



Non-ERISA-Covered 403(b) Plans

Request for Proposal Guide

1ST EDITION

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SHAPING AMERICA'S RETIREMENT

Introduction

The SPARK Institute developed this Request For Proposal (“RFP”) Guide to help employers/plan sponsors (hereinafter “plan sponsor(s)”) conduct vendor searches for **non-ERISA-covered 403(b) plans** (i.e., public-employer plans and non-ERISA-covered church plans).¹ The guide is designed to help simplify the vendor selection process. Additionally, the guide will enable vendors to provide consistent responses to the RFPs they receive.

About The SPARK Institute

The SPARK Institute is the leading voice in Washington for the retirement services industry, presenting practical and balanced solutions for critical retirement policies. Our membership is comprised of senior executives and expert practitioners from the banking, insurance, mutual fund, investment advisor, third party administration and benefit consultant industries. Collectively, our members serve over 95% of the U.S. defined contribution plan participants. Additionally, our members include most of the largest vendors in the 403(b) plan industry who provide record keeping and investment services to plans ranging from one participant programs to plans that cover tens of thousands of employees. The combined membership services more than 90% of all 403(b) plan participants. With the active participation of our membership, we have been successful in such critical activities as:

- Developing a sample Information Sharing Agreement
- Establishing industry best practices for required information sharing
- Advancing cost effective and sensible approaches for operating plans and regulatory compliance and with the IRS and Department of Labor

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¹ This guide is **not** intended to be used by ERISA-covered 403(b) plans.

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SECTION I – PLAN SPONSOR INSTRUCTIONS

Who Should Use This Guide?

This guide was designed and intended for use by plan sponsors and their advisors in conducting vendor searches for **non-ERISA-covered 403(b) plans** (i.e., public-employer plans and non-ERISA-covered church plans), seeking plan investment products, plan compliance services, or both. This guide is **not** intended to be used by ERISA-covered 403(b) plans. The RFP can be used in connection with single and multiple provider searches, including searches involving both alternatives.

Getting Started

As you start the vendor search process you should consider the following:

- Who from your organization should be involved in the evaluation and selection process (e.g., human resources, finance, payroll, and other departments)?
- What products and services are you looking for or need the vendor to provide?
- What services do you intend to outsource and what will be handled internally?
- How many providers will the plan offer?
- Do you need an outside consultant or investment professional to assist in the selection process?
- What service providers will you include in your search and how many should receive the RFP? You should consider limiting your prospective vendor field to 10 or fewer companies after doing preliminary research. A starting point for identifying the leading 403(b) plan service providers is The SPARK Institute website and materials (www.sparkinstitute.org). Almost every major 403(b) plan provider is a member of The SPARK Institute. Links to many of these service providers' home pages can be found on The SPARK Institute website.

Using the RFP Guide

This guide includes a sample RFP (see Section III) and information to help you evaluate the responses you receive (see Section III). Some sections of the RFP include additional instructions and information for you; however that text should not be included in the RFP you send to prospective vendors. Such text is shown in **blue** for easy identification and deletion.

The sample RFP includes many questions that may not apply to every plan or in every situation. Additionally, the questions in certain sections may be too detailed for certain plans and in certain circumstances. Accordingly, you should decide based on your own situation and needs whether it is necessary to ask every question shown. You should also consider whether adding your own questions is necessary based on your situation and needs.

THIS RFP GUIDE HAS NOT BEEN REVIEWED OR APPROVED BY ANY REGULATORY AGENCY. YOU SHOULD CONSULT YOUR OWN FINANCIAL ADVISORS OR LEGAL COUNSEL REGARDING ANY QUESTIONS YOU HAVE WITH RESPECT TO YOUR PARTICULAR CIRCUMSTANCES. THE SPARK INSTITUTE MAKES NO REPRESENTATIONS OR WARRANTIES REGARDING THE SUITABILITY OF ANY PART OF THIS GUIDE WITH RESPECT TO ANYONE OR ANY PARTICULAR SITUATION.

SECTION II - EVALUATION MATRIX

The Evaluation Matrix will help you eliminate some of the vendors that responded to your RFP and identify the potential finalists that most closely match your needs. After you receive the vendors' responses, complete one matrix for each. The three or four vendors with the highest overall scores based on your completed matrices should be your finalists.

The following is a brief explanation of how to use the matrix.

COLUMN 1: CATEGORY

Column 1 on the far left side of the matrix is a list of every category of questions covered in your RFP. You should modify the list of categories if you added any of your own or eliminated any from the sample.

