

***** AMENDED *****

**North Dakota Public Employees Retirement System
PERS 401(a) Defined Contribution Plan
PERS IRC Section 457 Deferred Compensation
Companion Plan**

**Request for Proposal to Provide
Semi-Bundled
Deferred Compensation Services:
Recordkeeping/Administration,
Communication/Education,
Custodial Trustee Services and Investment
Management Services**

**Issue Date: 12/27/2010
Deadline for Questions: 02/04/2011
Deadline for Submission: 03/04/2011**

NOTICE TO PROPOSERS

There may be one or more amendments to this Request for Proposal (“RFP”). If your company desires to receive copies or notices of any such amendments, you must provide the information requested below to Jeffrey Snyder at Segal Advisors by e-mail at jsnyder@segaladvisors.com. Additional information about the plans is available at <http://www.nd.gov/ndpers/>.

All inquiries regarding this RFP must be addressed to the individual listed above. The Retirement Board in consultation with Segal Advisors will issue responses to inquiries and any other corrections or amendments it deems necessary in addenda issued prior to the Proposed Submission Deadline. Proposers should not rely on any representations, statements or explanations other than those made in this RFP or in a formal addendum. It is the proposer’s responsibility to ensure receipt of all addenda.

Amendments to the RFP will only be sent to those firms that complete and return this form via fax or provide the requested information by e-mail.

RFP Name	State of North Dakota NDPERS 457 Deferred Compensation Companion Plan and 401(a) Defined Contribution Plan Recordkeeping and Investment Services
Company name	_____
Mailing address	_____ _____ _____
Phone number	_____
Fax number	_____
Contact person	_____
E-mail address	_____

All amendments will be sent via E-mail

Any alterations to this document made by the proposer may be grounds for rejection of the proposal, cancellation of any subsequent award, or any other legal remedies available to the PERS Retirement Board.

From the date this RFP is issued until the award of the contract, all communication related to this RFP shall be directed to Jeffrey Snyder of Segal Advisors.

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SECTION 1

Introduction/Overview

Section 1: Introduction/Overview

Purpose/Objective

The State of North Dakota (“State”) is seeking competitive proposals from qualified companies to provide semi-bundled 401(a) and 457 Deferred Compensation Companion Plan services (i.e., recordkeeping/administration, communication/education, and custodial trustee services) and semi-bundled investment management services for the North Dakota Public Employees Retirement System 401(a) Defined Contribution and IRC Section 457 Deferred Compensation Plan

The PERS Retirement Board (“Board”) has retained Segal Advisors, Inc. to assist in the evaluation and selection of a full service provider to administer the Plans

The purpose of this RFP is to solicit proposals from qualified vendors that can offer best-in-class investment choices, highest-quality services, and most favorable costs (i.e., the maximum value for the benefits proposed).

The Board is also requesting each proposer provide recommendations in alternative asset classes it believes will enhance the Plan. Each proposer should provide recommendations in its response to section 3: Investment Management Services, and include its reasoning.

The Board expects each proposer to clearly outline its best and most comprehensive resources because all services and responsibilities identified in this RFP, with the exception of Qualified Domestic Relations Orders and Hardship Withdrawals determinations, will be outsourced to the service provider.

Additionally, the successful bidder will actively work with the Board to meet the following key Plan objectives:

1. Increase the overall number of participants in the 457 Companion Plan 2. Increase the average contribution percentage rate, thus producing a higher average account balance in the 457 Companion Plan

These objectives for the 457 Companion Plan may be achieved by:

- (a) Offering incentives, such as a buyout of surrender charges, allowing participants utilizing another deferred compensation service provider to transfer their balances to the plan
- (b) Utilizing local brokers
- (c) Increasing the minimum contribution rate of the 457 Companion Plan
- (d) An alternative strategy suggested by the selected service provider

Background

PERS IRC Section 457 Deferred Compensation Companion Plan:

The administration of the deferred compensation plan for public employees was given to the Board on July 1, 1987. All state employees are eligible to participate, as well as political subdivision employees, if the governing authority of the political subdivision elects to offer the state plan.

Presently 7,200 employees have accounts with fifteen investment providers. There are eleven active providers. Assets are over \$115 million. The Board has developed a plan and contracts with investment providers (mainly insurance companies) to invest the contributions of employees.

