



*Maryland Teachers & State Employees Supplemental Retirement Plans*  
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August 7, 2012

## **Question & Answers**

Request for Proposals (RFP) for  
Plan Administrator for Supplemental Retirement Plans

Solicitation # G50R3400001

Attached are answers to the questions received to date from interested parties in this procurement.

An electronic copy will be available from our website:  
<http://msrp.maryland.gov/procure.htm>

Signed,

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Following are Answers to Questions received July 26, 2012:

1. How many participants overlap between the plans? Specifically between the 403(b) and the 401(a)?

**Answer:** There are 7,065 participants with account balances in combinations of the 401(k), 457 (b) and the 403(b) plans (*See RFP Attachment L, page 9*). The 401(a) match plan contains only employer match contributions and since most University 403(b) participants are teachers, most are not eligible for the match program.

2. Are vendors required to bid on all of the retirement plans?

**Answer:** Yes, the Board is requesting proposals for a single Plan Administrator for all four MSRP plans.

3. Are there any plan or product features the state is interested in that you do not have today?

**Answer:** The Board may consider implementing Deemed IRA's, Self-Directed Brokerage Options and Managed account service options in the future (*See RFP sections 3.3*).

Following are Answers to Questions August 1, 2012:

#### General

1. In what areas is the Board looking for improvement?

**Answer:** This is a scheduled procurement seeking professional and superior-level services of an independent Plan Administrator for all four plans.

2. Since this short RFP timeframe is insufficient for a new TPA to successfully implement the "full range of services" effective January 1, 2013, would the Board be able to contractually agree with NRS and commit to extend the contract such that a minimum 6 months lead time between award and implementation is available to successfully transition the plans? What flexibility exists for the live date?

**Answer:** The Board expects each proposal to document the Offeror's best plan to transition from the existing plan administrator (*See RFP Section 4.4.2.4 Item P*). The Board may obtain a contract extension to bridge a selected transition plan and overall agreement.

3. Other than loan fees, are there other transaction fees paid to NRS outside of the 14 basis points (e.g., distribution/checkwriting, QDROs, etc.)? If so, what are these fees?

**Answer:** No. There are no other fees.

4. What is the annual volume of distributions for in-service withdrawals?

**Answer:** We do not track employment status on eligible distributions.

5. Is the Board willing to automate all forms? If there are certain forms which require manual intervention, please advise.

**Answer:** To date, the Board has decided to require paper forms to request distributions.

6. If available, please provide participant counts and assets by plan for the period ending June 30, 2012.

**Answer:** That information is not yet available.

7. What are the metrics and service level agreements used by the current TPA and the Board to assess performance?

**Answer:** The Board expects superior levels of performance in all aspects of plan administration and requires comprehensive reporting of all aspects of service, compliance and operation for performing its oversight.

8. At what point will the Board request provider comments for the contract? Are there certain non negotiable contract terms each provider should consider within their respective bids?

**Answer:** The RFP identifies mandatory contract terms and other procurement requirements. Offeror's are invited to respond to the entire RFP, including the model contract and standard contract terms in their proposal (*See RFP Section 4.4.2.2*).

9. Section 4.4.3.4, Question R: Given this RFP is for Defined Contribution rather than Pension services, should TPA responses be for Defined Contribution plans terminated?

**Answer:** The question in Item R of Section 4.4.2.4 was intentionally broad regarding any governmental pension plan.

10. Section 4.4.2.4, Question U. Self-Directed Brokerage—If added as a service, would this require the use of a third party product vs. proprietary? Since most fees, rebates, and commissions are paid to the provider to offset expenses for individual participant selection, offering this service as outlined appears administratively unfeasible. Does this mean the Board would only allow a SDB product which has no fees?

**Answer:** The Board anticipates a Plan Administrator arrangement compensated by a single asset fee (disclosed only in the sealed financial proposal). As a plan feature, participant loans are permitted with reasonable charges for set-up and administration. The Board expects no incentive or commission income to the Plan Administrator for any offered plan product or service. We welcome the Offeror's recommendation for a best practice in brokerage options.

11. Recognizing the current pricing structure fluctuates in total dollars with market valuations; will the Board also consider alternate/predictable flat dollar pricing structures?

**Answer:** The RFP requests a single, asset fee proposal (disclosed only in the Offeror's financial proposals).

12. Are any Payrolls submitted manually (paper, tape) or via spreadsheet?

**Answer:** Payrolls are submitted electronically for all but a few dozen employees in a couple of locations.

13. Although the current match is suspended for the 401(a) plan, who calculates the match—NRS or the State?

**Answer:** The match is calculated and paid to eligible employees by the Central Payroll Bureau in the Office of the Maryland Comptroller.

14. How many participants have balances in more than one plan?

**Answer:** See Attachment L, page 9.

15. Can participants in the 457(b) or 403(b) plan request a plan to plan transfer from the State to Local plans? If so, what is the current process?

**Answer:** No plan to plan transfers are permitted with local plans.

16. Can participants in the 457(b) or 403(b) plan request a plan to plan transfer to the 401(k)?

**Answer:** No

17. Are Deemed IRAs offered in any of the 4 plans today or is that being considered for the future? If the latter, is there a specific target date for implementing this service?