COLUMN 2: IMPORTANCE WEIGHT

Each category of questions in the RFP will have a different level of importance to your organization and your plan. Before you review any of the responses you receive, you should consider the importance of the various categories and assign a value to each based on a total value for all categories of 100.

For example, you may decide that a provider's Plan-Level Compliance Services should count for 10% in your overall decision-making process. You should write 10 in Column 2 in the same row as Plan-Level Compliance Services. You may then decide that Communication and Education should count for 5% in your decision-making process. You should write 5 in Column 2 in the same row as Communication and Education.

You should assign values until you have:

- Assigned a percentage value to each category, and
- All of the numbers you have entered in Column 2 add up to 100.

COLUMN 3: VENDOR CATEGORY SCORE

After completing the information in Columns 1 and 2, you are ready to make a copy of the matrix for each vendor and to begin reviewing their responses. You may want to review all vendor responses for a category to determine the worth of each response in relation to another. In the end, however, you need to value each vendor's response separately.

Score each vendor's response to each category of questions on a scale from 0 to 5 with 5 being the best possible score. For example, you may judge that the information Vendor A supplies about their Organization and History is extremely complete and useful to you and give it a score of 4. On the other hand, you may determine that the information Vendor A provides about Client Service and Quality Assurance is vague and leaves many

questions unanswered, and only give it a score of 2. You should go through each vendor's response until you have assigned a score for each category of questions.

Keep in mind that a vendor's response may be complete but you may determine that the information it supplies is of little value to you. In that case, the value would be toward the lower end of the spectrum. Don't hesitate to use the entire 0–5 scale.

COLUMN 4: WEIGHTED SCORE

In Column 4, you will determine a provider's "weighted score" for each category of questions included in your RFP and a total score for their entire response. Multiply the Importance Weight in Column 2 and the Vendor Category Score in Column 3 in each row of the matrix and put the result in Column 4 - Weighted Score. After completing this process for every category, add up all of the amounts in Column 4 to get each vendor's total score.

CHOOSING THE FINALISTS

A perfect score on the Evaluation Matrix would be 500. Once you know each provider's total score, pick the three or four with the highest overall scores as your finalists.

Sample Evaluation Matrix

Vendor Name: _____

Date: _____

CATEGORY	IMPORTANCE WEIGHT (MUST ADD UP TO 100)	VENDOR CATEGORY SCORE (0-5)	WEIGHTED SCORE
Organization & History			
Client Service/Quality Assurance			
Product Record Keeping			
Plan-Level Compliance Services			
Reporting			
Voice Response System, Internet Access & Service Representative Call Center			
Communications & Education			
Conversion/Implementation			
Systems Capabilities & Hardware			
Investments			
Insurance and Litigation Information			
Custodial Services			
References			
Fees & Expenses			
TOTALS	100		

SECTION III - SAMPLE RFP

When sending an RFP to prospective vendors, it is essential that the vendors have sufficient information to provide appropriate, comprehensive and comparable responses. Therefore, it is in your best interest to include certain information about your organization and plan(s) as part of your RFP package. You should complete Part I below (including Attachment A) and include the information that is relevant to your organization and its plan(s).

Part I

Plan Sponsor and Plan Background and Information

[Organization name] is providing the following confidential information to prospective vendors as part of this RFP in order to help each vendor in responding to this request.

Insert a brief summary of the reasons for conducting this search, your key objectives, your mandatory requirements, and anything else that the prospective vendors should know about you, the plan and your employees.

Plan Sponsor Information	
Employer/Plan sponsor	
Address	
RFP contact person and contact information	
Type of organization (Specify your organization type, e.g., public K-12, public higher education, public healthcare, or non-ERISA-covered church plan.)	
Controlled group status (Indicate if your organization is part of a controlled group, and if so how many entities are involved.)	
On-site service requirements	

Plan Information	
Type of plan(s) (Specify your plan type, e.g., salary reduction only, employer funded only, or combination.)	
Specify if your plan does or does not allow: (a) Designated Roth Accounts (b) After-tax contributions (c) Auto-enrollment (if permissible under applicable state law)	
Type of plan document (Specify single plan document or multiple documents.)	

Plan Operational Information	
Name(s) of current vendor(s), and number of participants, annual contributions and total assets with each.	
Name of payroll company (Specify internal or company name if outsourced.)	
Number of payrolls and frequency of remittance (Specify if you have single or multiple payrolls. If multiple, specify how many.)	
Method of contribution remittance (Specify check, bank, or ACH.)	
Frequency of data remittance (e.g., census, eligibility, or demographic information)	
Method of data remittance (Specify paper-based, disk, tape, modem, on-line.)	

