

**ILLINOIS STATE BOARD OF INVESTMENT**  
**Form Request for Competitive Proposal: Recordkeeper**

**I. OVERVIEW.**

The Illinois State Board of Investment (“ISBI” or the “Board”) is issuing a Request for Competitive Proposals (“RFP”) from qualified firms (the “Respondents” or “Recordkeeper”), interested in providing recordkeeping services for the Illinois Deferred Compensation Plan. All forms needed for submitting a response to this RFP are available on the Board’s website at <http://www.isbi.illinois.gov/RFP.htm>. **Respondents are responsible for monitoring the Board’s website for information pertaining to the RFP, while the RFP is outstanding.**

ISBI is a non-appropriated state agency that is responsible for overseeing the Illinois Deferred Compensation Plan (the “Plan”). More information regarding ISBI and the Plan can be found by reviewing its enabling legislation at 40 ILCS 5/22A and 40 ILCS 5/24 and its website at <http://www.illinois.gov/isbi/Pages/default.aspx>.

The relevant Plan demographical and investment option data is listed below as of June 30, 2014:

**Plan Demographics**

|                               |                |
|-------------------------------|----------------|
| Total Plan Assets:            | \$4.1 Billion  |
| Total Number of Participants: | 51,662         |
| Average Participant Balance:  | \$79,070       |
| Annual Net Cash Flows:        | -\$24 Million  |
| Number of Outstanding Loans:  | 3,883          |
| Average Loan Balance:         | \$8,962        |
| Total Loan Assets:            | \$34.8 Million |

**Investment Options**

| Asset Class                 | Investment Manager               | Market Value    | Investment Vehicle | Ticker (if applicable) |
|-----------------------------|----------------------------------|-----------------|--------------------|------------------------|
| Money Market                | Vanguard Money Market            | \$81.7 Million  | Mutual Fund        | VMRXX                  |
| Stable Value                | INVESCO Stable Value             | \$847.7 Million | Separate Account   | NA                     |
| Core Fixed Income Index     | Vanguard Total Bond Market Index | \$118.4 Million | Mutual Fund        | VBMPX                  |
| Core Fixed Income           | T. Rowe Price Bond Trust         | \$93.2 Million  | Commingled Fund    | NA                     |
| Balanced                    | Fidelity Puritan                 | \$337.9 Million | Mutual Fund        | FPURX                  |
| Large-Cap Value Equity      | LSV Value Equity                 | \$65.7 Million  | Separate Account   | NA                     |
| Large-Cap Core Equity Index | Vanguard Instl. Index            | \$525.2 Million | Mutual Fund        | VINIX                  |
| Large-Cap                   | Wellington                       | \$53.1 Million  | Separate Account   | NA                     |

|                                      |                                   |                 |                    |   |
|--------------------------------------|-----------------------------------|-----------------|--------------------|---|
| Growth Equity                        | Diversified Growth                |                 |                    |   |
| Mid-Cap Value Equity                 | Ariel                             | \$153.7 Million | Separate Account   | NA  |
| Mid-Cap Core Equity Index            | Northern Trust S&P 400 Index      | \$11.4 Million  | Commingled Fund    | NA  |
| Small-Cap Value Equity               | Northern Trust                    | \$41.1 Million  | Separate Account   | NA  |
| Small-Cap Core Equity Index          | Northern Trust Russell 2000 Index | \$11.3 Million  | Commingled Account | NA  |
| Small-Cap Growth Equity              | Columbia Acorn                    | \$1.1 Billion   | Mutual Fund        | ACRNX   |
| Non U.S. Large-Cap Core Equity Index | Northern Trust ACWI ex U.S. Index | \$26.3 Million  | Commingled Fund    | NA  |
| Non U.S. Large-Cap Growth Equity     | Invesco                           | \$122.1 Million | Commingled Fund    | NA  |
| Non U.S. Small-Cap Growth Equity     | William Blair                     | \$7.3 Million   | Mutual Fund        | WIISX   |
| Target Date Fund Series              | T. Rowe Price                     | \$443.8 Million | Mutual Fund(s)     | TRRIX,<br>TRRFX,<br>TRRAX,<br>TRRGX,<br>TRRBX,<br>TRRHX,<br>TRRCX,<br>TRRJX,<br>TRRDY,<br>TRRKX,<br>TRRMX,<br>TRRNK |

**Service Provider(s)**

Separate Account Custodian: Northern Trust  
Recordkeeper: T. Rowe Price

**Fees**

Per Participant Charge: \$35 for participants with balances greater than \$3,000

## **II. RFP TIMELINE.**

|  |                               |
|--|-------------------------------|
| A. Date of Issue:                        | December 8, 2014              |
| B. Deadline to Submit Written Questions: | December 19, 2014, 3:00PM CST |
| C. Q & A Document Posted:                | January 7, 2015               |
| D. Final Filing Date:                    | January 14, 2015, 3:00PM CST  |
| E. Potential Interviews:                 | March 2-6, 2015               |
| F. Finalist Notified By:                 | March 20, 2015                |
| G. Target Implementation Start Date:     | January 1, 2016               |

## **III. ISBI RFP PROCEDURES.**

The Board will provide notice of this RFP in the State of Illinois newspaper and in one or more industry periodicals at least 14 days before the response to the RFP is due. Notice will also be provided to the Board's universe of Recordkeepers. Staff and the Plan's Consultant shall encourage minority-owned and women-owned Recordkeepers and Recordkeepers owned by a person with a disability to participate in the competitive proposal process. Qualified Recordkeepers that do not receive an RFP from ISBI or the Plan's Consultant are encouraged to compete, and may obtain the RFP document from the ISBI website. Neither this RFP nor any response submitted shall be construed as a legal offer.

All interested Respondents must submit their responses in accordance with the proposal submission instructions below. ISBI is not responsible for any costs incurred by the Respondents in responding to this RFP. Staff, in conjunction with the Plan's Consultant, shall open the responses, and thoroughly review each for content, quality and compliance with the RFP's requirements. Staff will compile a list of all Respondents to the RFP, identifying which responses are complete and incomplete.

