your company send letters to impacted participants?
- 554. Identify the notice period that your firm would need to add a new fund.
- 555. Identify the notice period that your firm would need to substitute a fund (map assets from one fund to another).
- 556. Describe your company's experience in coordinating on a daily basis with a variety of investment companies. List the investment companies that you currently deal with on a daily basis. Indicate whether there are any investment companies with which your company cannot work.
- 557. Describe your experience with investments similar to the Savings Pool that have monthly rates set and interest calculated and credited daily. Confirm the timing necessary for receiving monthly rates in order to apply the appropriate unit values for the following month.
- 558. Describe your ability to interface with the WSIB. Describe similar client relationships.

559. Would your fees be impacted if the number of investment options available in DRS increased? Identify any appropriate fees here and in the Fee Proposal form.
560. Describe your experience with fund offsets as described in the Scope of Services. Confirm your ability to provide the services requested, and identify the three largest clients you currently provide similar services for. Describe the services provided for each client.
561. Confirm your ability to deduct plan fees as described in the Scope of Services. Identify other methods of deducting fees that your system can handle.
562. Describe your ability to provide a cash account for disbursements.
563. Confirm your ability to provide the services requested, and identify the three largest clients you currently provide similar services for. Describe the services provided for each client.
564. DRS may decide to change our Administrative Fee processes. How does your organization prefer to handle administrative fees?
- If we choose to deduct fees monthly, by adjusting the daily capital stock activity, (as we do with Plan 3,) would that be a problem?
  - If we choose to deduct fees quarterly, posting fees to participant accounts on quarterly statements, (as we do with DCP,) would that be a problem?

### **Investment Advice**

565. DRS does not anticipate awarding investment advice services initially under this RFP, although it wishes to understand the capabilities of proposing firms to offer such services. Please describe your participant investment advice services you are able to make available, including the number of years you have been providing the services and the number of clients that utilize them.
566. Does your firm utilize an independent advice provider to provide the services? If yes, identify the provider and how long you have worked with the firm.
567. What fiduciary responsibility does your firm accept for the advice services provided?
568. Identify the fees associated with the investment advice services.

### **Supplemental Education Services**

569. DRS does not anticipate offering supplemental education services initially under this RFP, although it wishes to understand the capabilities of proposing firms to offer such services. Please describe supplemental education services you are able to provide to participants, such as debt management, education funding, estate planning, and other topics that generally extend beyond typical retirement planning.

570. How many years has your company been providing these services? How many clients utilize these services?
571. What staff provides these services? Are the services provided by the same staff that provides general retirement education services? Identify the number of staff within your organization that provides supplemental education services. Does the staff have any special training or certifications, such as CFPTM designations?
572. Identify the fees associated with supplemental education services. Describe the level of servicing associated with these fees (quarterly seminars, etc.)

## **8 FEE PROPOSAL**

It is DRS' desire to enter into a fixed price contract with a record keeper to provide the services requested in this RFP. The fees proposed must be fixed over the three-year contract, including extensions, and an increase to the fees quoted will not be permitted.

### ***8.1 FEE PROPOSAL***

**The Fee Proposal Forms are Exhibit C, found at the end of this RFP.**

DRS requires all Respondents to make their fee proposals in a per-participant fee and asset based format. DRS reserves the right to negotiate with the ASV for any type of, or combination of, fee structures.

### ***8.2 ILLUSTRATION ASSUMPTIONS***

Each Respondent must fully identify the pricing assumptions that it made in arriving at its fee proposal. **However**, no representations or warranties of any type or kind are made by DRS as part of this RFP as to the specific type or kind of investment products which may in the future be approved by the WSIB. Nor are any representations or warranties made as to the number of employees or eligible entities that will participate in the plans, the amount of assets that will constitute the plans, the potential usage of expected services or any other factor that might impact the provision of services to the plans.

### ***8.3 COMPENSATION RESTRICTIONS***

The successful Respondent will receive no compensation for acting as record keeper other than the fees set forth in its fee proposal or as agreed by DRS. The successful Respondent can receive no compensation or fees from investment products offered under the plans. .

**Fee proposals must assume that no commissions, reimbursements, broker's fees, special premiums, or any other kind of fee or charge other than those disclosed are to be paid or will be established for payment to any third party for the state of Washington's account.**

## 9 SUPPLEMENTAL INFORMATION

Each Respondent may present **relevant** supplemental information that the Respondent deems appropriate (i.e., the information supports or demonstrates ability to perform items listed under Scope of Services, Section 4). The Respondent may also provide supporting documentation, as necessary for evaluators to determine relevance and value. Supplemental materials must be limited to not more than ten pages.

## 10 EVALUATIONS AND CONTRACT AWARD

### ***10.1 EVALUATION TEAM***

The evaluation of proposals will be accomplished by an evaluation team, to be designated by DRS, which will determine the proposal most responsive to the requirements stated in this RFP. Proposals will be evaluated strictly in accordance with the requirements set forth in this RFP and any addenda that are issued.

### ***10.2 AWARD BASED ON MULTIPLE FACTORS***

The evaluation process is designed to award the contract to the Respondent whose proposal best meets the requirements of this RFP. The final selection, if any, will be based on the evaluation committee's recommendation after analysis of the Responses to Questions and the Fee Proposal, and oral presentations and site visits, if required.

### ***10.3 EVALUATION WEIGHTING CRITERIA***

Responses to the questions in Sections 7 and 8 will be organized into the following categories and scored by a DRS evaluation team.