Plan Investment Information	
Summary of plan investments (This information should be provided in Attachment A.)	See Attachment A.
Specify the percent of existing assets held by active vs. inactive/retired participants	
Loan and hardship information (if applicable)	Number of outstanding loans: Dollar amount of outstanding loans: Number of new loans per year: Minimum loan amount: Number of loans participant may have at once: Number of hardship distributions per year: Are loans paid through payroll deduction: Hardship eligibility determined by:

Plan Contribution Information	
Prior year employer and employee contributions	Annual employer contributions: Annual employee contributions: Gross annual contributions:
Prior year net annual contributions	Gross annual contributions: Less: Total annual distributions: Net annual contributions:
Employee data (Participating employees should include only those currently contributing or receiving employer contributions under the plan.)	Total Employees: Eligible Employees: Participating Employees: Full-Time Employees: Part-Time Employees:

Search Criteria/Background Information	
Vendor selection schedule timetable	<div style="text-align: right;"><u>Date</u></div> RFP sent to prospective vendors: RFP responses due: Review responses and select finalists: Site visits: Vendor selected: Start implementation:
<p>Key criteria for selecting a new vendor: (Include a brief summary of your intended selection criteria. Specify whether you are searching for a single provider, or multiple providers, or considering both. Additionally, specify how many vendors you want servicing your plan in the future, if known.)</p>	
<p>The organizations included in the search: (You should specify to the extent possible.)</p>	
<p>Plan Documents: (Retain the most appropriate text and modify as needed.)</p> <p>A copy of our current plan document(s), including amendments, is attached hereto. A copy of our plan documents will be made available (specify timing and conditions.)</p>	

Attachment A – Plan Investment Information

You can determine how much plan investment information to provide to prospective vendors so that they are able to respond appropriately to your RFP. Set forth below are two alternatives for providing this information.

Alternative A: Under this alternative you provide summary information at the product type level. You can choose to either provide separate charts with respect to each of your current vendors or you consolidate the information with respect to all of your current vendors and include that information in single chart. **Note** - In the “Type of Direction Required” columns below, indicate whether an account transfer can be initiated by the plan sponsor or if account transfers require participant direction.

	Active Participants			Inactive/Retired Participants		
	Number	Account Value as of [Date]	Type of Direction Required	Number	Account Value as of [Date]	Type of Direction Required
Individual annuity contract accounts						
Individual custodial accounts						
Group annuity contract accounts						
Group custodial accounts						

Part II

Prospective Vendor Questionnaire

A. Organization and History

This information will help you get a general understanding about the prospective vendor organization, including their structure and operation. It also will allow you to determine whether the vendor is accustomed to working with organizations similar to yours.

1. Please provide the name(s), title(s), address(es), e-mail address, 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 of your retirement plan operations. Please describe any relevant parent/subsidiary/affiliate relationships.
3. Please complete the following table, providing as much detail on plan demographics as possible.

Number of Employees	403(b) Plans			Other Defined Contribution Plans		
	Plans	Participants	Assets	Plans	Participants	Assets
Under 100						
100-499						
500-999						
1,000-4,999						
Over 5,000						
Totals						

4. Please provide a breakdown of the number of institutional clients you service by plan type as a percentage of your total business.

Customize this table by including only those defined contribution plan types that fit your particular needs.

Plan Type	Percentage of Total Business
Non-ERISA 403(b) Plans	
All 403(b) Plans	
403(b) Plans with Designated Roth or after-tax amounts	
401(a) Plans (including 401(k) Plans)	
457 Plans	
Other Plans	
Totals	

B. Client Service/Quality Assurance

These questions will help you evaluate the prospective vendors' commitment to service standards and quality in service delivery.

1. Please describe the team that would deal directly with us during the transition and on an ongoing basis. Indicate staff size, experience and turnover rates.
2. What is the average number of clients managed by the relationship manager for plans similar to the size of ours?
3. What type of training is required for new employees before they work on client plans?
4. How many of your employees work on 403(b) defined contribution plans? Provide a breakdown by functional area.
5. What are your client retention statistics for each of the last three years?
 - a. For those who left, what percentage left due to service related issues?
 - b. What is your average client relationship tenure?
6. Describe your organization's commitment to quality and your philosophy/approach to client services.
7. Describe your approach and methods for monitoring client satisfaction.
8. Describe your service/timing standards.
9. Do you guarantee service performance? If so, please describe.
10. What checks and balances do you have in place to assure record keeping and plan administration integrity and accuracy, including how the foregoing applies to participant account data?

