

# Employees Retirement System of the Government of the Virgin Islands



## Request for Proposal Implementation and Administration of 457b Deferred Compensation Plan and 403b Plan

# Employees Retirement System of the Government of the Virgin Islands

## **Request for Proposal for 457b Deferred Compensation Plan and 403b Plan**

### Description and Objectives

The Employees' Retirement System of the Government of the Virgin Islands ("GERS") requests services from a qualified firm to provide administration, record keeping, education, enrollment, communication, investment, and applicable compliance services for a ***new*** 457b Deferred Compensation Plan and 403b Plan. The contract will be for a term of five (5) years with the option to renew for an additional term at the discretion of the Board of Trustees

### Background

GERS (the System) is a cost-sharing, multiple-employer defined benefit plan. The System was established as of October 1, 1959 by the Government of the U.S. Virgin Islands as an independent instrumentality for the administration of a retirement and benefit system for officials and employees of the Government of the United States Virgin Islands and for their dependents and beneficiaries, for the payment of retirement annuities, disability annuities, and other benefits as provided to said officials and employees, and to their dependents and beneficiaries, after stated periods of service and upon fulfillment of certain conditions.

As a condition of employment, a person employed by the Government shall become a member of the plan, provided such person is under age 55 on the due date of appointment. Membership contributions shall begin within thirty (30) days of completion of application.

Under the provisions of the Virgin Islands Code, Title 3, Chapter 27, the Board of Trustees is responsible for the administration of the System.

The System is a component unit of the Government of the U.S. Virgin Islands for financial reporting purposes and is included in the Government's financial reports as a pension trust fund.

### Membership

Membership of the System consisted of the following at September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	7,497	7,134
Current employees	<u>11,117</u>	<u>11,085</u>
Total	18,614	18,219

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### **Eligibility of Membership**

Participation in the Supplemental Contributions Program is voluntary. However, in order to qualify, the employee must be a member of the GERS in order to participate in this program.

### **Voluntary Employee Contributions**

As authorized by the United States Virgin Islands Code, Participants may contribute a minimum of \$25.00 per pay period or \$50.00 per month., on a post-tax basis, which shall be limited as required under section 415(c) of the Code.

As authorized by the United States Virgin Islands Code, Participants may contribute a minimum of \$25.00 per pay period or \$50.00 per month on a pre-tax basis, which shall be limited as required under section 415(c) of the Code

### **Distributions**

The GERS corresponds, determines eligibility, and processes all distribution requests and forms. Once a participant or beneficiary is determined to be eligible, the distribution request form is transmitted to the record keeper to begin payment. Any change in a participant's distribution is transmitted to the record keeper in an administratively feasible timeframe. The GERS' 457b and 403b plans will have a loan provision. Domestic Relations Orders (DROs) are recognized by the plan.

### **Rollovers**

The Plan accepts and allows for rollover contributions and distributions.

### **Background**

#### **Title 3, Chapter 28B. Supplemental Contributions Program (See Attachment A)**

##### **770m. Program established**

- (a) The Supplemental Contributions Program is hereby established to be a defined contribution plan pursuant to Title 26, Section 414, subsection (i) United States Code. This program shall operate solely at the option of the participants and shall in no way obligate employers for lifetime annuity payments to participating employees of their beneficiaries.
- (b) This chapter establishes a new program, and defines the Supplemental Contributions Program.

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(c) The Supplemental Contributions Program Fund is established as a special trust fund in the Treasury of the Government of the Virgin Islands to accept participant contributions to the plan.

Added Dec. 29, 2006, No. 6905, 7, Sess. L. 2006, p. 341.

### **770n. Design and administration**

The design and administration of the Supplemental Contributions Program must conform to the applicable provisions of Title 26 of the United States Code and the Internal Revenue Code.

Added Dec. 29, 2006, No. 6905, 7, Sess. L. 2006, p. 341.

### **Participant Fees**

USVI law requires that the Deferred Compensation Plan be administered at no cost to the taxpayer. Participants must bear the expenses associated with the administration and recordkeeping through an asset charge levied against the accounts. While this charge is set as an annual limit, it is assessed monthly by the record keeper.

### **Contributions**

The GERS makes a payroll deduction in accordance with the approved instructions from the participant. The Department collects the deferrals, creates an investment voucher, wires the funds and transmits the deferral data to the record keeper to complete the investment purchase and credit the participant's account.