If it becomes necessary to revise any part of this RFP, or if additional information is necessary for a clarification of provisions within this RFP, prior to the due date for proposals, a supplement will be provided to all known potential Respondents and posted on the Board's website. If a supplement is necessary, the Board may extend the due date and time of the proposals to accommodate any additional information requirements.

Respondents are advised that proposal materials are subject to the Illinois Freedom of Information Act (5 ILCS 140). After completion of the RFP, selection by the Board and negotiation of an agreement, if any, proposals submitted may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception to the Illinois Freedom of Information Act for information within the Respondent's proposal must identify relevant language as confidential, and identify in the email transmission of the proposal whether confidential information is included. Further, each page of confidential documentation must be labeled as such. The Respondent must also specify which statutory exemption applies for each piece of confidential information. The Freedom of Information Act can be found at the Illinois General Assembly's website (<http://www.ilga.gov/>).

ISBI reserves the right to make determinations of confidentiality. If ISBI disagrees with a Respondent's confidential designation, it may either reject the proposal or discuss its interpretation of the exemptions with the Respondent. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, ISBI will remove the proposal from consideration.

Following the review and evaluation of complete responses from interested Respondents, the field of candidates will be narrowed to a smaller list of the most highly qualified Respondents. Staff and the Plan's Consultant will meet with representatives of each Respondent to obtain an independent assessment of the Respondent's capabilities.

Following the interviews with the selected Respondents, Staff and the Plan's Consultant shall recommend Respondents for approval by the Board. The finalists may appear before the Board to present their firms' qualifications. The Board shall accept or modify the recommendation and make the final selection, if satisfied with the Respondents' capabilities.

The selection and retainer of investment options for the Plan, shall be made and awarded in accordance with applicable provisions of the Illinois Pension Code, the State Officials and Employees Ethics Act and any other relevant authority under the Illinois Compiled Statutes. All ex parte communications between the Board and its Staff and interested and disinterested third parties related to this RFP shall be recorded and disclosed to the Board's Ethics Officer where applicable. Board Members and Staff shall comply with all Illinois gift ban restrictions. No Respondent shall retain a person or entity to influence (i) the outcome of an investment decision or (ii) the procurement of investment advice or services by the Board for compensation, contingent in whole or in part upon the decision or procurement.

#### **IV. PROPOSAL SUBMISSION.**

The Plan's Consultant, Marquette Associates, Inc., shall oversee the RFP process. If your firm is interested in submitting a proposal, you must submit an electronic copy of the complete proposal by **3:00 PM, CDT, Wednesday, January 14, 2015** to:

SEARCH CONTACTS:      [ISBISearch2@marquetteassociates.com](mailto:ISBISearch2@marquetteassociates.com)

AND

[ISBI.backstop@illinois.gov](mailto:ISBI.backstop@illinois.gov)

Questions concerning the RFP must be submitted in writing via e-mail to the Search Contacts by **3:00 PM, CDT, Friday, December 19, 2014**. Responses to questions properly submitted will be consolidated into a single Q&A document and posted on the Board's website on or about **January 7, 2015**. The Q & A document will not identify the source of the query.

**PLEASE NOTE: Respondents WILL NOT receive individualized responses from the Search Contacts, in response to questions submitted by a Respondent. Respondents must**

review the Q & A document posted on the Board's website to receive answers to all questions submitted.

If Staff has a question(s) regarding how to interpret a Respondent's proposal, Staff is authorized to request additional information from that Respondent.

**ANY PROPOSAL RECEIVED AFTER THE JANUARY 14, 2015 DUE DATE AND TIME WILL NOT BE CONSIDERED.**

**PROPOSALS MUST CONTAIN THE FOLLOWING DOCUMENTS:**

- 1) Transmittal Letter. A transmittal letter must be submitted on the Respondent's official business letterhead. The letter must identify all documents being forwarded collectively as a response to the RFP, and must be signed by an individual authorized to bind the Respondent contractually. **An unsigned proposal shall be rejected.** The letter must also contain the following:
  - Statement that the proposal is being made without fraud or collusion; that the Respondent has not offered or received any finder's fees, inducements or any other form of remuneration, monetary or non-monetary, from any individual or entity relating to the RFP, the Respondent's proposal or the Board's resulting selection.
  - Statement that discloses any current business relationship or any current negotiations for prospective business with the Board or any ISBI Board Members or ISBI Staff.
- 2) Minimum Qualification Certification. Respondents must complete the certification and attach any supporting documentation.
- 3) Questionnaire. The Respondent must address the questionnaire items in the RFP in the order in which they appear in the RFP. Further, each question number and question in the RFP shall be repeated in its entirety before stating the answer.
- 4) Appendix I – Respondents must complete the excel data sheet referenced in Appendix I.
- 5) Vendor Disclosure Attachment(s).

**V. *SCOPE OF SERVICES***

The general defined contribution recordkeeping services required by ISBI are discussed below. The Respondent must be able to provide all of the services listed below unless otherwise indicated:

**Recordkeeping**

- a. Dedicated Service Team – Must provide a dedicated relationship manager, retirement plan coordinator, client administration manager, communications consultant, compliance analyst, dedicated employee meeting, and fully integrated digital platform.