C. Product Record Keeping

NOTE: PLAN-LEVEL COMPLIANCE SERVICES ARE ADDRESSED IN SECTION D, BELOW.

This section is intended to help you gain a detailed understanding of the prospective vendors' recordkeeping capabilities for their own products and how they will service your plan.

1. Do you provide one main contact for the daily record keeping and administrative needs of this plan?

2. Do you provide daily valuation? Describe in detail how your system allocates earnings.
3. Will you record keep non-proprietary investment vehicles? Describe the process and systems used.
4. What methods of data transmission do you support?
5. Describe in detail how your systems process contributions.
6. Describe in detail, including timing, how your systems process the following:
 - a. Lump-sum distributions of account and/or contract surrender. Specify whether your products require this for terminated/retired participants.
 - b. Periodic payments/installments.
 - c. Annuities.
 - d. Rollovers to another plan or an IRA.
 - e. Required minimum distributions.
 - f. Hardship withdrawals.
 - g. QDROs.
 - h. Investment allocations and reallocations within the contract or account.
 - i. Vesting. Please specify the number of different schedules your system can support.
 - j. Designated Roth Account and/or after-tax contributions.
7. Describe in detail how your system processes loans, including but not limited to the following:
 - a. Do you have paperless loan capabilities? If so, describe.
 - b. Describe the flexibility in your loan repayment processing (i.e., additional payments, multiple loans, missed payments).
 - c. How do you handle delinquent and/or defaulted loans?
8. Describe in detail if and how you maintain procedures and/or separate records for:
 - a. 12/31/1986 and 12/31/1988 grandfathered balances.
 - b. Transfers from a custodial account to an annuity contract.
 - c. Employer contributions to an annuity contract, pre- and post-final regulations.
 - d. Grandfathered 90-24 contracts.
 - e. Permitting exchanges only to approved providers under the plan or with information sharing agreements with the plan sponsor.
 - f. If deselected as a provider, coordinating compliance with the plan when required.
9. Describe in detail how your system handles Federal and State tax reporting (i.e. Form 1099R, W-2 for 457 plan). Do you provide tax form preparation and filing?

10. What checks and balances do you have in place to ensure transactional integrity?

11. Do you provide an administration manual?

D. Plan-Level Compliance Services

NOTE: INDIVIDUAL COMPLIANCE AT THE PRODUCT LEVEL IS ADDRESSED IN SECTION C, ABOVE.

Under the new 403(b) regulations it is important that someone – whether it is the plan sponsor, a service provider, or a coordinated effort of multiple service providers – oversee the plan’s compliance across multiple providers. This is true whether there are multiple approved providers, or a single approved provider alongside either:

- Previously deselected providers (in the 2005-2008 window); or,
- Exchange-only providers outside of the plan pursuant to an information sharing agreement.

In any of the situations noted above, plan-level coordination of transactions such as loans and withdrawals will be necessary. The questions in this section are intended to help you gather information on these issues if they apply to your plan.

1. Please provide a brief summary of your overall plan-level compliance and administrative services capabilities and experience. Provide specific information on services that would apply across multiple providers in the plan. Additionally, you may provide information about any other plan-level compliance and administrative services capabilities not covered in your response to the following specific questions.
2. Describe your capabilities and requirements for providing common remitting services for contributions. Please specifically identify any costs associated with this service in the Fees and Expenses portion of your response.
3. Can you assist us in the following areas of plan documentation design? If so how?
 - a. Specimen or customized plan document – salary reduction; employer contributions.
 - b. Participant notices (e.g., universal availability, auto-enrollment, if applicable).

Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.

4. Can you, an affiliated or other related party provide necessary information sharing? If so, does such other party or you follow The SPARK Institute Information Sharing Data Elements Best Practices? If not, describe the method of sharing information you will use.

5. Describe your capabilities and processes for performing plan-level screening and or approval of the following items. Specify whether the processes are manual or automated, and any limitations on the number of permitted providers:
 - a. Distributions generally.
 - b. Hardships.
 - c. Loans.
 - d. Contract exchanges.

Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.

6. Describe your capabilities for the following:
 - a. Annual addition limitations 415(c).
 - b. Monitoring of elective deferrals (402(g)); 15 year and age 50 catch-up).
 - c. 401(a)(17) limit on compensation.

Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.