### **Minimum Qualifications**

Proposing firms must meet the following requirements:

1. The firm must have at least 5 years experience administering private and public sector retirement plans and must administer a minimum of \$1 billion dollars in assets in private and public sector retirement plans.
2. The firm must have at least 1 public sector retirement plans (**with more than 1000 participants.**)
3. The Client Manager proposed for this engagement must have a minimum of five (5) years experience in administration of a deferred compensation plan.
4. Onsite service representatives of the vendor must have at least one year of experience providing onsite services for public sector retirement plans.

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### **License Requirement:**

The Bidder must submit with the bid, a copy of a valid license to do business in the state in which Bidder operates. Additionally, a contract shall not be executed with any firm or individual doing business in the Virgin Islands to perform work with the GERS until evidence is submitted that said firm or individual has a valid V.I. Business License to do business in the Virgin Islands. Bidders must submit a hard copy of a valid V.I. Business License within fourteen (14) business days of award of the contract. All Bidders as Joint Ventures must be licensed as a Joint Venture in the Virgin Islands.

### **Certificate of Good Standing:**

The Bidder must submit a Certificate of Good Standing from the Secretary of State, or any such other regulatory agency in the Bidder's State of Incorporation, establishing that the Bidder is in good standing in the jurisdiction.

### **Payment of License Fees and Taxes:**

The Bidder shall be responsible for the payment of any license fees and/or taxes assessed as a result of the services performed or rendered under this agreement. GERS shall not make any deductions or withholdings from the compensation paid to Contractor, except as required by Title 33, Chapter 3, Section 44 of the Virgin Islands Code which requires:

(a) The Government of the Virgin Islands, including its instrumentalities, agencies and public corporations, when making a payment as defined under subsection (b) of this section, to any person, partnership, firm, corporation, or other business association that is subject to the payment of gross receipts tax under the provisions of this title, shall deduct and withhold from such payment gross receipts tax equal to four percent of such payment. Such tax shall be paid to the Virgin Islands Bureau of Internal Revenue within ten days of the last day of the calendar month during which such tax was withheld on forms to be provided by the Virgin Islands Bureau of Internal Revenue.

(b) For purposes of withholding under this section, payment is defined as the following:

- (1) any single payment of at least \$30,000; and
- (2) any payment pursuant to a contract providing for a total expenditure of \$120,000 or more.

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(c) Every person, partnership, firm, corporation, or other business association whose annual gross receipts are greater than \$120,000 and who is subject to the payment of gross receipts taxes under the provisions of this title shall file a return each month with the Director of the Virgin Islands Bureau of Internal Revenue, on forms to be provided by the Virgin Islands Bureau of Internal Revenue, declaring the dollar value of the gross receipts during the calendar month along with such books or records as may be required by the Virgin Islands Bureau of Internal Revenue, accompanied by payment of taxes due on said gross receipts for such calendar month. Every such person, partnership, firm, corporation, or other business association will receive a credit for any gross receipts tax withheld under subsection (a) of this section. The returns and payments required by this subsection shall be due within 30 calendar days following the last day of the calendar month concerned.

(d) Every person, partnership, firm, corporation, and other business association whose annual gross receipts are \$120,000 or less shall file an annual return with the Director of the Bureau of Internal Revenue, on forms to be provided by the Bureau of Internal Revenue, stating the gross receipts for each calendar month and the total amount of the gross receipts for the year. Every such person, partnership, firm, corporation, or other business association will receive a credit for any gross receipts tax withheld from gross receipts under subsection (a) of this section. The return and payment required by this subsection shall be due within 30 calendar days following the last day of the year concerned.

(e) Every person, partnership, firm, corporation, or other business association that is subject to the payment of excise taxes on articles, goods, merchandise, or commodities delivered to the importer or consignee in the Virgin Islands by the United States Postal Service, under the provisions of this title, shall file a return each month with the Director of the Virgin Islands Bureau of Internal Revenue, on forms to be provided by the Virgin Islands Bureau of Internal Revenue, declaring the dollar value of the taxable imports delivered by the United States Postal Service during the calendar month along with such other books or records as may be required by the Virgin Islands Bureau of Internal Revenue, accompanied by the payment of the excise taxes due on such shipments received from the United States Postal Service for such calendar month. The returns and payments required by this subsection shall be due within 30 calendar days following the last day of the calendar month concerned.