- b. Data Maintenance – Must obtain and maintain participation, demographic, financial and other data in order to administer the Plan under the supervision of the Board. This includes entering data into its recordkeeping system and providing for the proper operation and maintenance of the records of the Plan.
- c. Enrollment Materials – Must provide production, printing, and assembly of enrollment kits on an ongoing basis for distribution to eligible employees who are not participants in the Plan. If requested, shall coordinate printing of enrollment forms.
- d. Contributions/Investments Processing – Must accept Plan contributions and direct those among the investment options that the Board makes available under the Plan and to process changes to investment options as directed by the Board and changes to investment allocations as directed by participants.
- e. Distribution Processing – Must process distributions to participants in accordance with the procedures set forth in the contract between the Board and Respondent. This includes withholding U.S. federal and state income taxes and providing the necessary Internal Revenue Service Forms 1099-R or other such forms as may be required.
- f. Reports – Must prepare and deliver reports as reasonably requested such as an annual report similar to a 5500.
- g. Participant Access Systems – Must provide systems that permit participants to perform certain Plan transactions by telephone via either a voice response system, telephone representative, or online system.
- h. Online Services – Must provide Plan Sponsor access to participant records and report capabilities via an internet website.
- i. Compliance Monitoring – Must provide Code Section 457 contribution monitoring and report the results to the Board, monitor for compliance with laws governing the use of electronic media for providing employee benefit notices and making benefit election and consents, and monitor distributions in the normal course, plan to plan transfers and rollover to ensure compliance with the terms of the Plan.
- j. Required Minimum Distributions Processing – Must monitor, calculate and process required minimum distributions under Code Section 401(a)(9).
- k. Participant Statements and Other Communications – Must prepare and mail quarterly account statements to participants. Must also develop and produce Plan enrollment and communications materials and provide enrollment representatives to assist in employee meetings. Must provide enrollment representatives for a minimum of 50 days of on-site employee education meetings.
- l. Loan Program – Must provide recordkeeping and administration of the loan program. Must also maintain and monitor the loan program for changes in interest rates, payment frequency, duration, requirements for administration, terminated employees and defaults. Must further create a system for qualifying participants and calculating minimum loan size.
- m. Conversion – Must facilitate the conversion process for transferring recordkeeping platforms.

**VI. *MINIMUM QUALIFICATION REQUIREMENTS AND CERTIFICATION.***

**Respondents must satisfy each of the following minimum qualifications for this RFP, in order to be given further consideration by the Board. Failure to satisfy each of the requirements will result in the immediate rejection of the proposal. Failure to provide complete information will result in the rejection of the proposal.**

**Please circle “YES” or “NO” where indicated. If evidence is requested, please provide complete documentation.**

1. Respondent and its proposed team have all authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time Respondent submits a response to the RFP.  
YES or NO
2. If retained for Recordkeeping Services, Respondent agrees to serve as a fiduciary as defined by the Illinois Pension Code.  
YES or NO
3. Respondent has total assets for recordkeeping services provided to clients in excess of U.S. \$100 Billion.  
YES or NO
4. Respondent has total defined contribution participants in excess of \$3 million.  
YES or NO
5. For the administration of the loan program, the Respondent can accept automatic loan payments directly from the participant’s bank accounts, verses payroll, as the State of Illinois has de-centralized payrolls.  
YES or NO
6. For the administration of the loan program, the Respondent can create a customized system for the participant to self-certify that they do not have another outstanding loan through any other State sponsored program. The system would also calculate the maximum available loan amount in the event the participant has another outstanding loan balance.  
YES or NO
7. Respondent can administer a ladder per participant fee that includes \$0 for participants with account balances less than a \$3,000 and \$35 for participants with account balances greater than \$3,000.  
YES or NO

8. Respondent has at least 3 U.S.-based public deferred compensation fund institutional clients that each have at least one custodied separate account. Each plan has total plan assets in excess of U.S. \$1.0 billion.

YES or NO

**Complete:**

| U.S.-Based Public Fund Institutional Client | 6/30/14 Plan Assets |
|---|---------------------|
|   |                     |
|   |                     |
|   |                     |

9. Respondent has provided defined contribution services for a minimum of 15 years, as of December 31, 2014.

YES or NO

If yes, please provide evidence.

10. The Respondent’s proposed relationship manager has a minimum of 5 years experience in the defined contribution industry, as of December 31, 2014.

YES or NO

If yes, please provide evidence.

11. Respondent maintains sufficient procedures and capabilities necessary to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to the Plan.

YES or NO

If yes, please provide a complete description of these procedures and capabilities.

12. Respondent has both (i) reviewed the Board’s Vendor Disclosure Policy **and** (ii) provided all disclosures required under the Policy. If Respondent has no disclosures to report, Respondent has indicated that fact in the firm’s response. The Vendor Disclosure Policy is attached as **Exhibit A**.

YES or NO

13. Respondent has reviewed the Plan’s Investment Policy Guidelines, found via the Board’s website (<http://www.illinois.gov/isbi/Documents/Deferred-Compensation-Investment-Policy-Statement.pdf>), and agrees that, if retained, Respondent can provide services in furtherance of the Policy.

YES or NO

14. Respondent has (i) reviewed the representations and certifications outlined in **Exhibit B**, titled Required Representations and Certifications, and (ii) agrees that, if Respondent is selected to provide services to the Plan, such representations and certifications will be incorporated into the agreement. Limited drafting changes may be negotiated during any agreement negotiation.

YES or NO

NOTE – THE PROVISIONS CONTAINED IN Exhibit B ARE NOT EXHAUSTIVE. CERTAIN OTHER PROVISIONS WILL BE PRESENT IN ANY AGREEMENT EXECUTED BY THE BOARD. A complete list of certifications and representations may be found on the Board’s website via the Disclosures and Reporting tab.

15. Respondent agrees to provide the services as detailed in the Scope of Services section of this RFP and any other requirements as stated in this RFP.  
YES or NO

\*\*\*\*INTENTIONALLY BLANK\*\*\*\*

IF RESPONDENT PROVIDED A “NO” RESPONSE TO ANY OF THE MINIMUM QUALIFICATION REQUIREMENTS ABOVE, RESPONDENT SHOULD NOT SUBMIT A PROPOSAL TO THE BOARD.

PLEASE CERTIFY THE RESPONDENT’S SATISFACTION OF THE MINIMUM QUALIFICATIONS BY PROVIDING THE RESPONDENT’S AUTHORIZED SIGNATURE BELOW.

