

# Minutes of Bidders Conference

**Date of Meeting:** Thursday, January 5, 2012  
**Time of Meeting:** 9:00 AM  
**Place of Meeting:** Department of Administration Building  
Conference Room A  
One Capitol Hill  
Providence, RI 02908

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## Minutes

A Bidders' Conference relating to the RFP for Recordkeeping and Administration for the State of Rhode Island's new defined contribution plan was held on Thursday, January 5, 2012 at 9:00AM in the Department of Administration Building, Conference Room A, One Capitol Hill, Providence, RI 02908. Present from the Office of the General Treasurer were Mark A. Dingley, Deputy General Treasurer/General Counsel; Frank Karpinski, Executive Director of the Employees' Retirement System of Rhode Island; and Chris Feisthamel, Chief Operating Officer. Also in attendance was Frank Picarelli, a consultant for the State from Segal Advisors and approximately 23 individuals representing approximately 14 potential vendor firms. At the meeting, potential bidders asked questions relating to the RFP. The questions that were asked by the potential bidders and the answers that were provided by Mark A. Dingley and Frank Picarelli are set forth below.

**Bidders Conference (B)1- Question:** Can you provide any more specifics regarding investment line-ups?

**Answer:** The State of Rhode Island (State) is looking for vendors to be creative and provide their best recommendations that are consistent with the objectives of the plan as set forth in the RFP. The goal of the new Defined Contribution Plan is an investment strategy to support the retirement income needs of the Plan participants.

**B2- Question:** Why has historical participation in Rhode Island's 457 plan not been higher?

**Answer:** The 457 Plan is a supplemental program, the State's DB Plan was the primary retirement program that required employee contributions which may have played a role. The Treasurer's office does not administer the 457 plan and it does not have any specific information to answer this question.

**B3- Question:** What is the best way to educate plan participants?

**Answer:** For many participants, it will be the first time they will be required to make an investment selection, so comprehensive communication and education capabilities are critical. Initially, we believe it will be helpful for a vendor to hold group meetings in addition to excellent written and electronic communication and education materials.

**B4- Question:** Will hardship distribution or loan requirements of the 401(a) plan coincide with the State's 403(b) and 457 plans?

**Answer:** The focus of this RFP is solely on the State's new 401(a) program which will be completely separate from any 403(b) or 457 plan. In regards to hardship distributions or loans, the State is looking for the vendor's best recommendations in line with the purpose of this 401(a) retirement plan. We are also looking for your overall capabilities to handle the administration of these features if they become part of the plan design.

**B5- Question:** Can you provide more guidance on target date funds?

**Answer:** The state is interested in alternative line-ups and is requesting the best recommendations from vendors. In accordance with the RFP, the State is requesting two line-ups which could be actively managed or passively managed, and could foresee alternative target date funds fitting these criteria.

**B6- Question:** Is the State looking for one provider to handle all aspects of the plan?

**Answer:** The RFP permits subcontracting. Because of the short timetable to get the plan designed and implemented, the State is looking for a vendor to act as a partner and coordinate and take responsibility for all aspects of the program.

**B7- Question:** Will the state be able to provide the vendor information detailing which plan participants take part in social security and which do not?

**Answer:** The employers' payroll feeds will illustrate which members participate in social security and which do not. The vendor will be able to determine the members who participate in social security because the employer and employee contribution levels for members participating in social security will be different than members not participating in social security.

**B8- Question:** What level of recordkeeping and administrative services is the State looking for?

**Answer:** The state is looking for a full service provider with full recordkeeping and administrative capabilities. Services to members should include full web based capabilities, telephone call center, 800 number, and the ability to handle group and one-on-one meetings and retirement planning tools.

**B9- Question:** Has the State made a decision on a default fund, whether a target retirement date fund or stable value fund?

**Answer:** The State has not made a decision on a default investment vehicle. The State Investment Commission (SIC) will make the ultimate determination but the State is looking for the vendor's best recommendations in accordance with plan objectives.

**B10- Question:** How much customization is the State looking for in regards to communication materials and the website?

**Answer:** The State wants it to be clear that the program is a State sponsored program. The website and written materials should be personalized, but there is no need to remove the name of the vendor from the website and participant statements.