(f) Upon receipt by the Bureau of Internal Revenue of excise tax returns filed at the time of importation or of the gross receipts tax returns required under subsections (a), (c) and (d) of this section, the Director of the Bureau of Internal Revenue shall cause such returns to be examined and the applicable tax computed. The Director shall thereafter notify the taxpayer of any deficiency that may be due thereon and after such notice, the amount of the deficiency plus penalties shall be a lien in favor of the Government of the Virgin Islands upon all property or rights to the property, whether real or personal, belonging to such taxpayer. The amount may be collected by seizure and sale of such property.

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### **RFP Evaluation, Schedule and Other Matters**

#### **A. RFP Evaluations**

RFPs will be evaluated based on the following criteria (not listed in any order of importance):

1. Firm's proven ability with similar projects.
2. Expertise of Key personnel to be assigned to the contract.
3. Firm's proven ability to provide innovative, cost-effective service.
4. Firm's proven track record of responsiveness to time limitations and deadlines.
5. Firm's proven track record of quality of performance.
6. Firm's capacity to perform.
7. Firm's cost proposal.

#### **Final Ranking and Selection**

A Committee will make a recommendation to negotiate with the responder whose proposal is determined to be the most advantageous to the GERS, considering the Evaluation factors set forth in the RFP. Recommended contract awarded, if any, resulting from this RFP is subject to the approval of the Board of Trustees.

#### **B. Presentations**

The GERS retains the right to create a shortlist and invite Proposers who make the list to deliver a presentation of its proposal to the Committee. Each presentation will be judged as to its completeness.

#### **C. Negotiations**

The GERS retains the right to make an award based on initial proposals without negotiations. Negotiations may be conducted with all responsible Proposers.

#### **D. Discussions: Best and Final Proposer**

The Committee reserves the right to recommend a Proposal based upon the Proposer's written proposal, without further discussions. Should the Committee determine that further discussions would be in the best interest of the GERS, the Committee shall establish procedures and schedules for conducting discussions and will notify qualified Proposers. When in the best interest of the GERS, the Committee may permit qualified Proposers to revise their proposals by submitting "best and final" Proposal.

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### **Other Matters:**

#### **1. Changes in the RFP**

Any communication from the GERS to a Proposer will be transmitted simultaneously to all Proposers along with written questions submitted. Any Proposer who fails to recognize or utilize this process of communication will be notified of its violation of the process and may be disqualified from the RFP process. All addenda will be numbered in sequence, dated as of the date of issue, and sent via fax and or email to all Proposers.

#### **2. Verbal Agreements**

No verbal agreement or conversation with any officer, agent, or employee of the GERS, either before or after execution of the Contract, shall affect or modify any of the terms or obligations contained in the Contract. Any such verbal agreement or conversation shall be considered as unofficial information and in no way binding upon the GERS or the Contractor.

#### **3. Receipt of Addenda**

The Proposer shall acknowledge receipt of each addendum by signing in the space provided on the issued addendum and by submitting all addenda with their proposal. Proposer shall also sign and return the cover page of each addendum to the Project Coordinator via fax to acknowledge receipt.

#### **4. Clarifications**

Proposers are notified to examine thoroughly the instructions, specifications and the service requirements as set forth in this RFP. If there is any doubt or uncertainty as to the meaning of the same, Proposers may ask for any explanation or clarification before submitting their Proposal. All requests for explanation or clarification must be presented in written form.

#### **5. Reservation of Rights**

The GERS reserves and holds at its discretion the following rights and options:

- a. Issue addenda to the Request for Proposals, including extending or otherwise revising the timeline for submittals;
- b. Withdraw the Request for Proposals;
- c. Request clarification and/or additional information from the Proposer at any point in the procurement process;

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- d. Execute a Contract or Contracts with one or more Proposers, on the sole basis of the original proposal or any additions to proposal submissions;
- e. Reject any or all Proposals, waive irregularities in any Proposal, accept or reject all or any part of any Proposal, waive any requirements of the Request for Proposals, as may be deemed to be in the best interest of the GERS; and
- f. Reissue the RFP or modify the RFP.

In order to be considered for selection, responses must be received by the GERS on or before the date and time specified. Firms mailing responses should allow normal mail delivery time to ensure timely receipt by the GERS. Proposals received after the stated time shall not be considered. No fax or email transmittals will be accepted.