*Authorized Signer Name:* \_\_\_\_\_

*Title:* \_\_\_\_\_

*Respondent Firm:* \_\_\_\_\_

*Signature:* \_\_\_\_\_

*Date:* \_\_\_\_\_

## VIII. *QUESTIONNAIRE.*

### **Organization and History**

- 1) Please provide the name(s), title(s), address(es), telephone and fax number(s) of the individual(s) responsible for responding to this request.
- 2) Provide a brief overview of your company and history of your organization including an organizational chart. Please describe any parent/subsidiary/affiliate relationships. Please detail who would be assigned to this relationship and in what capacity.
- 3) Provide information on the firm's financial stability.
- 4) What % of your revenue is derived from recordkeeping, investment management, and other? (Please detail other sources of revenue).
- 5) Please provide information on executive and officer liability coverage.
- 6) What % of your operating budget is spent on IT?
- 7) Describe your organizational philosophy/approach to client services.
- 8) Are you currently participating in any alliances or joint marketing efforts? If so, please describe in detail.
- 9) What is the average number of clients managed by the plan administrator or team leader?
- 10) How many of your employees work on defined contribution plans? Provide breakdown by functional area.
- 11) What are your client retention statistics for each of the last 3 years? For those who left, what percentage left due to issues pertaining to services provided by your organization?
- 12) Indicate how many years your company has been active in 403(b), 457(b), 457(f), 401(k) and 401(a) business? Provide specific information for each plan type.
- 13) Indicate the total value of assets for which you provide recordkeeping services over the past 5 calendar years.

- 14) For 457 plans, how many defined contribution plans do you currently administer in the following categories:

| <b>Number of Employees</b> | <b>Daily Valuation</b> | <b>Other Valuations<br/>(Monthly/Quarterly)</b> |
|----------------------------|------------------------|---|
| Under 100                  |                        |   |
| 100-499                    |                        |   |
| 500-999                    |                        |   |
| 1,000-4,999                |                        |   |
| Over 5,000                 |                        |   |
| Total                      |                        |   |

- 15) Please provide a breakdown of the information below of the defined contribution plans you administer.

| <b>Type</b> | <b># of Plans Administered</b> | <b>Average Asset Size of Plans Administered</b> | <b>Average Number of Participants per Plan Administered</b> |
|-------------|--------------------------------|---|---|
| 403(b)      |                                |   |   |
| 401(a)      |                                |   |   |
| 401(k)      |                                |   |   |
| 457(b)      |                                |   |   |
| 457(f)      |                                |   |   |
| Other       |                                |   |   |
| Total       |                                |   |   |

- 16) Please provide a breakdown of the number of clients you service by plan type as a percentage of your total business:

| Type           | Plan Type - Percentage of Total Business |                 |                     |
|----------------|--|-----------------|---------------------|
|                | Full Service                             | Investment Only | Administration Only |
| Profit-Sharing |  |                 |                     |
| 401(k)         |  |                 |                     |
| 403(b)         |  |                 |                     |
| 457(b)         |  |                 |                     |
| Other          |  |                 |                     |
| 457(f)         |  |                 |                     |
| 401(a)         |  |                 |                     |
| Total          |  |                 |                     |

- 17) What is the total number of participants in all defined contribution plans currently being administered by your organization? Please indicate by 403(b), 401(k), 457(b), 457(f) and 401(a) separately.

#### Client Service/Quality Assurance

- 18) Please describe the team that would deal directly with the Board during the transition and on an ongoing basis. Indicate staff size, experience and turnover rates.
- 19) Do you provide a dedicated service team? If yes, please describe.
- 20) Do you provide one main contact for the daily administrative needs of this Plan?
- 21) Describe the training program for your staff.
- 22) Describe the training provided to the client.
- 23) Do you guarantee service performance? If so, please describe.
- 24) What checks and balances do you have in place to assure plan administration integrity and accuracy including participant account data?

#### Recordkeeping and Administration

- 25) Describe in detail how your system allocates earnings.
- 26) Describe in detail how your system processes contributions.

- 27) Describe how your system handles federal and state tax reporting. Do you provide tax form preparation and filing?
- 28) What methods of reallocation (percent and/or dollar) do you handle?
- 29) What checks and balances do you have in place to assure transactional integrity?
- 30) Describe ability to change current account balance elections and future investment elections separate from each other.
- 31) Describe your ability to manage different investment elections for different fund sources (employee contribution, employer contribution, Roth, after tax deferrals, etc.).
- 32) Describe lump sum annuity options upon separation of service and any associated fees.
- 33) Describe ability to manage in service hardship withdrawals and any related fees.
- 34) Describe ability to manage QDROs and any related fees.
- 35) Describe ability to transfer to other Plans.
- 36) What other administrative services do you provide?
- 37) Please detail your experience in adding a new Roth feature to a plan. Over the past 3 years, how many plans with assets > \$500 million on your platform have added a Roth feature? What necessary steps are required from the plan and what are the required changes to the recordkeeping system? What communications are recommended?

|              |
|--------------|
| <b>Loans</b> |
|--------------|

- 38) Describe your loan processing capabilities.
- 39) Do you have paperless loan capabilities? If so, describe.
- 40) Describe the flexibility in your loan repayment processing (e.g., additional payments, multiple loans, missed payments).
- 41) How do you handle delinquent and/or defaulted loans?
- 42) Under your capability, what responsibility would the Board retain for both initial and ongoing loan servicing?

- 43) Describe any other features and/or limitations of the loan system not detailed above (e.g., loan modeling, amortization scheduling, etc.)

### **Reporting**

- 44) Describe the standard package that you would provide plan administrators. Please provide samples.
- 45) Describe any customized or ad-hoc reporting capabilities.
- 46) Describe your standard participant level statements and documents. Please provide samples and indicate frequency and distribution of statements.
- 47) Describe your customization capabilities for participant level statements.
- 48) What is the standard timeframe for providing each report after the reporting period ends?
- 49) What participant rate of returns are you able to report out on statements? Period to date, YTD, plan participation to date?
- 50) Are you able to report employee and employer contributions to date and since plan participation?
- 51) How do you handle legally required participant disclosures?
- 52) Do you have the ability to put projected monthly incomes on the participant statements?

### **Website**

- 53) Describe participant website capabilities. What transactions are available?
- 54) Describe what education and financial planning tools are available for participants. Describe what retirement income modeling tool is available to participants.
- 55) Describe plan sponsor capabilities and reporting through the website. Does the auditor have access to plan data?
- 56) Describe online administrative support systems.