**B11- Question:** Will the vendor be required to hold one on one meeting with participants?

**Answer:** Prior to the launch of the plan, it may be difficult to hold one on one meetings with participants, however group meetings are strongly encouraged. After the launch, the vendor should possess the capabilities to hold one on one meetings.

**B12- Question:** How many new hires does the State expect?

**Answer:** It is difficult to project the amount of new hires. However, we do not foresee large increases or decreases in employment levels.

**B13- Question:** Will higher education employees be part of this plan?

**Answer:** No, higher education employees are not part of this plan.

**B14- Question:** Will there be 145 payrolls sent to the vendor or will there be a single feed?

**Answer:** No decision has been made on this issue. However to assist the State with its decision making, the vendor should provide alternative pricing for a single payroll feed versus multiple payroll feeds.

**B15- Question:** For reporting purposes, will there be one plan or multiple separate plans?

**Answer:** For reporting purposes there is one plan.

**B16- Question:** Is there any information available regarding the demographics of the participants such as age, population and income level?

**Answer:** The RI DLT issues a labor report, and the state retirement plan actuarial valuations will provide helpful information. The RI DLT reports may be found at <http://www.dlt.ri.gov/lmi/>. The actuarial valuations may be found at <https://www.ersri.org/public/actuarialValuations/index.jsp>.

**B17- Question:** What is the anticipated turnover of plan participants?

**Answer:** There is generally a low turnover rate among state employees and teachers.

**B18- Question:** Is there any pending legislation that may impact the design of the DC plan?

**Answer:** To our knowledge, there is no pending legislation impacting the DC plan.

**B19- Question:** Do you believe the timetable for selecting a vendor is reasonable if the State receives a high number of vendor responses?

**Answer:** Yes, the timetable is sufficient to select a vendor. The State has hired Segal Advisors and will draw on their expertise and resources for assistance.

**B20- Question:** Would the state require the vendor to implement a system that combines reporting of a participant's actual and/or projected DC, DB and social security benefits?

**Answer:** It will be difficult to have that capability on July 1, 2012, but eventually that type of information will be helpful to our membership. The State is currently in the process of selecting a new DB plan computer systems provider and a consideration in that process is the ability to provide DB benefit reports.

**B21- Question:** When does the State plan to select the DB plan computer systems provider?

**Answer:** Within the next six months.

**B22- Question:** How would the vendor be able to access DB benefit reports for participants?

**Answer:** Currently, participants would have to access the ERSRI website and provide the vendor with their individual DB reports. The State does not generate DB plan statements.

**B23- Question:** Does the State anticipate any legal action that would impact the DC plan?

**Answer:** The public unions in Rhode Island have indicated they will bring legal action with respect to the recent pension reform legislation. The impact it will have on the new DC plan is impossible to predict.

**B24- Question:** Would a retirement calculator be useful?

**Answer:** A retirement calculator would be very helpful.

**B25- Question:** Will the State require a physical office for the DC vendor in Rhode Island?

**Answer:** The State will not require the vendor to provide a full time physical office for the DC plan, and the State will provide space for the vendor to use for periodic individual and group meetings.

**B26- Question:** Will the vendor's representatives be able to give investment advice and sell alternative products?

**Answer:** The State is looking for vendors to give advice on state sponsored plans only, and not offer alternative products to the plan's membership.

**B27- Question:** Will the vendor have access to DB plan information?

**Answer:** Currently, the participant would have to provide the vendor with his or her DB information, but after the State selects and implements a new DB computer systems provider there will be greater electronic capabilities.

**B28- Question:** Should the vendor be knowledgeable regarding the DB plan?

**Answer:** The vendor should be knowledgeable regarding the DB plan and its various retirement income options.

**B29- Question:** Has the DB computer systems provider RFP been issued?

**Answer:** Yes, the RFP has been issued and is well along in the process.

**B30- Question:** Will the February 14<sup>th</sup> semifinals presentation be in front of the SIC?

**Answer:** The presentation will be in front of the SIC DC plan subcommittee which will most likely consist of 4 SIC members along with treasury staff, but all SIC members will be invited to the presentation. We expect the presentations to be an hour in length to ensure all the presentations can be made in one day.

**B31- Question:** Who will make the final vote in regards to the selection of a vendor?

**Answer:** The SIC will have the final vote.

**B32- Question:** Has the SIC DC plan subcommittee been formed?

**Answer:** It has not been finalized at this time, but it will consist of SIC members and staff.