### **IV. Disposition of Proposals**

All materials submitted in response to this RFP will become the property of the GERS One (1) copy of each proposal shall be retained for official files and will become a public record after the award and open to public inspection. It is understood that the proposal will become part of the official file on this matter without obligation on the part of the GERS.

### **Indemnification**

The Contractor shall further indemnify and hold harmless the GERS, its officers, Board of Trustees, and employees from and against any and all loss, damage, actions, claims, suits, judgments and liability in connection with loss of life, personal injury and/or damage to property arising from or out of any negligent occurrence, conduct or operation of, or by Contractor in regards to this Contract. Contractor shall also pay all reasonable costs, expenses and Attorney fees that may be incurred or paid by the GERS, its officers, Board of Trustees and employees in enforcing any and all terms and covenants of the Contract out of any actions caused directly by the Contractor or any of its employees or agents.

Contractor must carry Professional Liability Insurance including Errors and Omissions coverage in an amount not less than \$2,000,000. The GERS must be specified as an additional insured.

### **Scope of Work**

Under the direction of the GERS the Contractor(s) selected shall:

1. Provide plan administration, recordkeeping, education, enrollment, communication, investment management and applicable compliance services for an Internal Revenue Code Section 457 and 403b plans with multiple investment options.

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2. Work with GERS staff to design and/or implement a process and procedure to handle participant enrollment, contributions, and distributions that is compatible with the GERS's payroll department requirements.
3. Design and implement an on-going communications/education campaign for the Plans to promote awareness and participation amongst the GERS's employees, which should include a sizable online component.
4. Provide statements to participants in a timely manner with a frequency of no less than quarterly. These statements must include detailed information on the participant's investment mix, administrative cost and all relevant activities. Statements must also have the capability to include messaging specific to the GERS's Plans. Statements must also be accessible online.
5. Pay all participant distributions, including termination distributions, installment payments and hardship withdrawals.
6. Provide a diversified spectrum of investment options to participants, including a stable value fund that does not restrict participant withdrawals or transfers (with the exception of transfers to "competing" fixed income funds) and the asset classes requested in the Investment Management Services section of the questionnaire. Insurance company General Accounts may not be offered to the plan. There may be no termination, withdrawal or transfer charges or restrictions (including market value adjustments) throughout the term of the contract. The only exceptions are a) stable value fund restrictions against direct fund transfers into competing fixed income funds, b) charges for early withdrawal from fixed maturity or other structured investment products (such as CDs) which have a clearly defined investment period that if shortened would jeopardize the strategy and benefits to longer term investors, and c) redemption fees for short term trading.
7. Maintain records of each participant's mix of investments and be able to update these records upon notification from hardcopy requests as well as from requests made by participants via an interactive telephone system or website.
8. On a timely basis, communicate directly with participants concerning relevant information that affects the retirement plans including, but not limited to, changes in enrollments and investment options, distribution of quarterly benefit statements, and payment of fees connected with administration of individual participant accounts. The information provided in all such communications should also be available at a centralized web location.
9. Contractor shall be liable, and solely responsible, for any processing errors of the firm or its agents. In the event of a participant's loss of interest or dividend and/or principal due to an error by the Contractor or its agents in processing transactions on behalf of the participant, the Contractor agrees to put the participant in the same position as if the processing error had not occurred.

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10. Provide a toll-free telephone number with adequate incoming lines and voice response capabilities for participant inquiries of their accounts. We consider the number of incoming telephone lines “adequate” if the average queue time is two minutes or less. These lines should be available at minimum, from 7 a.m. to 8 p.m., Eastern Time, on weekdays, weekends, and holidays.
11. Provide a website with minimal downtime.
12. Provide such other services as may be agreed upon between the Contractor and the GERS.

### **Section 2 – Request for Proposal**

#### **A. Plan Sponsor Introduction, Background and Plan Details**

Plan Sponsor Information	
Plan Sponsor Name:	The Employees’ Retirement System of the Government of the Virgin Islands (“GERS”)
Address:	3438 Kronprindsens Gade GERS Complex – STE 1 St. Thomas, V.I. 00802-5750
Send Questions to:	Mr. Anthony Selkridge

**All inquiries regarding the RFP should be submitted via e-mail only to: [aselkridge@usvigiers.com](mailto:aselkridge@usvigiers.com) with “RFP” on the subject line. No verbal inquiries will be accepted.**

