

Office of the Vermont State Treasurer

REQUEST FOR PROPOSAL

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
403(b) INVESTMENT PROGRAM
3RD PARTY ADMINISTRATOR

RFP Questions & Answers
June 23, 2008

1. Is it the State's intention to award the contract for 403(b) services to one provider and, if not, what is the maximum number of providers that the State would consider?

A. It is the State's intention to award the contract for 403(b) third-party administrative and recordkeeping (TPA) services to one bidder. The State will consider single proposals for TPA services that involve more than one service entity; however, all service entities under a single bid must be identified and verify ability and commitment to provide the needed services when proposals are submitted. The mutual fund investment options may come from multiple investment managers.

2. The RFP states in the General Information section that there are 300 schools that will be eligible to join the program. On page 8, however, there is an indication that there are 400 school districts. Could you please confirm the number of schools and school districts? The purpose for this line of questioning is to try to determine how to best leverage the proximity of schools to provide the appropriate number of enrollment/education meetings.

A. There are actually 303 separate school districts reporting to the State Treasurer's Office. However, in some of the larger districts there may be more than one physical school building associated with a single reporting entity, particularly in the K-8 grades.

3. Section 2.1 states each school district will develop a 403(b) plan document. Can VSTRS please clarify this requirement? Will it be one unifying plan document for the program with an adoption agreement completed for each district?

A. Each school district will have its own 403(b) plan document. The RFP seeks a single administrator/record keeper (TPA) for investment program services for all school districts. This TPA will be asked to interface with each school district plan for payroll and plan compliance purposes. An adoption agreement for each school district plan will be appropriate.

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4. Section 2.1 states that contracting is expected to occur by September 1, 2008. When do you anticipate the vendor will be selected? When do you anticipate contract signing will be completed?

A. We hope to have the vendor selected by the end of July. Negotiations and finalizing the contract typically takes a month or more. Our goal is to have the contract signed and be ready to begin marketing the program by September 1, 2008 or very shortly thereafter.

5. Page 8 states the preferred method of enrollment shall be with a Contractor representative and participants in one-on-one meetings. Please confirm that face-to-face meetings fulfill this requirement.

A. Face to face meetings would fulfill this requirement, however, other methods of enrollment will be considered.

6. Page 8 states that the service center must be staffed to provide enrollment counseling. Please explain the level of "counseling" VSTRS wants the vendor to provide.

A. We prefer that enrollment counseling should be staffed by Series 6 or Series 7, plus Series 63 or 66, registered representatives capable of explaining investment program options to prospective participants. In proposing enrollment staffing, bidders should make their own determinations about staff licensing in consideration of Vermont law. A Vermont field office for such staff is not a requirement.

7. Please clarify your expectations with regard to the Information Sharing Agreement. How many vendors are the school districts working with now?

A. We expect that any vendor we select will be willing to sign an Information Sharing Agreement with every school district that elects to offer our 403(b) investment program. It is entirely up to each school district how many vendors they wish to endorse. Our expectation is that all school districts will end up with anywhere from one to five vendors going forward, but that is not our decision to make.

8. With regard to the submission requirements outlined in section 4.1.1, are there any firewall limitations or concerns with respect to submitting this

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RFP electronically that the vendor should be aware of (e.g. cannot accept "zip" file names)?

A. The State did not request, nor will it accept, electronic filing of the RFP responses. Please re-read 4.1.1 again for the response filing requirements.

9. Does VSTRS expect to consolidate payroll from the various participating districts, or is it anticipated that each district will interface directly with the vendor?

A. Each school district will interface directly with the TPA vendor for payroll purposes.

10. Is VSTRS able to provide us with a general idea of the expected options for plan provisions that could be elected by individual schools/districts?

A. Each school district may design their individual plan document to include all of the available options under the 403(b) IRC, or exclude some or all of the discretionary options such as loans, hardships, etc. It is entirely up to the school districts, providing they are in compliance with the 403(b) IRC.

11. Is VSTRS using an investment consultant or advisor? If so, could you please provide the name?

A. No, the VSTRS has not engaged a consultant or advisor for this RFP.

12. The RFP specifically request mutual fund investments. Would VSTRS consider alternate investment types?

A. No. Investments must all be in the form of mutual funds.

13. Has VSTRS completed any studies about participation in such a plan? If so, can you please share your findings?

A. No studies have been completed about participation in this investment program.

14. What are your desired and hours of service center operation? Do you prefer a 10-hour or 12-hour day?

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A. A twelve hour day would be the ideal, but we are willing to consider a shorter day coupled with 24 hour access to voice response system and a comprehensive web site.

15. Will the state allow an index investment provider to work with the selected TPA after selection to implement an index solution for the state?"

A. Proposals should include all investment options, inclusive of index investments, prior to submission under the timetable of this RFP. While proposals may include that a TPA will work with an index investment provider, this index investment provider and index investment options must be specified and offered as part of a comprehensive bid in pre-selection proposal materials.