

**Request for Proposal
RFP 2020-02**

Exhibit B: Scope of Services

INTRODUCTION

The Auditor of State (“AOS”) requests proposals for exclusive third-party administrator services for the State of Indiana Public Employees’ Deferred Compensation Plan and Public Employees’ Matching Plan (collectively, the “Plan”) under sections 457(b) and 401(a) of the Internal Revenue Code, respectively. Indiana Code 5-10-1.1-5 designates the AOS as Administrator of the Plan and authorizes the AOS to enter into a contract or contracts for the provision of all or part of the services involved in the administration of the Plan.

1.1 Recordkeeper Services

- 1.1.1 The Administrator is looking for a Respondent that can support an open architecture investment structure that can accommodate a variety of fund families. It is the intent to retain the current investment options.
- 1.1.2 The successful Respondent must have a single, local point of contact. The contact must attend Indiana Deferred Compensation Committee (“IDCC”) quarterly meetings, and present if requested by the IDCC.
- 1.1.3 The successful Respondent must be able to deal directly with eligible employees located within and around the State of Indiana.
- 1.1.4 The successful Respondent must keep the Administrator apprised of necessary changes or updates resulting from State and/or Federal legislation and obtain advanced written authorization prior to implementing the changes or updates.
- 1.1.5 The Plan has implemented the lowest net share class/vehicle for all investment options. The successful Respondent must be able to maintain the Plan’s current fee leveling procedures in which revenue-sharing is rebated to the individual participants who generated it.

1.2 Implementation Services

- 1.2.1 The successful Respondent must provide a detailed transition plan strategy along with communication materials to explain any new Plan changes and enhancements. The transition from the current Third-Party Administrator (“TPA”) to a new TPA will require an explanation of the process, blackout

period, and reconciliation of Plan assets to the individual participant records and audit reports.

In addition, all beneficiary data that has been retained on the current recordkeeping system will be transferred in an electronic format and it will be the responsibility of the successful Respondent to update all beneficiary data from the initial transition/conversion input files.

1.3 Administration and Recordkeeping Services

1.3.1 Detailed information, about recordkeeping and administrative systems and use of technology, is required. Important factors include: monitor compliance, process participant transactions, provide timely and accurate participant statements, financial statements for the plan sponsor and data security. The successful Respondent must have in place a toll-free customer service center, automated voice response system, and internet service that allow participants access to their accounts.

1.3.2 The successful Respondent will provide extensive capabilities to support employee self-service using a variety of media. The successful Respondent must provide superior internet services including but not limited to, mobile device application-based program(s), interactive voice response system (VRS), and customer and field service representative capabilities, to support the needs of the Plan participants. The services must include the following:

1.3.2.1 Support employee enrollment activities, including auto-enrollment and auto-escalation, initial and ongoing;

1.3.2.2 Answer employee inquiries related to eligibility, Plan features, and investment offerings;

1.3.2.3 Allow employees to model retirement scenarios, request withdrawals from the Plan, change investment mix, change investment rates and percentages, request balances, and other similar activities;

1.3.2.4 Provide participant investment education materials to make informed investment decisions;

1.3.2.5 Provide participant investment advisory services (e.g., online advice, onsite seminars, guidance, managed accounts, etc.);

1.3.2.6 Provide literature, such as summary plan descriptions, forms, statements, and prospectuses;

1.3.2.7 Administer hardship withdrawals and Domestic Relation Orders; and

1.3.2.8 Explain Plan features and support the enrollment process.

1.3.3 The successful Respondent shall approve all hardship withdrawal requests and provide a first-level appeal of that determination. The Administrator shall conduct all second-level appeals of hardship requests.

1.3.4 Subject to a final hardship withdrawal appeal process established by the Administrator, the successful Respondent must provide complete review, approval, and administrative services related to hardship distributions and Qualified Domestic Relations Orders (QDRO).

1.3.5 The Administrator expects the successful Respondent to assume all data-management responsibilities for the Administrator. The successful Respondent will be required to establish two-way interface capability with all appropriate parties (e.g., Administrator payroll) and be held accountable for timely, accurate transmission and, as appropriate, editing and validation of data for processing enrollments and contribution activity.

1.3.6 All Plan data shall be stored in the U.S.

1.4 Education, Enrollment and Communication

1.4.1 The successful Respondent will be required to prepare, for the Administrator, a strategic enrollment and education plan annually. This customized plan should detail the approach that the successful Respondent will take in communicating the program to employees for purposes of new enrollments into the Plan and for contacting existing participants for assistance, including the various methods which will be utilized (mail, electronic, web-based, in-person, social media, etc.). The successful Respondent will be required to provide a quarterly education report to the Administrator.

1.4.2 All materials developed by the successful Respondent must be submitted to the Administrator for final review and editing. Materials must present an unbiased approach to the investment information and educate participants about all aspects of the Plan, including, but not limited to; retirement planning, investment options offered, investment performance, risk assessment and asset allocation, fee disclosures and distribution selection.