<b>Projected Timeline (dates are subject to change) RFP Posted</b>	December 15, 2011
<b>Deadline for RFP Inquiries</b>	December 27, 2011
<b>RFP Submission Due Date</b>	January 27, 2012 (4:00PM AST)
<b>Finalist Selected</b>	February 27, 2012
<b>Projected Contract Date</b>	April 20, 2012

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**A. Request for Proposal Questionnaire**

**ORGANIZATION AND HISTORY**

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 parent/subsidiary/affiliate relationships.
3. Are you currently participating in any alliances or joint marketing efforts? If so, please describe in detail.
4. Indicate how many years your company has been active in the defined contribution business, i.e., 401(k), profit sharing, etc. (Indicate the period of time for each service, if different, such as investment management for X years, recordkeeping for Y years, trustee services for Z years.)
5. Indicate the total value of assets in all defined contribution plans for which you provide recordkeeping services.
6. What is the total number of participants in all defined contribution plans for which you provide recordkeeping services?
7. How many defined contribution plans do you currently administer in the following categories

<b>Number of Employees*</b>	<b>Plans</b>	<b>Percentage of Total DC Plans</b>
Under 100		
100-499		
500-999		
1,000-4,999		
Over 5,000		
Total		

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

Type*	Plan Type – Percentage of Total Business		
	Full Service	Investment Only	Administration Only
Profit Sharing			
401(k)			
Money Purchase			
Thrift Savings			
Combination			
403(b)			
457			
Other			
Total			

**CLIENT SERVICE / QUALITY ASSURANCE**

1. Please describe the team that would deal directly with us during the initial set up and on an ongoing basis.
2. What is the average number of clients managed by the plan administrator for plans of this size?
3. What type of training is required for new employees before they work on client plans?
4. How many of your employees’ work on defined contribution plans? Provide breakdown by functional area.
5. What are your client retention statistics for each of the last three years?
  - For those who left, what percentage left due to issues pertaining to services provided by your organization?
  - What is the average client relationship duration?
6. Describe your organization’s commitment to quality and your philosophy/approach to client services.
7. Describe your procedures for monitoring
  - a. client satisfaction
  - b. participant satisfaction

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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 plan administration integrity and accuracy including participant account data?

#### **B. Recordkeeping / Administration**

1. Do you provide one main contact for the daily administrative needs of this plan?
2. Do you provide daily valuation? Describe in detail how your system allocates earnings.
3. What methods of data transmission are available?
4. Describe in detail how your system processes contributions.
5. Describe in detail, including timing, how your system processes withdrawals (i.e. in-service and hardship withdrawals).
6. Describe in detail, including timing, how your system processes:
  - a. lump-sum distributions
  - b. systematic payments/installments
  - c. annuities
  - d. rollovers to another plan or an IRA
  - e. required minimum distributions
7. What options are available to terminated/retired participants? Can funds be kept under the plan?
8. Describe in detail how your system processes transfers/exchanges (including frequency / limitations). Are confirmations sent?
9. Describe your process and methods of reallocation (percent and/or dollar).
10. Can employer and employee contributions be tracked separately?
11. Describe in detail your system's vesting capability. How many different schedules can your system support?
12. Describe in detail how your system handles Federal and State tax reporting (i.e. Form 1099R, W-2 for 457 / 403b plan). Do you provide tax form preparation and filing?

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13. Describe in detail how you administer Qualified Domestic Relations Orders (QDROs).
14. What checks and balances do you have in place to ensure transactional integrity?
15. Do you provide an administration manual?
16. Will you record/keep non-proprietary investment vehicles? Describe the process and systems used.
17. What other administrative services do you provide?

#### **REGULATORY SERVICES**

1. Describe your capabilities for the following:
  - a) Discrimination Testing ADP/ACP: 401(k) and 401(m)
  - b) Annual addition limitations (\$46,000 limits): 415(c)
  - c) Monitoring of elective deferrals: (402(g))
  - d) Top-heavy testing: (416(c))
  - e) Identifying HCE's: 401(a) 17
  - f) Coverage testing for controlled groups: 410(b)
2. How do you address violations for any of the testing covered in question 1?
3. Can you assist us in the following areas of plan documentation design? If so how?
  - a) Customized plan document
  - b) Prototype plan document
  - c) Customized SPD
  - d) Prototype SPD
  - e) Qualification submission
4. Describe the type of legal support included in your proposal and any fees that apply.
5. Do you provide either or both of the following:
  - a) Information to complete Form 5500
  - b) A signature-ready 5500
6. What fiduciary responsibility does your organization assume?
7. How do you keep Plan Sponsors informed and updated on any regulatory and legislative changes?

