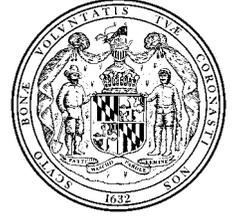




***Maryland Teachers & State Employees
Supplemental Retirement Plans***
6 Saint Paul Street, Suite 200, Baltimore, Maryland 21202-1608



T. Eloise Foster, *Chairperson, Board of Trustees*
Michael T. Halpin, CRC, CRA, *Secretary/Executive Director*

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August 7, 2007

Questions & Answers #1

Request for Proposals (RFP) for
Administrative, Accounting and Participant Services for
Employee Supplemental Retirement Plans
(Procurement # G50R8200002)

To all prospective Offerors:

Following are answers to written questions received in this office from July 19, 2007 to date. Please take note that, as indicated in the RFP document (section 1.8, page 6), further questions may be submitted and will similarly answered if sufficient time allows for careful research and response. Use of Email for such questions is therefore encouraged.

On a technical level, please be mindful that this document is provided as additional, clarifying information to supplement the RFP document. No addition or modification of the requirements, terms or conditions in the RFP can be made except by a formal RFP Amendment. No such Amendment has been published to date for this RFP.

Thank you again for your continued interest.

Signed,

Michael T. Halpin
Procurement Officer

Following are Answers to Questions received from:

Mr. Walter Lewis

BB&T Bank

111 S. Calvert Street, Suite 2810

Baltimore, Maryland 21202

Dated July 27, 2007

Question: Please provide more detail on the Administrator's responsibilities in regard to the non-mutual fund investments that are listed in Attachment G. We are specifically interested in the arrangements for, financial reporting, request for distributions and the distribution process for the Nationwide Fixed Annuity, the Investment Contract Pools, the Annuity Payout Reserves and the Life Insurance. You referenced "certificates" for the Great West Annuities, are there separate rates for each year and maturity?

Answer: For non-mutual fund investments, MSRP has four and all but one are "frozen" or closed to new or additional investments-

1. Investment Contract Pool- This is the stable value investment available for all plans but the 403(b) plan. The Plan Administrator is the primary record keeper of this investment for participant contributions, transfers, withdrawals and earnings on a daily basis.

Transactions are made through a designated short-term investment product and reported to the MSRP Stable Value Investment Manager. The current Manager is Deutsche Asset Management. Our RFP requests information of the Offeror's experience with administering such funds.

2. Nationwide Fixed Annuity and Great West Annuities/Certificates – These are frozen 457 plan/403(b) plan investment options (respectively). Each is made up of separate pools earning a fixed rate of earnings by issue date, reset quarterly or set for a period of time. The Plan Administrator must deliver distribution requests to and receive liquidations from the investment manager, Nationwide or Great-West, to be paid to the MSRP participant and reported to taxing authorities as required. The Plan Administrator must make at least monthly updates to frozen account balances for participant inquiries and quarterly participant statements.

3. Life Insurance- This frozen option accommodates about 350 participants with coverage still in force, underwritten by Unum. The Plan Administrator must obtain from the issuer at least annual but preferably quarterly updates to life insurance values for participant inquiries and statements.

Annuity reserves are not an operational responsibility for the Plan Administrator, except as an updated entry to the quarterly 457 Plan financial statements.

Following are Answers to Questions received from:

Ms. Denise Fortune

Great-West Retirement Services

545 Mainstream Drive, Suite 407

Nashville, Tennessee 37228

Dated August 1, 2007

QUESTION #1: 3.5 Plan and Participant Records

The proposal indicates that the Offeror will be responsible for maintaining Plan and participant records (both for its contract history and all prior years). Can you confirm that NRS can provide historical information for your plan since the inception of their contract, and indicate specifically what type of information would be provided at conversion to migrate this data? If there are limitations on the history or data that can be provided by NRS to an incumbent record keeper, we would appreciate knowing what that is.

ANSWER #1: The Plan Administrator, Nationwide Retirement Solutions, is expected to deliver an electronic MSRP file of up to three years, or more. Older records may be transferable via large volume tapes, and some may be available only on microfilm.

QUESTION #2: Section 1.1 references four plans. Is it your intent that we submit a separate proposal for each plan—457, 403(b), 401(k), and 401(a)—that would then comprise Volume I, the Technical Proposal, or one proposal that includes all four plans? This question would also apply to Volume II.

ANSWER #2: We request only one proposal from the Offeror for Plan Administration of all four plans, sectioned into the two volumes for I. Technical information (that is: NO PRICE INFORMATION) and II. Financial information.

QUESTION #3: Self Directed Brokerage Services:

Who currently provides the Self Directed Brokerage services to the State of Maryland Plans?

ANSWER #3: MSRP does not currently include self directed brokerage services. Section 3.2 on page 16 of the RFP discusses five plan features or services that we do not currently offer, but may consider adding in the future. We would like to learn the Offeror's capabilities, conditions, and limitations for implementing each of those services.

QUESTION #4: Life Insurance:

How many life insurance policies are still in existence and are there any functions required other than tracking premium payments? Are life insurance values currently reported on participant statements?