- 57) How do you protect against identity fraud online? Describe how data is secured within the website.
- 58) Describe any customization available on the website.
- 59) How often is the website updated?

### **Voice Response System (VRS) and Participant Access**

- 60) Describe the services available through your voice response system.
- 61) How are participant-initiated transactions processed through the VRS? Are confirmations sent?
- 62) Describe how data is secured within the system (i.e., PIN, audit trail, confirmations).
- 63) Describe the level of customization available within your VRS.
- 64) What are the standard hours of operation?
- 65) Are there any transactions that cannot be processed through the voice response system?
- 66) Is the menu easy for participants to use? Does it include “help” information? Please describe the structure in detail.
- 67) Can a participant talk with a live representative? If yes, what transactions can be handled with a live representative?
- 68) How are operator-assisted transactions documented?
- 69) Can a participant elect to move from the VRS to an operator? When and what services are available?
- 70) What training is provided to 1-800 operators before they are allowed to handle incoming calls?
- 71) Do you monitor and/or tape 1-800 calls?
- 72) What are your case management procedures for calls that have service issues?
- 73) How often is the data on the VRS updated?

### **Communication and Education**

- 74) Briefly describe your background and experience in providing communication and education programs.
- 75) Identify the key elements provided as part of a standard communication and education program package.
- 76) Identify any other elements to a communication and education program you provide.
- 77) Describe separately your initial and on-going communication and education program (i.e., printed material, visits, training, etc.). If the program is tailored to a specific plan sponsor need, identify the critical issues to be determined in designing such a program.
- 78) Can material be customized?
- 79) How do you differentiate your communication strategy versus your competitors?
- 80) Do you provide personnel resources as part of both the initial and on-going communication and education program?
- 81) Do you provide communication and education material in a foreign language? If so, what language(s) and what material?
- 82) Do you create all of your communication and education material in-house or through third-parties?
- 83) Does your organization provide any services (e.g., personal questionnaires, software) that would help individual participants with financial planning?
- 84) Do you currently customize a participant newsletter for any of your current clients? If not, would this be a service you would provide?
- 85) Describe a sample education initiative for a plan with participants that are not in centralized location.
- 86) Do you offer on-site education services? If so, how many a year? Would you provide education specialists for benefit fairs located throughout the state of Illinois?
- 87) How do you keep plan sponsors informed and updated on any regulatory and legislative changes?

|                   |
|-------------------|
| <b>Conversion</b> |
|-------------------|

- 88) Explain your conversion process, including time frame, based on the options available (i.e., mapping, etc.)
- 89) Is a “blackout” period required? If yes, how long is it?
- 90) What involvement will be required from ISBI during the conversion process?
- 91) Do you provide a dedicated conversion team?

### **System Capabilities and Hardware**

- 92) Describe the hardware platform and software system you use to recordkeep and administer defined contribution plans.
- 93) Do you have any significant system changes planned for the next year?
- 94) Was the software developed internally, leased, or bought from another provider? Who has the ultimate responsibility/authority to make sure the software remains current to laws, regulations, client needs, etc.?
- 95) How often is the system upgraded?
- 96) Are internal controls of your recordkeeping system audited by an independent accounting firm on an annual or more frequent basis?
- 97) Describe your documented disaster recovery plan. How often do you test your recovery system?
- 98) Describe the valuation methods offered by your system.
- 99) What system enhancements do you have planned over the next 3 years?

### **Investments**

- 100) The investment line-up is included in the Overview section of this RFP. If there is any investment option that would not be available on your platform, please advise.
- 101) Are you able to provide recordkeeping for separate accounts and commingled funds?
- 102) Has your firm worked with a transition manager to transition out of a separate account into a new investment option?
- 103) Please outline the operational requirements on your end to perform a separate account transition. How does your firm manage residuals that post to the separate account after the transition?

- 104) What investments or services do you offer for target date funds? Are you able to construct customized target date fund options?

#### **Trustee Services**

- 105) Will you act as or provide availability to trustee services?
- 106) Will you work with an independent trustee?
- 107) If you provide trustee services, what are your fiduciary responsibilities?
- 108) Will you agree to serve as a trustee for outside investment funds?
- 109) What is your turn-around time on check issuance?
- 110) Do you provide information to plan participants regarding options on distributions?
- 111) Is your trust accounting system integrated with your recordkeeping system?

#### **References**

- 112) Please provide 3 references of current large public 457 Plan clients who have similar plan demographics (i.e., size and plan design). Please provide client name, contact name, address, phone number, services provided, and year they became a client.

#### **Expenses**

- 113) Does your firm offer all inclusive pricing where one price is quoted for the entire service? If so please outline below.
- 114) What would be the per-participant charge be based on the services described? Would there be any additional fees? If so, please outline below.
- 115) Does your firm offer pricing if the prospective client does not want to utilize revenue sharing?
- 116) Does your firm charge an itemized fee schedule? If so, please complete the data sheet listing of all the expenses.
- 117) In addition to the expense schedule, please respond specifically to the following:
- 118) What are the start-up/conversion costs and the termination costs?
- 119) For how long will you guarantee specific expenses?

- 120) What are the factors you consider in determining future increases and when they are to occur?
- 121) Are there additional charges made at the time of plan changes, either initiated by the Board or required as a result of legislative or regulatory changes? Please address the differences should ISBI use a prototype or individually designed plan.
- 122) Describe what plan consulting services are included and related hourly charges and out-of-pocket expenses.
- 123) If you offer an alliance relationship, please identify any “offset” to expenses.
- 124) In addition to the expense schedule, please identify any other service or activity not covered on the “Service Activity” listing (i.e., postage, handling, supplies, servicing commissions, etc.). Please be specific.

**Expense Schedule**

Use the listing of Services and/or Activities on the following pages to complete the chart below. Identify all assumptions used below the chart. (A sample expense chart is shown below.)