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8. How will you ensure that our plan remains in compliance?
9. How do you ensure that your recordkeeping system is in compliance with all regulations?
10. Describe any past or pending litigation, within the last 5 years, relating to the services you are proposing.
11. Please provide a sample services agreement or contract.

### **LOANS**

1. Describe in detail your loan processing capabilities.
2. Do you have paperless loan capabilities? If so, describe.
3. Describe the flexibility in your loan repayment processing (i.e., additional payments, multiple loans, missed payments).
4. How do you handle delinquent and/or defaulted loans?
5. What responsibility do we retain for initial and ongoing loan servicing?
8. Describe any other features and/or limitations of the loan system not detailed above (i.e., loan modeling, amortization scheduling, etc.)

### **REPORTING**

1. Describe the standard reporting package that you would provide us as well as the medium(s) used (provide samples).
2. Describe any customized or ad hoc reporting capabilities including Internet capabilities.
3. Describe your standard participant level statements and documents (provide samples).
4. Describe your customization capabilities for participant level statements.
5. Can reports/statements be produced on other media? Please describe.
6. What is the standard time frame for providing each report after the reporting period ends?

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### **VOICE RESPONSE SYSTEM (VRS), INTERNET ACCESS AND CALL CENTER**

#### **Voice Response System**

1. Describe the services available through your voice response system.
2. How are transactions processed? How are transactions documented? Are confirmations sent?
3. Describe how data is secured within the system (i.e., PIN, audit trail, confirmations).
4. Describe the level of customization available within your VRS.
5. What are the standard hours of operation?
6. Are there any transactions that cannot be processed through the voice response system?
7. Is the menu easy for participants to use? Does it include "help" information? Please describe the structure in detail.
8. Can a participant elect to move from the VRS to a service representative? When and what services are available?
9. How often is the data on the VRS updated? How does the VRS interface with the recordkeeping system?

#### **Internet Access**

1. Describe the account services and transaction capabilities available through your participant website.
2. How are website transactions processed and documented?
3. Are there any transactions that cannot be processed through your website?
4. Describe how data is secured within the system (i.e., PIN, audit trail, confirmations)
5. Describe the level of customization available for clients using your Internet services.
6. What are the standard hours of account access and transactional availability?
7. 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.
8. How often is the data on the website updated? How does the website interface with the recordkeeping system?

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9. Please identify your website account access and transactional availability statistics (average availability per month as a percentage).

#### **Call Center**

1. Please identify your toll-free service center standards. Please include for each of the last three calendar quarters, statistics related to actual performance.
  - Number of calls
  - Average length of calls
  - Average response time
  - Percentage of calls requiring follow-up
  - Call abort rate
  - Percentage of incoming calls totally handled via VRS versus toll-free live service center representative assistance
  - Percentage of service requests handled via website versus call center and VRS.
2. What training is provided to toll-free service center representatives before they are allowed to handle incoming calls?
3. Do you monitor and/or tape toll-free calls?
4. What are your case management procedures for calls that have service issues?
5. What information is available to toll-free service representatives to allow them to effectively answer participant questions?

#### **COMMUNICATION AND EDUCATION**

1. Briefly describe your background and experience in providing communication and education programs.
2. Identify the key elements provided as part of a standard communication and education program package included in your proposal.
3. Identify non-standard elements to a communication and education program you may provide for an additional charge.
4. Describe separately your initial and on-going communication and education program (including printed material, visits, training, etc.). If the program is tailored to a specific plan sponsor need, identify the critical issues to be determined in designing such a program.

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5. Can material be customized?
6. Do you provide personnel resources as part of both the initial and on-going communication and education program?
7. Do you provide communication and education material in a foreign language? If so, what language(s) and what material?
8. Do you create all of your communication and education material in-house or through third – parties?
9. Describe the process you use to help plan sponsors measure the effectiveness of employee education efforts.
10. Does your organization provide any services (i.e., personal questionnaires, software) that would help individual participants with financial planning? Describe any electronic education tools you provide both software-based and web-based.
11. Describe your position on providing investment advice to participants. What fiduciary responsibility do you assume if advice is provided?
12. If advice is offered, is it in-house or via a third party? Describe your process, mode and scope of advice.
13. Describe education tools or programs designed to support IRA rollovers and/or retirement distributions.
14. Provide samples of initial enrollment and on-going communication and education materials.