**Answer:** Deemed IRA's are not approved in the MSRP at this time.

18. How will transfers and payments from the Nationwide Fixed Annuity Contract, Great-West Fixed Investment Option, and Life Insurance Premium Payments be initiated? Will participants contact the TPA or investment provider to initiate?

**Answer:** Participants make all account requests to the MSRP Administrator who is expected to process such requests as permitted from all investment accounts.

19. Are any loan repayments done through Payroll or are all of them done via Direct Debit (i.e., ACH)?

**Answer:** All loan repayments are done through direct debits from the participant's bank account.

20. Item 3.3.4 mentions the ability to accept investment transactions from Participants up to seven days in advance. Are those elections predated and pending for a specific date?

**Answer:** Section 3.3.4 inquires for the Offeror's response whether any transaction directive may be accepted in advance. Such transactions may be predated for specific event such as a calendar date for a distribution or a changed deferral, or for an investment exchange from a closing investment option.

21. How many historical records (volume) must be maintained by the TPA? Are all of the current historical records in a reduced storage medium as referenced in Attachment A?

**Answer:** The current plan administrator is expected to deliver an electronic MSRP file of three years or more. Older records may be transferable via large-volume tapes, and some may be only on microfilm.

#### Investments

22. What is the Board's level of interest in offering Advisory Services (e.g., online advice and managed accounts) and/or Self-Directed Brokerage?

**Answer:** We invite the Offeror's proposals for such features.

## Communications

23. What is State's preference for communications materials—electronic “green” default for all non required materials or mailings?

**Answer:** Mailed communications to the participants are the standard to date. The Board has accepted a responsibly managed effort to expand communications through alternative media.

24. What impact have the group meetings, one-on-one meetings, and Benefits Fairs had towards improving plan participation or desired outcomes?

**Answer:** The Board attributes positive results in participant knowledge, attitude and behavior from a diverse campaign of periodic events, regularly scheduled small-group activities and individual contracts with MSRP representatives.

25. For the onsite requirements for counseling services, does the Board require these individuals be located in a certain location? Is the Maryland office expected to be provided by the State or secured by the TPA?

**Answer:** The Board expects the Plan Administrator to plan opportunities in all possible State agency work sites. The Plan Administrator is expected to establish its own Maryland location.

26. Do counselors also have posted office hours and handle walk-in appointments? If so, what is the average annual volume of walk-in appointments?

**Answer:** The Plan Administrator is expected to conduct business in a way conducive to responsible plan service for participants.

27. For onsite enrollment activities, how many work locations need to be considered?

**Answer:** There are approximately 350 work sites statewide of substantial size.

28. What are the Board's top three employee communication goals?

**Answer:** The Board emphasizes increased enrollment, increased deferrals, and pre-retirement planning in the Plan Administrator's communications.

## Customer Service

29. Does the Board require any additional customer service language support beyond English? If so, what languages and what is the annual call volume?

**Answer:** None is required.

30. What type of functionality is available through the voice response system?

**Answer:** The automated voice response system currently accepts investment exchanges, but the greatest volume and greatest range of transactions are through the customer service center and the web site.

31. Can the Board provide 12 months of call volume data?

**Answer:** Attachment L, page 43 provides quarterly information that is reasonably representative.

32. Please confirm the requested customer service center hours.

**Answer:** "Full business day customer service operations" (RFP Section 3.2.3.4) are requested. Proposed schedules will be included in the evaluation.

Following are Answers to Questions received August 3, 2012:

1. Why was the MBE goal reduced (25% to 15%) and reduced below the level which was established in previous years?

**Answer:** The agency worked with State procurement and minority-business enterprise program advisors to assess the potential for certified MBE subcontractor participation in this proposed contract, and to estimate the amount of participation given the nature and extent of the proposed contract. For the prospective five-year term, we decided to set the goal at 15%.

2. Is MSRP obligated to award this contract to the lowest cost bidder?

**Answer:** The RFP Section 5 explains the various steps to the evaluation and selection procedure. Simply stated, no there is no mandate to select the lowest bidder. Technical factors will be given greater weight than financial factors in this procurement.

3. In the RFP, it was noted in Section 3.9 Substitution of Personnel, the MSRP Board would need to approve the removal and the qualifications of the replacement, is this a new policy and, does it apply to subcontractors?

**Answer:** This is part of the current standard-conditions for requests for proposals in State procurements. The requirement is for the prime contractor. The prime contractor has direct responsibility for any subcontractor.

4. Regarding personnel replacement, once a suitable replacement is identified and approved by MSRP, does the MSRP have a specific time line requirement and/or expectation on when the vacant position should be filled?

**Answer:** No fixed deadlines are established.

5. Does the MSRP Board expect MBE subcontractors to directly report their activities during the quarterly board meetings?

**Answer:** The prime contractor has direct responsibility for any subcontractor. The nature of the activities to be reported would weigh heavily on the appropriateness of the reporting process.