The deferred compensation plan is found in Chapter 54-52.2 of the North Dakota Century Code (NDCC). State administrative code allows any provider company to participate in the program that has 50 or more eligible members willing to sign up for their product. PERS does not select or monitor the investment products offered by these vendors, and does not act as a trustee for their products.

In 1998 the Board decided that an additional product should be added that would be: 1) selected by the Board based upon a competitive RFP process, 2) that the Board would act as the trustee for, 3) that the Board would select and monitor the investment products, and 4) the investment products would be mutual funds. This product is called the PERS Companion Plan. The Board developed a Statement of Investment Policies for this plan. This policy may be viewed at its website www.nd.gov/ndpers . The Board also has been monitoring the investment products for this plan. This report can also be found on its website at www.nd.gov/ndpers.

The Companion Plan has over \$31.0 million in assets with approximately \$280,000 in monthly contributions. Fidelity is the present provider for these services. There has been a steady growth in Plan assets and participation.

Date	Assets	Number of Participants
September 2005	\$15.9 million	1,061
September 2006	\$19.3 million	1,416
September 2007	\$24.0 million	1,872
September 2008	\$21.5 million	2,328
September 2009	\$25.3 million	2,768
September 2010	\$31.1 million	3,135

PERS 401(a) Defined Contribution Plan:

The state approved the establishment of a defined contribution plan for certain state employees, effective January 1, 2000. This program is offered as an alternative to the State’s defined benefit plan.

Eligible employees are not classified by Human Resource Management Services; however, this does not include employees of the University System and the Supreme Court.

Approximately 291 employees selected the 401(a) Defined Contribution plan. The estimated value of contributions to this plan is approximately \$12,000,000. Total assets are approximately \$18.0 million. Monthly contributions in the amount of 8.12% of salary (\$100,000) are added to the plan for each month for each participant. Similar to the Deferred Comp plan the “Statement of Investment Policy” and “Quarterly Report” are available on the PERS Web site under Defined Contribution Retirement Plan. Fidelity is the present provider for these services.

Both the 401(a) Defined Contribution Plan and the 457 Deferred Compensation Companion Plan utilize the same investment options. Additionally, a self-directed brokerage option is currently available.

Participants must complete and return a form to PERS for approval to utilize the self-directed brokerage option.

The State of North Dakota is considering legislation to utilize the 401(a) Defined Contribution Retirement Plan as the sole retirement vehicle for all new State employees beginning August 1, 2011. In addition, the State is considering allowing current PERS Defined Benefit Plan participants the option to transfer their account balances from the PERS Defined Benefit Plan during the period August 1, 2011 to March 1, 2012 to the 401(a) Defined Contribution Plan.

Bidders are asked to propose services for four separate and distinct scenarios:

Scenario 1: Submit a bid for either the 401(a) Defined Contribution Retirement Plan or the 457 Deferred Compensation Companion Plan

Scenario 2: Submit a bid for both the 401(a) Defined Contribution Retirement Plan and the 457 Deferred Compensation Companion Plan

Scenario 3: Submit a bid for both the 401(a) Defined Contribution Retirement Plan and the 457 Deferred Compensation Companion Plan. Effective August 1, 2011 all new State employees will be placed in the 401(a) Defined Contribution Retirement Plan.

Scenario 4: Submit a bid for both the 401(a) Defined Contribution Retirement Plan and the 457 Deferred Compensation Companion Plan. Effective August 1, 2011 all new State employees will be placed in the 401(a) Defined Contribution Retirement Plan. Existing employees in the PERS Defined Benefit Plan will be given the option to transfer their existing balances to the 401(a) Plan during the period August 1, 2011 to March 1, 2012.

Scope of Services

Investment Management Services

The Plans currently offer participants a diverse array of investment options covering all major asset classes. The Board is looking for a provider(s) that can offer participants a selective, highly competitive investment product for each asset class described in the RFP. Historical investment performance, of at least three, and preferably five to ten years of history, will be required for each recommended investment product.

While the final investment line-ups will be determined by the Board in its sole discretion, for purposes of submitting your firm's proposal you should assume that the investment structure would be exactly as described in the RFP. In addition, the Board is looking for the selected service provider to review the existing fund line up and asset classes and make any recommendation it deems appropriate for additional core options in the Plans.