7. Describe your in-house legal and compliance support for these services, including your ability to provide periodic regulatory and compliance updates (not legal or tax advice) to us.
8. Describe the support you provide in the event of a plan audit. Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.
9. Describe your processes and procedures to ensure:
 - a. Data integrity
 - b. Vendor neutrality
 - c. Data confidentiality

10. Please provide sample service agreements related to any plan-level services involving any of the following parties:
 - a. Plan sponsor or the plan, and your organization
 - b. Plan sponsor or the plan, and other service providers
 - c. Your organization and other service providers relating to any services that would be provided to the plan, plan participants or the plan sponsor

E. Reporting

The questions in this section are intended to help you evaluate how well the prospective vendors are able to assist both you and your employees in evaluating and monitoring the plan's performance.

1. Describe the standard plan sponsor reporting package, including any customized or ad hoc reporting capabilities. Please specify the standard delivery time for providing these reports and provide samples.
2. Describe the standard participant level statements and reports, including any customized or ad hoc reporting capabilities. Please specify the standard delivery time for providing these reports and provide samples. Can participant statements and reports be produced on other media? Please describe.

F. Voice Response System ("VRS"), Internet Access and Call Center

1. Voice Response System

- a. Describe your automated VRS capabilities, including the transaction services that are available through the system. Specify any transactions that cannot be processed through the VRS.
- b. Describe how transactions are processed and documented, including transaction confirmations.
- c. Describe how confidential information is protected and secured by and within the system (e.g., PIN, audit trail, confirmations).
- d. Describe the level of customization available within your VRS.
- e. What are the standard hours of operation (include time zone)?
- f. Does the VRS include "help" information? If so, please describe the help functions.
- g. Can a participant elect to opt out of the VRS and speak to a customer service representative?
- h. How does the VRS interface with the recordkeeping system? How often is the data on the VRS updated?
- i. Is the participant data available through the VRS, Internet and customer service representatives all synchronized (i.e., same data available at the same time).

2. **Internet Access**

- a. Describe the account services and transaction capabilities available through your participant website. Specify any transactions that cannot be processed through your website.
- b. How are website transactions processed and documented?
- c. Describe how confidential information is protected and secured by and within the system (e.g., PIN, audit trail, confirmations).
- d. Describe the level of client customization on your website services.
- e. Are there any limitations on the hours of availability of your website (specify time zone)? Are there any time limitations on transaction processing through the website?
- f. If a participant elects to move from the website to a call center service representative, describe the interface between the website and the service representative.
- g. How often is the data on the website updated? How does the website interface with the recordkeeping system?
- h. Please provide your website account access and transactional availability statistics for the last 12 months (average availability per month as a percentage).

3. **Customer Service Representative (“CSR”) Call Center**

- a. Describe the CSR transaction processing capabilities. Specify any transactions processing limitations. Describe the information available to CSRs to help them assist participants.
- b. How are CSR transactions processed and documented?
- c. Describe how confidential information is protected and secured in connection with CSR assistance (e.g., PIN, audit trail, confirmations).
- d. What are the hours that CSRs are available (specify time zone)?
- e. Describe your customer service call center standards. Please provide the following performance data for each of the last 12 months (or last four calendar quarters):
 - i. Number of calls.
 - ii. Average length of calls.

- iii. Average response time.
 - iv. Percentage of calls requiring follow-up.
 - v. Call abort rate.
 - vi. Percentage of incoming calls handled solely through the VRS versus by customer service representatives.
 - vii. A comparison of the transaction and service requests handled by customer service representatives, via website, or through the VRS.
- f. Describe the training provided to customer service representatives before they are allowed to handle incoming calls.
 - g. Do you monitor and/or record in-bound calls?
 - h. What are your procedures for addressing calls that involve service issues?

G. Communication and Education

1. Briefly describe your company's experience and expertise in providing initial and ongoing participant communication and education programs.
2. Describe the key elements of your standard initial enrolment and ongoing communication and education materials (including printed material, visits, training, etc.). Please provide samples of your materials.
3. Describe any other communication and education materials and programs you offer. Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.
4. Can you create customized materials? Please describe your capabilities. Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.
5. Do you provide personnel resources as part of both the initial and on-going communication and education programs? If so, please describe.
6. Do you provide communication and education material in foreign languages? If so, what language(s) and what material?
7. Do you create all of your communication and education material in-house or through third-parties?
8. Describe the process you use to help plan sponsors measure the effectiveness of employee education efforts.
9. Does your organization provide any services that would help individual participants with financial planning (e.g., personal counseling, questionnaires, and software)? Describe any education support you provide, including face-to-face, software based

and web based. If participant investment advice is offered, please specify whether it is provided by a third party or by your organization (including affiliates). Describe your process, mode and scope of advice.