Vendor Qualifications	25%
Record Keeping/Administration	25%
Customer Service/Communications	25%
Reporting & Compliance	05%
Cost	20%
Total Weighting	100%

The proposals submitted for Plan 3 and DCP services will be evaluated separately. The evaluation committee will review combined proposals for economies and efficiencies, including cost benefits that could potentially result from the Respondent providing services for Plan 3 and DCP.

### ***10.4 INTERVIEWS AND SITE VISITS CONDUCTED IF NECESSARY***

DRS, at its sole discretion, may elect to select the top two or more Respondents for an oral presentation and final determination of contract award. Commitments made by the

Respondent at the oral interview, if any, will be considered binding. If interviews and site visits are conducted, the final selection will be based on the combined proposal, oral interview and site visit. Respondents with whom interviews are conducted will be asked to elaborate on the elements of their proposal; however, no changes whatsoever can be made to a Respondent Fee Proposal unless indicated by DRS through a Best and Final Offer process. Any such changes may be grounds for dismissing the Respondent from the bidding process. Respondents who are unsure as to whether a clarification would be considered a change to its fee proposal should contact the RFP Coordinator.

#### ***10.5 NOTIFICATION TO UNSUCCESSFUL RESPONDENTS***

Companies whose proposals have not been selected will be notified via fax or e-mail as provided in their proposal.

#### ***10.6 DEBRIEFING OF UNSUCCESSFUL RESPONDENTS***

Unsuccessful Respondents will be given the opportunity for a debriefing conference. The RFP Coordinator must receive a written request for a debriefing conference within three business days after the Notification of Unsuccessful Respondent letter is faxed or e-mailed to the Respondent. The debriefing must be held within three business days of the request.

Discussion will be limited to a critique of the requesting Respondent's proposal. Comparisons between proposals or evaluations of the other proposals will not be allowed. Debriefing conferences may be conducted in person or on the telephone and will be scheduled for a maximum of one hour.

#### ***10.7 PROTEST PROCEDURE***

This procedure is available to Respondents who submitted a response to this solicitation document and who have participated in a debriefing conference. Upon completing the debriefing conference, the Respondent is allowed three business days to file a protest of the acquisition with the RFP Coordinator.

Respondents protesting this procurement will follow the procedures described herein. Protests that do not follow these procedures will not be considered. This protest procedure constitutes the sole administrative remedy available to Respondents under this procurement.

All protests must be in writing and signed by the protesting party or an authorized agent. The protest must state the grounds for the protest with specific and complete statements of the action(s) being protested. A description of the relief or corrective action being requested should also be included. All protests will be addressed to the RFP Coordinator.

Only protests stipulating an issue of fact concerning the following subjects will be considered:

- A matter of bias, discrimination or conflict of interest on the part of the evaluator;

- Errors in computing the score;
- Non-compliance with procedures described in the procurement document or DRS policy.

Upon receipt of a protest, DRS will hold a protest review. All available facts will be considered and the DRS Director or delegate will issue a decision within five business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay.

In the event that the protest may affect the interest of another Respondent that submitted a proposal, such Respondent will be given an opportunity to submit its views and any relevant information on the protest to the RFP Coordinator.

The final determination of the protest will:

- Find the protest lacking in merit and uphold DRS' action; or
- Find only technical or harmless errors in DRS' acquisition process and determine DRS to be in substantial compliance and reject the protest; or
- Find merit in the protest and provide DRS options which may include:
  - Correcting the errors and re-evaluating all proposals, and/or
  - Reissuing the solicitation document and beginning a new process, or,
  - Making other findings and determining other courses of action as appropriate.

If DRS determines that the protest is without merit, DRS will enter into a contract with the ASV. If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

## **11 DRS' RIGHTS**

### ***11.1 CONTRACT AWARD***

DRS intends to award the contract to the Respondent(s) with the best combination of attributes based on the evaluation criteria listed in Section 10.3 and 10.4 of this RFP.

Should DRS fail to enter into a contract with the ASV(s), DRS reserves the right to award a contract to the next most qualified Respondent(s). DRS also reserves the right to contract with more than one Respondent.

The ASV is responsible for obtaining licensing with the Department of Revenue, and complying with any other state or federal regulations necessary to conduct business in Washington, prior to performing services for DRS.

### ***11.2 PUBLICITY***

No informational pamphlets, notices, press releases, research reports, and/or similar public notices concerning this project may be released by the ASV(s) without obtaining prior written approval from DRS.

### ***11.3 WAIVERS***

DRS reserves the right to waive specific terms and conditions contained in this RFP. It will be understood by Respondents that the proposal is predicated upon acceptance of all terms and conditions contained in this RFP unless the Respondent has obtained such a waiver, in writing, from the RFP coordinator prior to submission of the proposal. Any waiver, if granted, will be granted to all Respondents.

### ***11.4 RECORDS RETENTION***

After the date of the announcement of the ASV(s), DRS will retain one master copy of each proposal which does not result in a contract for a period of three years. DRS will retain copies of the proposal(s) from the ASV(s) for a period of six years from the expiration date of contracts resulting from this procurement.

## **12 RFP EXHIBITS**

- A. Certifications and Assurances
- B. Sample Personal Service Contract with General Terms and Conditions
- C. Fee Proposal
- D. Public Records Privacy Protections Executive Order 00 03
- E. DRS Internet Privacy Statement
- F. Plan 3 Record Layouts
- G. Plan 3 Management Reports
- H. DCP Record Layouts
- I. Information Technology Security Standard