**SAMPLE LAYOUT**

| <b>Expense</b>             | <b>Service/Activity Covered</b> | <b>Comments</b> |
|----------------------------|---------------------------------|-----------------|
| Installation Fee           |                                 |                 |
| Annual Per Participant Fee |                                 |                 |
| Annual Trustee Services    |                                 |                 |
| Asset Fee                  |                                 |                 |
| Testing Fee                |                                 |                 |

Service/Activity

*Conversion*

1. Participant records set-up
2. Asset reconciliation
3. Training plan sponsor representatives
4. Coordinating processing
5. Asset transfer coordination
6. Record transfer coordination

7. Other (be specific)

*Employee Communication & Education*

1. Generic enrollment material
2. Customized enrollment material
3. Awareness material (posters, tents, etc.)
4. Audio tapes
5. Video tapes
6. Generic periodic newsletter
7. Customized periodic newsletter
8. Retirement planning tools
9. Pre-retirement planning tools
10. Investment education materials
11. Initial enrollment/education meeting
12. On-going enrollment/education meetings (frequency)
13. Other (be specific)

*Administration*

1. New enrollments
2. Eligibility tracking
3. Beneficiary elections
4. Administration manual
5. Administration manual updates
6. Consulting
7. Provider E-mail
8. On-line access
9. On-site meetings (& related frequency)
10. Individually designed plan document
11. Prototype plan document
12. Camera-ready SPD
13. Wire fees
14. Other (be specific)

*Trustee Services*

1. Internal stable value investments
2. Other (be specific)

*Custodial Services*

1. Asset-based fees
2. Portfolio-based fees
3. Transaction-based fees
4. Other (be specific)

*Investment Services*

1. Communication with external managers
2. Front-end loads

3. Deferred sales charges
4. Surrender/Withdrawal charges
5. Back-end loads
6. 12b-1
7. Other (be specific)

*Voice Response/800 Line Services/Participant Access*

1. Information access via voice response
2. Transaction processing via voice response
3. Information access via service representative
4. Transaction processing via service representative
5. Information access via PC
6. Transaction processing via PC
7. Time or processing charges
8. PIN issuance, reissue, changes
9. Customized script
10. Other (be specific)
11. Recordkeeping

*Processing*

1. Additions
2. Corrections
3. Participant level inter-investment exchanges
4. Contribution rate change monitoring
5. Contribution frequency
6. Allocation changes
7. Withdrawals
8. Periodic distributions
9. Rollovers
10. Check payments
11. Other (be specific)

*Participant Statements*

1. Quarterly statements
2. Confirmations
3. Other (be specific)

*Plan Level Reports*

1. Summary activity statistics
2. Performance standards
3. Form 5500 information
4. Signature-ready Form 5500
5. System queries
6. Ad hoc reports
7. Other (be specific)

*Systems Changes*

1. For plan changes
2. For report changes
3. Other (be specific)

*Termination*

1. Transaction
2. Liquidation
3. Market value
4. Mortality
5. Other (be specific)

## **Appendix I**

Please complete the excel data sheet, titled ISBI Recordkeeper Template, and submit as a separate attachment to this RFP.

## Exhibit A

The Illinois State Board of Investment (ISBI) acts as fiduciary for the General Assembly Retirement System, Judges' Retirement System and State Employees' Retirement System of Illinois. As fiduciaries, the Board is responsible for managing, investing, reinvesting, preserving and protecting fund assets.

It is the policy objective of the Illinois State Board of Investment (ISBI) to prevent actual, potential or perceived conflicts of interest with its current and prospective vendors on behalf of its participants.

In furtherance of this policy, ISBI shall require the following disclosures:

1. Political Contribution Disclosure

All (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI, as well as each of the aforesaid vendors' solicitors, finders, officers, directors, partners, principals, lobbyists, and any individual whose compensation is directly derived by the awarding of the Board's contracts must provide written disclosures of all political contributions made during the preceding five years to a Board Member or a Board Member's Campaign Committee, and provide disclosures in writing of any future political contributions made to Board Members or a Board Member's Campaign Committee.

All, (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI, as well as each of the aforesaid vendors' solicitors, finders, officers, directors, partners, principals, lobbyists, and any individual whose compensation is directly derived by the awarding of the Board's contracts must provide written disclosures of any future instances where a Board Member or a Board Member's Campaign Committee solicits any political contributions from such persons, regardless of the candidate or political campaign committee for whom the solicitation is requested.

Additionally, (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI, as well as each of the aforesaid vendors' solicitors, finders, officers, directors, partners, principals, lobbyists, and any other individual whose compensation is directly derived by the awarding of the Board's contracts, must provide written disclosures of all political contributions made during the preceding five years to any political committee established to promote the candidacy of the office of the Governor or any other declared candidate for that office.

The failure to provide written disclosures of political contributions or solicitations may result in the disqualification or termination of the vendor.

PROVIDE RESPONDENT'S POLITICAL CONTRIBUTION DISCLOSURES IN AN ATTACHMENT.

IF RESPONDENT HAS NO POLITICAL CONTRIBUTIONS TO REPORT, INDICATE THAT RESPONDENT HAS NO DISCLOSURES TO REPORT IN AN ATTACHMENT.

2. Public Act 95-0971 Disclosures

Public Act 95-0971 (the Act) amends the Illinois Procurement and Election Codes (i) to require certain “business entities” to register with the State Board of Elections; (ii) to require state bidding documents and contracts to contain language referencing a business entity’s duty to register with the State Board of Elections and duty to provide a registration-related certification; and (iii) to restrict business entities from making political contributions to any political committee established to promote the candidacy of the officeholder responsible for awarding the contract on which the business entity has submitted a bid or proposal, which is the Governor in the case of the Board. ISBI constitutes a “State Agency” under the Act. On January 30, 2008, the Board resolved to apply the Act’s requirements to the Board’s contracts.

All (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI must comply with all requirements of the Act that are applicable to the particular vendor. Please note that any contract formed between the Board and vendor is voidable for vendor’s failure to comply with the requirements of the Act.

Please read the Act carefully, as it may affect your ability to do business with ISBI. The Act may require registration and disclosures by you with the State Board of Elections, and requires specific language to be present in ISBI bidding materials and contracts. Further, the Act may restrict you from making political contributions to certain state officeholders.

DISCLOSE WHETHER RESPONDENT CONSTITUTES A “BUSINESS ENTITY” UNDER THE ACT.