#### **CONVERSION (FOR EXISTING PLANS)**

1. Explain your conversion process, including time frame, based on the options available (i.e. mapping, etc.).
2. Is a "black-out" period required? If yes, how long is it and what is restricted or not available during that time?
3. What involvement will be required from us during the conversion process?
4. Do you provide a dedicated conversion team?
5. What conversion audit reporting do you provide?

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

#### **IMPLEMENTATION (FOR NEW PLANS)**

1. Explain your implementation 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 team for implementation responsibilities?

#### **SYSTEMS CAPABILITIES AND HARDWARE**

1. Describe the hardware platform and software system you use to record keep and administer defined contribution plans.
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 to laws, regulations, client needs, etc.?
3. How often is the system upgraded?
4. What system enhancements do you have planned over the next three years for:
  - Core recordkeeping system
  - 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?

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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.
  - A. Does the system allow for plan sponsor customization/limits such as:
    - transfer frequency
    - minimum/maximum contribution percentages
    - withdrawal frequency
    - investment election changes
    - other
10. Describe your system's maximum limits with regards to the following:
  - investment funds
  - money types
  - loans
  - transfers
  - other
11. Please provide ongoing transaction layouts if specific layouts are required.

### **INVESTMENTS**

1. Discuss your organization's ability to provide investment vehicles for defined contribution plans. Be sure to disclose if you are providing these vehicles in-house or through external managers.
2. To the extent we wish to comply with 404(c), how can you assist us?
3. How long have you been providing investment services?
4. Please identify the number and types of investment vehicles you would make available to us.
5. For each investment vehicle identified above, provide:
  - the inception date,
  - the name of the investment/portfolio manager,
  - a biography of the manager,
  - the investment vehicle objective,
  - the investment philosophy,

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- the expense structure (including any loads, load waivers, management fees, other expenses, 12b-1 fees, fee subsidies, etc.),
- the comparative index(s) used by the manager, and
- withdrawal provisions (including restrictions on transfers).

#### **TRUSTEE SERVICES**

1. Will you allow us to self-trustee the plan?
2. Will you act as or provide availability to trustee services?
3. Will you work with an independent trustee?
4. If you provide Trustee Services, what are your fiduciary responsibilities?
5. Describe "checks and balances" employed in your trust accounting system.
6. Will you trustee outside investment funds?
7. What is your turn-around time on check issuance?
8. Do you process individual state tax withholding?
9. Do you provide information to plan participants regarding options on distributions?
10. Do you have a limit on the number of checks/wires available to participants who rollover their distributions?
11. Do you provide consolidated year-end ERISA reports for 5500 filings?
12. Do you maintain all loan documentation (i.e., promissory notes) as part of your files?
13. Is your trust accounting system integrated with your recordkeeping system?
14. Will you allow us to maintain an independent GIC portfolio with your trust as custodian of the contracts? If so, describe procedure.

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### **REFERENCES**

It is important to probe both current and former clients of prospective providers regarding their experience and level of satisfaction in service areas of specific interest to your plan.

1. Please provide 3 references of current clients who have similar plan demographics (i.e., size and plan design). Please provide client name, contact name, address, phone number, services provided, and year they became a client.
2. Please provide 3 references of former clients who had similar plan demographics (i.e., size and plan design). At least 1 of the 3 should have left within the last year. Please provide former client name, contact name, address, phone number, services provided, and year they became and the year they ceased to be a client and the reason(s).

### **EXPENSES**

Please attach a schedule of all expenses covering each of the services and activities identified on the following listing. Also, please identify if the expense is:

- one time or on-going
- breakpoint impacted
- participant paid (direct or account adjustment)
- guaranteed (and length of guarantee)
- performance adjustable charge
- discount oriented
- plan sponsor paid (billed and billing frequency)
- absorbed in determining daily investment share/unit value

*Use the specific information provided in this RFP about our plan in determining and illustrating your expenses. If assumptions are necessary, please fully explain your assumptions and quote the related expenses on a unit cost basis, if possible.*

In addition to the expense schedule, please respond specifically to the following:

1. What are the start-up/conversion costs and the termination costs? For how long will you guarantee specific expenses?
2. What are the factors you consider in determining future increases and when they are to occur?
3. Are there additional charges made at the time of plan changes we initiate or legislated or regulated changes? Please address the differences should we use a prototype or individually designed plan.
4. Describe what plan consulting services are included and related hourly charges and out-of-pocket expenses.