10. Describe your education tools or programs designed to support IRA rollovers and/or retirement distributions.

H. Conversion/Implementation

1. Explain your implementation/conversion process including time frame. What is the minimum time frame needed to ensure a smooth implementation?
2. What involvement will be required from us during the implementation process?
3. Do you provide a separate team apart from the ongoing administrative service team for implementation responsibilities?

Alternative A - For Employee Directed 403(b) Plan Conversions.

Many 403(b) plans are funded with annuity contracts and custodial accounts that require employee investment direction. In that situation, the employer cannot move the existing assets without participant consent. The following questions are intended to help you gather information about the prospective vendors' ability to assist you with respect to such contracts and accounts.

4. What process can you offer to move existing assets for individual participants who want to move to the new service provider?
5. What type of education do you provide to inform employees of their rights to move assets to a new service provider?

Alternative B - For Employer Directed 403(b) Plan Conversions.

There are vast differences in the way employer-directed investments are transferred during conversions and how "black-out" periods are handled. While this may not apply to your existing plan, if your objective is to direct the transfer to a new investment provider, and if you have authority to do so (under the plan and the included investment products), your goal is to minimize the financial and market risks to employees during the conversion process. The following questions are intended to help you gather information with respect to the transfer of these assets.

4. Is a "black-out" period required? If so, how long is it and what restrictions are there during that time?
5. What involvement will be required from us during the conversion process?
6. Do you provide a dedicated conversion team?

7. What conversion audit reporting do you provide?
8. Describe your process to ensure accurate conversion of all historical data.
9. Do you have any limitations as to the format/media of conversion records?
10. How are investments handled during the conversion process?
11. How does your system handle conversion/set-ups of pre-existing loans from another recordkeeping system?
12. How do you monitor the effectiveness and quality of your conversion process and team?

I. Systems Capabilities and Hardware

1. Describe the hardware platform and software system you will use to record keep and service our plan.
2. Was the software developed internally, leased, or bought from another provider? Who has the ultimate responsibility/authority to make sure the software remains current with respect to laws, regulations, client needs, etc.?
3. How often is the system upgraded? Has your system been upgraded to meet the new 403(b) compliance requirements?
4. What system enhancements do you have planned over the next three years for:
 - a. Core recordkeeping system
 - b. Service technology
5. Describe your documented disaster recovery plan. How often do you test your recovery system?
6. Describe your maintenance and backup procedures including daily backups, retention timetable and off-site backup storage approach. Where are your off-site backup facilities located?
7. Describe the method of maintaining plan sponsor and participant history on the system.
8. Describe the valuation methods offered by your system.
9. Are internal controls of your recordkeeping system audited by an independent accounting firm on an annual or more frequent basis? If so, please provide a copy of the most recent report.

10. Does your system allow for monitoring or imposing limits for:

- a. transfer frequency
- b. minimum/maximum contribution percentages
- c. withdrawal frequency
- d. investment election changes
- e. other

11. Describe your system's maximum limits with regards to the following:

- a. investment funds
- b. money types
- c. loans
- d. transfers
- e. other

12. Please provide any file layouts that we would be required to follow.

J. Investments

The following questions are designed to help you gather general investment information from each vendor that responds to the RFP, without asking for extremely detailed and technical information at this stage in your search. If you are working with a consultant or investment advisor, or after you have identified your finalists, you may want to consider asking for more detailed information about the investment options that are available to you. Please refer to Addendum A for a list of additional technical investment - related questions that you may want to ask your finalists to answer.

1. Discuss your organization's ability to provide investment vehicles for 403(b) defined contribution plans. Disclose if you are providing these vehicles in-house or through external managers.
2. How long have you been providing investment services to public-employer plans and non-ERISA-covered church plans?
3. Please identify the number and types of investment funds you would make available to us. (Plan Sponsor - please identify any specific needs you have as part of this question.)
4. For each investment fund being considered for our plan, provide the annualized return for the 1, 3, 5 and 10 year (or since inception) periods ending on the last calendar quarter. Additionally, provide the aggregate fees and expenses associated with using each fund (e.g., expense ratio). Provide this information on Exhibit A.