**IF RESPONDENT IS A BUSINESS ENTITY, RESPONDENT MUST ATTACH REGISTRATION CERTIFICATION IN AN ATTACHMENT.**

3. Vendor Disclosure of Financial Interests and Potential Conflicts of Interest

All bidding materials from potential ISBI vendors must be accompanied by a disclosure of any ownership of the vendor in excess of 5%, as well as a disclosure of any distributive income share in excess of \$100,000.00 of the bidding entity and its parent entity. If the vendor is a publicly traded entity subject to Federal 10K reporting, it may submit its 10K disclosure to satisfy the 5% ownership disclosure. Distributive income share, in this instance, is a fee, commission, bonus or any other form of remuneration conferred by the bidding entity or its parent contingent on the bidding entity’s selection for procurement of services by ISBI.

Disclosures must include at least the names, addresses, and dollar or proportionate share of ownership of each person identified and their instrument of ownership.

PLEASE PROVIDE OWNERSHIP DISCLOSURES IN AN ATTACHMENT.

IF RESPONDENT HAS NO OWNERSHIP DISCLOSURES TO REPORT, INDICATE THAT RESPONDENT HAS NO OWNERSHIP DISCLOSURES TO REPORT IN AN ATTACHMENT.

Further, the bidding entity must disclose whether any of the following relationships, conditions, or statuses are applicable to representatives of the bidding entity or its parent entity:

- a. State employment, currently or in the previous three years, including contractual employment services;
- b. State employment by spouse, father, mother, son, daughter or immediate family including contractual employment for services in the previous two years;
- c. Elective Status: the holding of elective office of the State of Illinois, the government of the United States, any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois currently or in the previous three years;
- d. Relationship to anyone (spouse, father, mother, son, daughter or immediate family) holding elective office currently or in the previous two years;
- e. Employment, currently or in the previous three years, as or by any registered lobbyist of the State government;
- f. Relationship to anyone (spouse, father, mother, son, daughter or immediate family) who is or was a registered lobbyist of the State government in the previous two years;
- g. Compensated employment, currently or in the previous three years, by any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections;
- h. Relationship to anyone (spouse, father, mother, son, daughter or immediate family) who is or was a compensated employee in the last two years of any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections.

PROVIDE DISCLOSURES APPLICABLE UNDER SECTION 3.a. – 3.h. IN AN ATTACHMENT.

IF RESPONDENT HAS NO DISCLOSURES TO REPORT FOR 3.a. – 3.h., INDICATE RESPONDENT HAS NO DISCLOSURES TO REPORT FOR 3.a. – 3.h. IN AN ATTACHMENT.

#### 4. Public Act 98-1022 Disclosures

Public Act 98-0122 (the Act) amends the Illinois Pension Code to require certain disclosures regarding utilization of minorities, females and persons with a disability. For purposes of this Policy, the terms “minority owned business”, “female owned business”, and “business owned by a person with a disability” are as defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.” In accordance with the Act, all (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI, must provide the following numerical data:

- a. The number of the vendor’s investment and senior staff and the percentage of its investment and senior staff who are a (i) minority person, (ii) female, or (iii) person with a disability;
- b. The number of contracts, oral or written, that the vendor has in place for investment services, consulting services, and professional and artistic services that constitute a (i) minority owned business, (ii) female owned business, or (iii) business owned by a person with a disability; and
- c. The number of contracts, oral or written, that the vendor has in place for investment services, consulting services, and professional and artistic services where more than 50% of services performed pursuant to contract are performed by a (i) minority person, (ii) female, or (iii) person with a disability but do not constitute a business owned by a minority, female, or person with a disability.

PLEASE PROVIDE PUBLIC ACT 98-1002 DISCLOSURES IN AN ATTACHMENT.

These disclosures are not intended to prohibit or prevent any contract. The disclosures are used to fully and publicly disclose any potential conflict to ISBI so that ISBI may adequately discharge its duty to protect its participants.

When a potential for a conflict of interest is identified, discovered, or reasonably suspected, the Executive Director shall review and comment on it in writing to the Board’s Audit and Compliance Committee. This Committee shall recommend in writing to the Board whether to void or allow the contract, bid, proposal or response weighing the best interests of the State of Illinois. The comment and determination shall be a part of the associated file.

These thresholds and disclosures do not relieve ISBI, or its designees, from reasonable care and diligence for any contract, bid, proposal or response. ISBI, or its designees, shall use any reasonably known and publicly available information to discover any undisclosed potential conflict of interest and act to protect the best interest of the State of Illinois.

Failure to make any disclosure required by this provision may render the contract, bid, proposal, response or relationship voidable by the Board and may result in the termination of any existing relationship, suspension from future contracts, bids, proposals, responses or relationships for a period up to ten years. Reinstatement must be reviewed and commented on in writing by the

Executive Director. The Board shall determine in writing whether and when to reinstate the party at issue. The comment and determination must be a part of the associated file.

Additionally, all disclosures must note any other current or pending contracts, leases, bids, proposals, responses or other ongoing procurement relationships the bidding, proposing, or responding entity has with any other unit of State government and must clearly identify the unit and the contract, lease, bid, proposal, response or other relationship.

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This policy shall be disclosed to all vendors as early as possible in the marketing process, ideally at the initial point of contact with ISBI. However, a failure on the part of ISBI to make such disclosure shall in no way detract from the application of this policy.