- 1.4.3 The successful Respondent must design and maintain a custom website for the Plan and/or assist the Administrator with its current website material and design.
- 1.4.4 The successful Respondent must provide an office in Indiana, with a dedicated staff including a minimum of seven Field Representatives, with appropriate credentials and/or licensing, who will serve participants, state agencies, and local subdivisions throughout the state. The Field Representatives must be salary-based employees of the successful Respondent. The successful Respondent will not be permitted to market or sell products outside of the Plan. Additionally, the successful Respondent is not permitted to utilize any participant or qualified employee data, both proprietary and non-proprietary, for marketing or production outside of the Plan.
- 1.4.5 The successful Respondent will develop and provide programming to increase enrollment of state employee and local political subdivision participation.
- 1.4.6 The successful Respondent will be required to assist employees with the completion of enrollment forms, verify the completeness of the forms, and coordinate salary deferrals and matching contributions with the Administrator's payroll system.
- 1.4.7 The successful Respondent must prepare enrollment packages, which must be distributed at group meetings and in response to an employee's request and contain all information in a complete and concise manner so that an employee would be able to enroll in the Plan. The successful Respondent must also provide enrollment counseling to employees who wish to discuss the Plan and the investment offerings in person or over the telephone.
- 1.4.8 The successful Respondent must provide auto-enrollment, auto-escalation and opt-out notifications to participants per IC 5-10-1.1-3.5.
- 1.4.9 The successful Respondent should be able to accommodate fee disclosures similar to what is required under ERISA for 408(b)(2) and 404(a)(5).

1.5 Recordkeeping

- 1.5.1 The successful Respondent must maintain records providing daily information associated with an individual's account, including, but not limited to; investment balances, contributions (before-tax and Roth), distributions, rollovers, Roth rollovers, in-plan Roth rollovers, earnings, administrative fees, employer, beneficiary designations, mailing address, email address and any other information necessary for proper

administration of a participant's account. In addition, the successful Respondent:

- 1.5.1.1 Must make changes to participant investment elections and make transfers of existing account balances on a daily basis.
- 1.5.1.2 Must maintain separate participant accounts for assets that are rolled over into the Plan from a qualified plan (Before-Tax and Roth).
- 1.5.1.3 Must be able to monitor and report on the annual participant dollar contribution for deferrals and contributions which are near or exceed the IRS annual maximums, including Age 50+ catch-up and the special catch-up provision tracking.
- 1.5.1.4 Must perform any and all administrative functions necessary to ensure the thorough and accurate financial accounting essential for each party's financial records.
- 1.5.1.5 Must be able to create customized forms for the Plan, as requested.
- 1.5.1.6 Must work with the Administrator and/or any of the Administrator's independent contractors authorized and directed to comply with completing annual financial audits.

1.6 Contribution Processing

- 1.6.1 The successful Respondent must invest contributions within one business day of receipt. The successful Respondent must be able to receive data via electronic data transmission, and process the participant contribution detail provided, including negative contributions and adjustments, using each participant's current investment allocation.
- 1.6.2 The successful Respondent must have the capability to handle multiple employers' submissions and transmittal methods for both the State and its participating employers.

1.7 Plan Reporting

- 1.7.1 The successful Respondent must submit monthly reports, and/or participate in regular meetings/calls, on all activities in the Plan, as established by the Administrator.
- 1.7.2 The successful Respondent must inform the Administrator within 60 days of recently enacted federal tax laws and regulations, or other changes in

the tax laws which may have an impact upon the administration requirements of the Plan.

1.7.3 The successful Respondent must inform the Administrator within 30 days of any change in the successful Respondent firm's credit ratings by any major rating agency (Standard & Poor's, Moody's, A.M. Best, and Fitch).

1.7.4 The successful Respondent must maintain and provide all data and documentation requested during the conduct of any financial audits conducted by the Administrator.

1.8 Participant Statements of Account

1.8.1 The Administrator requires the successful Respondent to provide a quarterly participant statement of account. The successful Respondent must be able to customize the statement for the Plan and to provide a field for short messages.

1.8.2 The successful Respondent must research and resolve, with the Administrator, any participant statement of account not received by the participant but returned to the successful Respondent.

1.9 Distributions

1.9.1 The successful Respondent will provide telephone assistance to employees who are taking a distribution under the Plan. The successful Respondent must advise participants of the payment options available under the Plan and the implications of choosing one payment over another. This should include the tax implications of lump sum distributions and rollovers to qualified plans.

1.9.2 The successful Respondent must provide participant federal and state income tax withholding and reporting for each benefit payment from the program. The successful Respondent is solely responsible for any tax penalties and/or interest that may arise due to errors it made in tax reporting or forwarding of funds to the appropriate government authorities.

1.9.3 The successful Respondent must ensure that each participant's account complies with the applicable regulations, including, but not limited to, IRC 401(a)(9) minimum distribution requirements and annual maximum contribution limits.

1.10 Transition Responsibilities upon Termination

1.10.1 Upon termination of its contract, the successful Respondent must fully cooperate with the Administrator in an orderly transfer of administrative

responsibilities and records to the new TPA. In the event that the Administrator elects not to renew its contract at the end of its term, or otherwise terminates the contract for cause or convenience, the successful Respondent agrees to fully cooperate in the transition to the new TPA. The successful Respondent must maintain the records of the Plan for at least 7 years upon the termination of the contract.

1.11 Administrative Funding

1.11.1 The successful Respondent must create an administrative account for fees to be deposited into at least quarterly or more frequent at the pleasure and direction of the Administrator.

1.11.2 It is the expectation that the Administrator incur no cost for any internal programming cost associated with the implementation of any service feature to enhance the Plan's administration.

1.12 Trustee/Custodial Services

The successful Respondent must provide trustee/custodial services for the Plan or arrange for trustee services with an outside or third party acceptable to the Administrator.