5. If the plan includes an automatic enrollment feature, do you offer funds that are eligible to be Qualified Default Investment Alternatives (QDIAs), such as life-cycle or target retirement date funds, balanced funds or professionally managed accounts? If so, please provide additional information.
6. For the stable value investment or other fixed investment with guaranteed interest, describe the current and minimum interest rate guarantees, how interest is credited, and the frequency of rate changes. Furthermore, provide the make-up of the underlying portfolio including asset type, grade and percentage breakdown.
7. Does your organization offer a self-directed mutual fund window that qualifies under 403(b)(7) as a potential investment option? Describe the services associated with the administration of these accounts. Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.
8. If you have any additional information you would like to provide on the investment vehicles identified above, please do so as an appendix to your responses.
9. Provide a copy of your annuity contracts or prospectuses for investments or other descriptive product information.

K. Insurance and Litigation Information

1. Describe your organization's bonding, E&O, and similar insurance coverages applicable to the services proposed.
2. Describe any litigation or regulatory action involving the services provided by your organization that are related to this REP within the past five years.

L. Custodial Services

Can you, an affiliated or other related party serve as a custodian of a 403(b)(7) custodial account?

M. References

1. Please provide three references of current customers who have similar plan demographics (i.e., size and plan design). For each reference, please provide the following: organization's name, contact person's name, address, phone number, brief summary of services provided, and year you were hired as their vendor.
2. Please provide three references of former customers who have similar plan demographics (i.e., size and plan design). At least one of the three should have left within the last year. For each reference, please provide the following: organization's name, a contact person's name, address, phone number, brief summary of services provided, year you were hired as their vendor, year you ceased being their vendor, a

brief summary explanation of the reason why you ceased being their vendor. If you are unwilling to provide these references at this time please specify when and under what circumstances you will provide the references.

N. Fees/Expenses

1. Schedule of Fees and Expenses

Please attach a schedule of all fees and expenses covering each of the services and activities identified in the Service/Activity listing set forth in Section 3 below. Please provide the same information for any other services described in your response that is not specifically identified in the Service/Activity listing.

For each fee and expense, specify whether it is:

- Actual amount or an estimate.
- One time or on-going.
- Plan sponsor paid (billed and billing frequency).
- Participant paid (direct or account adjustment).
- Embedded in a funds expenses or expense ratio.
- Embedded in determining the daily investment share/unit value.
- Performance based or adjustable charge.
- Breakpoint impacted.
- Discount oriented.
- Guaranteed, and if so, specify the length of the guarantee.

You should base you responses, and any examples, illustrations or estimates on our plan information provided in this RFP. If assumptions are necessary, please fully explain your assumptions and quote the related fees and expenses on a unit cost basis, if possible.

2. Additional Fees and Expenses Information

- a. For each investment option, please identify any payments you may receive from any unaffiliated third party in connection with the investment of any assets from our plan. This information can be provided through rates or estimates. In order to avoid double counting, please specify any “offset” to expenses, and whether any of the third party payments are otherwise accounted for or identified elsewhere in your response regarding fees and expenses.
- b. Specify any start-up/conversion costs.
- c. Specify any termination costs.
- d. What are the factors you consider in determining future increases (or decreases) and when they are to occur?
- e. Describe what plan consulting services are included and the additional hourly charges and out-of-pocket expenses for those not included.

- f. How are expenses adjusted if a sizable number of participants are added or removed from the plan (such as either acquisition or divestiture or partial plan termination)?
- g. Do you offer any expense arrangement whereby the plan shares in your firm's upside potential as participants and plan assets increase over time?
- h. Identify any other out-of-pocket expenses that are not covered on the Service/Activity listing (e.g., postage, handling, supplies, servicing commissions) that would be charged to the plan, plan participants or us. Please be specific.

3. Service/Activity Listing

- a. Conversion (as applicable)
 - 1. Participant records set-up
 - 2. Asset reconciliation
 - 3. Training plan sponsor representatives
 - 4. Coordinating processing
 - 5. Takeover loans
 - 6. Re-enrollment
 - 7. Asset transfer coordination
 - 8. Record transfer coordination
 - 9. Other (be specific)
- b. 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)
- c. Administration
 - 1. New enrollments
 - 2. Eligibility tracking
 - 3. Beneficiary designations
 - 4. Administration manual
 - 5. Administration manual updates
 - 6. Consulting
 - a. New plans, acquisitions
 - b. Existing plan changes
 - c. Plan divestitures