**ADOPTED: September 7, 2005**

**AMENDED: December 16, 2005**

**AMENDED: January 30, 2009**

**AMENDED: December 5, 2014**

## Exhibit B

### Representations and Certifications:

1. \_\_\_\_\_ shall comply with all applicable laws of the State of Illinois and the United States of America, and any governmental or regulatory authority outside of the United States.
2. \_\_\_\_\_ certifies that it has not been convicted of bribery or attempting to bribe an officer or employee of the State of Illinois, nor has it made an admission of guilt of such conduct which is a matter of record.
3. \_\_\_\_\_ certifies that no finder's fee or commission has been or shall be paid to any individual or organization resulting from the establishment of this investment relationship.
4. No party may assign this Agreement, in whole or in part, nor delegate except as contemplated herein all or part of the performance of duties required of it by this Agreement without the prior written consent of the other party, and any attempted assignment or delegation without such consent shall be void.
5. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions of this Agreement shall not be affected, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.
6. \_\_\_\_\_ and the Board each represents to the other that it is duly authorized and fully empowered to execute, deliver and perform this Agreement.
7. \_\_\_\_\_ certifies that is has not been barred from entering into this Agreement as a result of a violation of Section 33E-3 or Section 33E-4 of the Illinois Criminal Code of 1961.
8. \_\_\_\_\_ shall maintain, for a minimum of 5 years after the completion of this Agreement, adequate books, records and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with this Agreement. This Agreement and all books, records, and supporting documents related to this Agreement shall be available for review and audit by the Auditor General; and \_\_\_\_\_ agrees to cooperate fully with any audit conducted by the Auditor General and to provide full access to all relevant materials. Failure to maintain the books, records and supporting documents required by this Agreement shall establish a presumption in favor of the State of Illinois for the recovery of any funds paid by the State of Illinois under this Agreement for which adequate books, records, and supporting documentation are not available to support their purported disbursement.

9. \_\_\_\_\_ certifies that \_\_\_\_\_ is its correct tax identification number and that the \_\_\_\_\_ is doing business as a \_\_\_\_\_.
10. Any amount of compensation due according to the terms of this Agreement for which an appropriation is required and for which no appropriation has been enacted by the Illinois General Assembly and signed into law by the Governor shall not be due and payable and this Agreement shall become null and void as to such compensation unless and until the required appropriation is made. The Board is a non-appropriated agency; however, if the Board's non-appropriated status changes, the Board will provide prompt notice to \_\_\_\_\_.
11. If \_\_\_\_\_ retains any subcontractors to perform any portion of the work hereunder, then \_\_\_\_\_ shall promptly provide notification, in writing, to the Board. \_\_\_\_\_ shall also disclose the names and addresses of all subcontractors and the expected amount of money each will receive under the contract. In addition, \_\_\_\_\_ acknowledges that if at any time during the term of the contract it adds or changes any subcontractors, it will provide notification, in writing, to the Board. For purposes of this certification, "subcontractor" does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting advisory services, services used to track compliance with legal standards, and investment fund of funds where the Board has no direct contractual relationship with the investment advisers or partnerships.
12. \_\_\_\_\_ certifies that neither it, nor any of its affiliates, is participating or shall participate in an international boycott in violation of the provisions of the United States Export Administration Act of 1979.
13. \_\_\_\_\_ certifies that neither it, nor any of their affiliates (as defined in the Illinois Procurement Code), are delinquent in the payment of any debt to the State of Illinois and are not barred from entering into this Agreement under Section 50-11 or 50-12 of the Illinois Procurement Code. Further, \_\_\_\_\_ acknowledges that the Board may declare this Agreement void if the certification completed pursuant to this section is false or if the \_\_\_\_\_, or any of its affiliates (as defined in the Illinois Procurement Code), is determined to be delinquent in the payment of any debt to the State of Illinois during the term of this Agreement.
14. \_\_\_\_\_ certifies that is has not committed a willful or knowing violation of the Environmental Protection Act, is not barred from doing business with the State of Illinois under 30 ILCS 500/5-14 and acknowledges that the Board may declare the Agreement void if this certification is false.
15. \_\_\_\_\_ certifies that during the five years prior to the date of this Agreement, no officer, director, partner or other managerial agent of the \_\_\_\_\_ has been convicted of a felony under the Sarbanes-Oxley Act of 2002 or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953. \_\_\_\_\_ acknowledges that the Board shall declare this Agreement void if this certification is false.

16. \_\_\_\_\_ certifies that it does not pay dues or fees, or subsidize or otherwise reimburse its employees or agents for any dues or fees to any discriminatory club.
17. \_\_\_\_\_ certifies that it will provide a drug free workplace and will not engage in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance during the performance of this Agreement. This certification applies to contracts of \$5,000 or more with individuals, and to entities with 25 or more employees.
18. \_\_\_\_\_ will furnish to the Board, from time to time, such evidence as the Board may reasonably request that it satisfies the foregoing requirements, and shall promptly notify the Board if it has reason to believe that any of the foregoing representations, warranties or covenants may cease to be satisfied.
19. \_\_\_\_\_ shall notify the Board in writing within five (5) business days of any material changes in senior officers, senior personnel involved in the management of the Account, ownership, significant legal actions instituted against the \_\_\_\_\_, or any investigations, examinations, or other proceedings commenced by any governmental regulatory agency which is not conducted in the ordinary course of \_\_\_\_\_'s business.
20. \_\_\_\_\_ certifies that \_\_\_\_\_ and, to the best of its knowledge, \_\_\_\_\_'s subcontractors (if any), have complied with Illinois Executive Order 1-2007.
21. \_\_\_\_\_ certifies that \_\_\_\_\_ is not an Illinois Finance Entity as defined by 40 ILCS 5/1-110.10 [OR] \_\_\_\_\_ is an Illinois Finance Entity as defined by 40 ILCS 5/1-110.10 and has provided its servicer certification to the Board.
22. \_\_\_\_\_ agrees to disclose the names and address of: (i) \_\_\_\_\_; (ii) any entity that is a parent of, or owns a controlling interest in, \_\_\_\_\_; (iii) any entity that is a subsidiary of, or in which a controlling interest is owned by, \_\_\_\_\_; (iv) any persons who have an ownership or distributive income share in \_\_\_\_\_ that is in excess of 7.5%; or (v) any persons who serve as executive officers of \_\_\_\_\_.
23. \_\_\_\_\_ agrees to provide full disclosure of direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the organization in connection with the provisions of services to ISBI. Such disclosure shall be updated promptly after a medication of those payments or an additional payment.

NOTE – ADDITIONAL CERTIFICATIONS AND REPRESENTATIONS MAY BE NEGOTIATED IN ANY RESULTING AGREEMENT WITH THE BOARD.