ANSWER #4: There are currently less than 355 life insurance policies in the 457 Plan. The Plan Administrator is expected to track and report transactions for premium payments and report a face value on the quarterly participant statements, updated at least annually.

QUESTION #5: MBE/WBE:

What is the current MBE/WBE percentage for the current contract with NRS? Would you please provide a list of any MBE/WBE vendors currently participating in the Plan?

ANSWER #5: The Minority Business Enterprise goal is 25% for the current Plan Administrator contract. The RFP Attachment J, page 43 reflects the first quarter of 2007 report of spending with five vendors and their Maryland State Minority Business Enterprise certification numbers.

QUESTION #6: Investment Options:

The available investment options appear the same for all plans, including the 403(b). Is the 403(b) plan set up as a 403(b)(7) arrangement?

ANSWER #6: Yes. Please note two differences for the 403(b) Plan—the Investment Contract Pool (Stable Value option) is not available, but the Vanguard Prime Money Market Fund is available only for the 403(b).

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Following are Answers to Questions received from:

Mr. Randy Taylor

CitiStreet

11951 Freedom Drive, 13th Floor

Reston, Virginia 20190

Dated August 6, 2007

QUESTION #1: For the Plans that hold individual Life Insurance policies, are commissions currently paid to the record keeper and if so how much is this revenue?

ANSWER #1: Life Insurance has not been offered in the MSRP for over twenty years; there is no commission income. There are fewer than 355 policies in force and only in the 457 Plan.

QUESTION #2: Do the plans currently offer Life Insurance as an option?

ANSWER #2: No.

QUESTION #3: How many loans are outstanding in each plan?

ANSWER #3: As stated in our most recent published MSRP Annual Report 2005 (see www.MSRP.state.md.us under "Employee Publications") there were 969 loans in the 457 plan, 1,442 loans in the 401(k) plan, and 8 loans in the 403(b) plan.

QUESTION #4: How many new loans are there annually

ANSWER #4: Not available, but there was a net increase of 515 loans from the previous year.

QUESTION #5: How many different payroll sites remit payment to the 403(b) plan?

ANSWER #5: All of the following are remitted through the Maryland Comptroller's Central Payroll Bureau:

University System of Maryland includes: Bowie State University, Coppin State University, Frostburg State University, Salisbury University, Towson University, University of Baltimore, University of Maryland - Baltimore, University of Maryland - Baltimore County, University of Maryland - College Park, University of Maryland Eastern Shore, University of Maryland University College.

Morgan State University

St. Mary's College of Maryland

Maryland Public Television.

QUESTION #6: What is the contract award date? (since the live date is 1/1/08)

ANSWER #6: Following a Maryland State Board of Public Works (BPW) meeting date that records approval. See the BPW Hearing schedule for those dates in October through December at www.bpw.state.md.us/bpw_mtg.asp .

QUESTION #7: Who holds the beneficiary designation information today and is it electronic or on forms?

ANSWER #7: Nationwide Retirement Solutions holds those records, and most are on microfilm.

QUESTION #8: What is the latest maturity date of the Great West Certificates and are they class quarter certificates?

ANSWER #8: Specifics are not available, but Great-West may have reissued previously matured certificates for periods of daily, 36 months, 60 months or 84 months.

QUESTION #9: Would the Roth account being added in the future be a Roth 401(k) account?

ANSWER #9: The Board has not yet decided to adopt a Roth 401(k), or Roth 403(b), or both.

QUESTION #10: How many QDRO are processed annually?

ANSWER #10: No tally is available, estimated at 25 to 40 annually.

QUESTION #11: What is the total number of payments annually?

ANSWER #11: Approximately the same.

QUESTION #12: How many staff are currently assigned by Nationwide to provide on site activities?

ANSWER #12: There are 8 Nationwide representatives providing on-site activities. Two retirement counselors are dedicated to “distribution counseling” both in the local office and remote locations.

QUESTION #13: To clarify please, do we understand correctly in Attachment F that we are to exclude the assets in the discontinued Nationwide Fixed Annuity from the assets being assessed the fee proposed?

ANSWER #13: Yes.

QUESTION #14: If that is a correct understanding, since the assets in the discontinued Nationwide Fixed Annuity generate revenue, would there be revenue sharing available to offset the cost of providing services for that fund?

ANSWER #14: No.

QUESTION #15: For the purpose of our fee proposal, could you please confirm we are to assume the cost of production, printing, mailing distribution, etc for all communications materials and newsletters as part of our fee?

ANSWER #15: Yes.

QUESTION #16: For the purposes of our fee proposal, could you please identify the services provided by the Board's staff vs. those provided by Nationwide in the area of any processing, participant services, and general educational effort?

ANSWER #16: The Plan Administrator is charged with the specific responsibility of providing enrollment services to all employees statewide, servicing participant accounts as needed, encouraging increased deferrals and assisting participants with updated investment allocations. The MSRP Board Staff conduct a circuit of worksite educational sessions in seminars, workshops, and in individual consultations. Educational sessions tend to be longer in duration, as long as full-day workshops. Board Staff are not dispatched to conduct enrollments or other account services. MSRP distributes a quarterly Board newsletter by electronic mail as a medium separate from the general Plan communications program.

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