7. On-line access
 8. On-site meetings (& related frequency)
 9. Individually designed plan document
 10. Or other fixed investment
 11. Other (be specific)
- d. Custodial Services
1. Asset-based fees
 2. Portfolio-based fees
 3. Transaction-based fees
 4. Other (be specific)
- e. Investment Services (Please be sure to identify whether these items are disclosed elsewhere to prevent double counting)
1. Communication with external managers
 2. Personalized participant investment advice
 3. Front-end loads
 4. Deferred sales charges
 5. Surrender/Withdrawal charges
 6. Back-end loads
 7. 12b-1
 8. Other (be specific)
- f. 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. PIN issuance, reissue, changes
 8. Customized script
 9. Other (be specific)
- g. Recordkeeping
1. Processing
 - a. Additions
 - b. Corrections
 - c. Reinstatements
 - d. Participant level inter-investment exchanges
 - e. Plan level inter-investment exchanges
 - f. Contribution remittances
 - g. Multiple payroll locations
 - h. Contribution rate change monitoring
 - i. Contribution frequency
 - j. Matching contribution calculations

- k. Allocation changes
 - l. Withdrawals
 - m. Loan processing
 - n. Loan repayment
 - o. Loan administration
 - p. Loan spread (differential between charge rate and crediting rate)
 - q. Periodic distributions
 - r. Annuities
 - s. Rollovers
 - t. Check payments
 - u. Direct deposit
 - v. Other (be specific)
2. Participant Statements
 - a. Quarterly statements
 - b. Confirmations
 - c. Tax statements
 - d. Loan statements
 - e. Confirmation of direct deposit
 - f. Other (be specific)
 3. Plan Level Reports
 - a. Summary activity statistics
 - b. Performance standards
 - c. Reporting to IRS
 - d. System queries
 - e. Ad hoc reports
 - f. Special reports
 - g. Other (be specific)
 4. Data Preparation
 - a. Compliance testing
 - b. Other (be specific)
 5. Systems Changes
 - a. For plan changes
 - b. For report changes
 - c. Other (be specific)
- h. Termination
1. Transaction
 2. Liquidation
 3. Market value
 4. Mortality
 5. Risk
 6. Other (be specific)

Addendum “A”

Optional Investment Questions

Set forth below are a number of more detailed questions regarding plan investments. You have the option of including some or all of the questions in the RFP that you send to all prospective vendors, or you may choose to only ask your finalists to answer some or all of the questions. You should delete the parts of this Addendum that you elect not to use.

1. Please provide complete the charts below for each investment option being considered for our plan.

Investment Options	Objective ¹ & Benchmark	Fund Characteristics					Expenses				
		Vehicle Type (A or C) ²	Inception Date	Portfolio Manager ³	Tenure (years)	Assets (\$mil) as of last calendar quarter	Expense Ratio	Front-end Load	Back-end Load	12b-1	Others

Note 1 – Please provide a brief description of the investment style and philosophy. Additionally, articulate the strategy used by the manager to add value to benchmark(s) identified.

Note 2 – A= Annuity C = Custodial Account.

Note 3 – Please attach a brief biography of the manager.

Investment Options	Objective	As of Last Calendar Quarter								
		3 Years			5 Years			10 Years		
		Annualized Return	Risk-Adjusted Return	Annualized Standard Deviation ¹	Annualized Return	Risk-Adjusted Return	Annualized Standard Deviation ¹	Annualized Return	Risk-Adjusted Return	Annualized Standard Deviation ¹

Note 1 - Calculate using quarterly returns.

2. Please specify any withdrawal provisions, including restrictions on transfers, associated with any of the investments options listed here.
3. Please provide the standard deviation being considered for our plan.
4. For each balanced asset allocation and/or life style investment vehicle, provide the asset breakdown by cash, stocks, and bonds as of the last three calendar quarters.
5. For each income investment vehicle, provide the average maturity, average duration, average yield, and average quality as of the latest 3 calendar quarters.
6. For the pooled stable value or other fixed investment vehicle, provide the structure of the portfolio by sector and maturity distribution. Also provide the credit quality, credit quality minimum guarantee, average quality, average maturity, modified duration, liquidity percentage, and yield to maturity.
7. For each equity investment vehicle, provide the top ten holdings as of the last three calendar quarters.
8. For each equity investment vehicle, provide the sector breakdown as of the last three calendar quarters.
9. For each income investment vehicle, provide the sector breakdown as of the last three calendar quarters.
10. For each international or global investment vehicle, provide the dollar-weighted average of the investment's allocations in each country.
11. For the money market investment vehicle, provide the 7-day current yield as of the last three calendar quarters.
12. For each investment vehicle, where appropriate, provide the alpha, beta, R2, and Sharpe Ratio.

- End -