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- 5. 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)?
- 6. Do you offer any expense arrangement whereby we share in your firm's upside potential as participants and plan assets increase over time?
- 7. If you offer an alliance relationship, please identify any "offset" to expenses.
- 8. In addition to the expense schedule, please identify any other service or activity not covered on the "Service Activity" listing, i.e., postage, handling, supplies, servicing commissions, etc. Please be specific.

**EXPENSE SCHEDULE**

Use the listing of Services and/or Activities on the following pages to complete the chart below. Identify all assumptions used below the chart. (A sample expense chart is shown below).

Expense	Service/Activity Covered	Comments

Assumptions:

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**SAMPLE LAYOUT**

<b>Expense</b>	<b>Service/Activity Covered</b>	<b>Comments</b>
\$xxx Installation Fee	A 1 through A 9	One time
\$xx Annual Per Participant Fee	C1, C2, C3, C4, C5, C9, C14, G1 through G5, H1a through H1o, H1q through H1u, H2, H3 a through c, H3f, H3g, B1, B3, B6, B8, B20, B11, B12 (B12 & C9 annually)	On-going, 2 Year guarantee
\$xxx Annual Trustee Services	D1, D2  D3, D4, E1, F1, F2, F3, I1, I2, I3, I5, I6	On-going, 2 Year guarantee  On-going, absorbed in determining daily investment values
.00% Asset Fee		
\$xxx Testing Fee		

## **SERVICE/ACTIVITY**

### **A. Conversion**

1. Participant records set-up
2. Asset reconciliation
3. Training plan sponsor
4. representatives Coordinating
5. processing
6. Takeover loans
7. Re-enrollment
8. Asset transfer coordination
9. Record transfer coordination
- 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
13. (frequency) Other (be specific)

### **C. Administration**

1. New enrollments
2. Eligibility tracking
3. Beneficiary elections
4. Administration manual
5. Administration manual updates Consulting
6. a. New plans, acquisitions  
b. Existing plan changes  
c. Plan divestitures
7. Provider E-mail
8. On-line access
9. On-site meetings (& related frequency)
10. Individually designed plan document
11. Prototype plan document
12. Camera-ready SPD
13. SPD copies
14. Wire fees
15. Other (be specific)

- D. Trustee Services
  - 1. Internal stable value investments
  - 2. Internal variable return investments
  - 3. External stable value investments
  - 4. External variable return investments
  - 5. Company stock
  - 6. Loan fund fees
  - 7. Other (be specific)
- E. Custodial Services
  - 1. Asset-based fees
  - 2. Portfolio-based fees
  - 3. Transaction-based fees
  - 4. Other (be specific)
- F. Investment Services
  - 1. Communication with external managers
  - 2. Investment fees for internal stable value investments
  - 3. Investment fees for internal variable return investments
  - 4. Brokerage cost on company stock activity
  - 5. Self-directed brokerage option
  - 6. Personalized participant investment advice
  - 5. Front-end loads
  - 6. Deferred sales charges
  - 7. Surrender/Withdrawal charges
  - 8. Back-end loads
  - 9. 12b-1
  - 10. Other (be specific)
- G. 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. Time or processing charges
  - 8. PIN issuance, reissue, changes
  - 9. Customized script
  - 10. Other (be specific)

## Recordkeeping

1. Processing
  - a) Additions
  - b) Corrections
  - c) Reinstatements
  - d) Participant level inter-investment exchanges
  - e) Plan level inter-investment exchanges
  - t) Contribution remittances
  - g) Multiple payroll locations
  - h) Contribution rate change monitoring
  - i) Contribution frequency
  - j) Matching contribution calculations
  - k) Allocation changes
  - I) Withdrawals
  - m) Loan processing
  - n) Loan repayment
  - 0) Loan administration
  - p) Periodic distributions
  - q) Annuities
  - r) Rollovers
  - s) Check payments
  - t) Direct deposit
  - u) 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) Form 5500 information
  - d) Signature-ready Form 5500
  - e) 11-K
  - f) S-8
  - g) Reporting to IRS
  - h) System queries
  - i) Adhoc reports
  - j) Special reports
  - k) Other (be specific)