

**STATE OF VERMONT
REQUEST FOR INFORMATION (RFI)**

Annuity/Annuity-like Products for 403(b) and 457 Plans

Issue Date: [Tuesday, December 13, 2011]
Questions Due By: [Wednesday, January 4, 2012] at 4:30pm
Responses Posted: [Wednesday, January 11, 2012]
RFI Due Date and Time: [Wednesday, January 25, 2012] at 4:30pm
Send Electronic Copy to: jp.isabelle@state.vt.us

Please be advised that all notifications, releases, and amendments associated with this RFI will be posted at:

www.vermonttreasurer.gov/rfps

The State of Vermont will make no attempt to contact vendors with updated information. It is the responsibility of each vendor to periodically check www.vermonttreasurer.gov/rfps for any and all notifications, releases and amendments associated with the RFI.

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1. PURPOSE:

This Request for Information (RFI) is issued by the State of Vermont on behalf of the Vermont State Teachers Retirement System (VSTRS) and Vermont State Employees' Retirement System (VSERS, and collectively, Systems) to solicit interest pertaining to the use of annuity and/or annuity-like products within 403(b) and/or 457 plans.

The Systems are interested in products which might fulfill the role of providing a guaranteed income stream within the context of a tax-deferred savings program.

With the interest of protecting the taxpayer, this RFI is intended to solicit interest and information only for the Systems to make a reasonable determination as to next steps required for making available an annuity or annuity-like option for existing 457 and/or 403(b) plans.

The issuance of this RFI does not commit the State or the Systems to award a contract. This RFI is for information gathering purposes only.

2. BACKGROUND:

As of September 30, 2011, VSTRS has approximately \$23.3 million in a 403(b) plan, representing 1,656 participants with an average account balance of \$14,339, and VSERS has approximately \$254.1 million in a 457 plan, representing 6,411 participants with an average account balance of \$39,635.

Please see attached for more plan-specific details.

3. Proposal Format:

A. Cover Letter

The first page of the submission must be a cover letter including at least the following:

Request for Information Title
Name of Interested Party
Contact Person
Telephone Number
Address
Fax Number
Email Address

All subsequent pages of the response must be numbered, and responses must be limited to ten (10) single-spaced pages, excluding attachments or sales literature.

B. Contents of the Response

The response must – at a minimum – provide the following information and address the following questions

1. Information

Company Name
Type of Business
Office Address Serving the State of Vermont
Headquarters Address
Contact Representative/Title
Telephone
E-mail
Year founded
Firm's ownership structure
Credit rating of firm
Number of years providing proposed services

Total firm assets as of 9/30/2011
Total number of firm employees
Description of the financial condition of firm, including capitalization and status of insurance/bonding.

2. Based on your suggestions for annuity options, what is your experience, if any, in implementing such suggestions? Why would we choose to implement or add your guaranteed lifetime withdrawal benefit? Please provide us with samples as applicable.
3. Why is this particular offering appropriate in a tax-deferred account? What are the main benefits provided by your guaranteed lifetime withdrawal benefit? Is a joint survivorship benefit available?
4. Is there a minimum asset level – at either the plan level or the individual participant level - for annuity availability?
5. What is guaranteed minimum return and for what period of time? Are there adjustments? What portion of the participant's assets is used to calculate the benefit base?
6. For a hypothetical investment of a \$1,000/year what is the minimum guaranteed value? Please provide a hypothetical example in a table, showing for various ages upon which participation begins, the minimum guaranteed value for a single participant as well as one with a joint survivor benefit. Any assumptions used should be noted in a footnote to the table.
7. What are the penalties for early withdrawal within a tax-qualified plan? What happens to the guaranteed lifetime withdrawal benefit once a participant terminates or retires?
8. What are the annual contribution requirements, if any?
9. What are the underlying investments? How are policies currently hedged and with what types of instruments (i.e. describe use of swaps, derivatives, counterparty collateral, etc.)
10. What is the management fee structure? Commission structure: How is sales force/rep compensated in first and subsequent years?
11. What are the diversification rules for the underlying assets in the plan?
12. What are allowed investments and what is disallowed?
13. What portability options are available with your guaranteed lifetime withdrawal benefit? When can a participant request to begin receiving guaranteed lifetime annual withdrawals? Can a participant contribute to the annuity **after** State employment? What occurs upon termination?
14. Provide a representative client list of the government entities for which your firm provides services such as being contemplated in this proposal.
15. Do you sub-contract any of the services related to the services provided to the plan? Does your firm take responsibility for any errors made by sub-contractors, alliance firms or subsidiaries?
16. Identify the key elements provided as part of a standard communication and education program package included in your proposal. Please describe any educational resources and/or initiatives which would be available to and/or provided to plan participants with respect to the product being proposed by your firm.
17. Please describe your firm's policy on any error for which you may be responsible that results in financial loss to the plan, a participant and/or the sponsor. Does your firm's policy include paying for the costs of other parties necessary to make the correction (including outside attorneys fees, recordkeeping, investment consultant) as it pertains to the error that you were responsible for? What is your firm's policy on communicating the error to the plan's administrative staff and its participants?

4. RFI SUBMISSION:

4.1 Submitted replies should be marked **ANNUITY RFI** in the subject line of the e-mail.

4.1 **SINGLE POINT OF CONTACT:** All communications concerning this Request for Information (RFI) are to be addressed via e-mail to the attention of jp.isabelle@state.vt.us. JP Isabelle is the sole contact for this request for information.

4.2 **QUESTION AND ANSWER PERIOD:** Any interested party requiring clarification of any section of this RFI or wishing to comment must submit specific questions in writing no later than **Wednesday, January 4, 2012 at 4:30 p.m.** Questions may be e-mailed to jp.isabelle@state.vt.us. After the close of the question period a copy of all questions or comments and the System's responses will be posted on the State's website www.vermonttreasurer.gov/rfps. Every effort will be made to have these available as soon after the question period ends, contingent on the number and complexity of the questions.

4.3 **CLOSING DATE:** The closing date and time for receipt of your response is **Wednesday, January 25, 2012 at 4:30 p.m.** All Responses to be submitted by email to jp.isabelle@state.vt.us. Submit one response electronically by the due date provided on the Cover Page. All times stated herein are Eastern Time. Any response or modification received after the time and date stated on the Cover Page shall be rejected. All responses must have a signature either by signature affixed thereto, either by manually signing the document, prior to scanning it and uploading it with your submission, or affixing it electronically. All responses will be in Microsoft Word or Microsoft Excel format.