The Stable Value Fund should be fully diversified, limit credit risk/exposure, provide competitive returns with no benefit payment limitations and provide attractive contract termination conditions such as transfer of book value with no market value adjustments or liquidation penalties. Investment options with any front-end or rear-end loads or other similar fees, charges or penalties will not be considered.

Administration and Recordkeeping Services

Proposers will be required to provide detailed information about their recordkeeping and administrative systems and use of technology. Important factors include ability to monitor compliance, process participant transactions, provide timely and accurate participant statements and financial statements for the plan sponsor. The service provider(s) selected by the Board must have in place a toll-free customer service center, automated voice response system, and Internet service that allow participants access to their accounts.

Proposers will provide extensive capabilities to support employee self-service using a variety of media. As a baseline, the proposer must provide superior Internet, interactive voice response system (VRS), and customer and field service representative capabilities to support the needs of the Plans' participants. The services must include the following:

1. Support employee enrollment activities, initial and ongoing.
2. Answer employee inquiries related to eligibility, plan features, and investment offerings.
3. Allow employees to model retirement scenarios, request withdrawals from the Plans, change investment mix, change investment rates and percentages, request balances, and other similar activities.
4. Provide participant investment education materials to make informed investment decisions.
5. Provide participant investment advisory services.
6. Provide benefits literature, such as summary plan descriptions, forms, statements, and prospectuses.
7. Work with NDPERS staff to administer unforeseen emergency withdrawals and Domestic Relations Orders.

The State will be responsible for establishing qualification procedures and other distribution and savings options. In accordance with applicable federal statutes and regulations, the State shall approve all unforeseeable emergency withdrawal requests and handle all appeals of that determination.

The Board expects the successful service provider to assume all data-management responsibilities for the State. The service provider will be required to establish two-way interface capability with all appropriate parties (e.g., State payroll) and be held accountable for timely, accurate transmission and, as appropriate, editing and validation of data for processing enrollments and contribution activity. All programming updates to the State's systems will be the responsibility of the successful service provider.

Implementation Services

Proposers must provide a detailed transition strategy along with communication materials to explain any new plan changes and enhancements. The potential transition from the current plan provider to a new provider will require you to provide an explanation of the process, blackout period, and reconciliation of plan assets to the individual participant records.

Employee Communication/Education and Enrollment Services

The prospective service provider will be required to provide a comprehensive employee communication and investment education program that includes investment advice and pre-retirement planning services. Communication services are to be supported by customer service representatives and comprehensive Internet services that provide participants with interactive financial and retirement planning tools and software. A dual-high touch, high-tech approach will be required to provide the participants with all of the necessary financial information and data to make informed investment decisions related to their elections. An explanation that outlines your firm's capabilities in designing and implementing a communication/education strategy will be required for both the initial transition and ongoing process. The goal is to identify a service provider that offers a comprehensive communication/education services supported with field service representatives to accommodate the needs of the employees located throughout the State of North Dakota including one-on-one counseling and investment advisory services. Field service representatives' compensation cannot be structured for any bias towards any investment product or advisory services.

The service provider will participate in NDPERS enrollment efforts as determined by the Board and NDPERS staff. The service provider may be called upon to prepare enrollment packages, which may be distributed at group meetings and in response to an employee's request and will contain all information in a complete and concise manner so that an employee would be able to enroll in the Plans. The service provider may also be required to provide enrollment counseling to employees who wish to discuss the Plans and the investment offerings in person or over the telephone.

The service provider will be required to prepare, for the Board's approval, an annual education plan. This plan should detail the approach that your organization will take in communicating the program to employees, including the plan for contacting existing participants, by mail/or email, by telephone or in person, to periodically re-evaluate their deferred compensation plan participation and review whether changes should be made. The Board will require a quarterly report from the service provider to monitor plan level activities, including Plan investments. This report shall include data on both the Plan and participant level, as well as the status and resolution of any participant problems and developments in the delivery of plan services.

For **scenario 4**, the State recognizes the importance of clear, comprehensive and impartial communications so employees can make a fully informed choice regarding which plan they participate in. The State is interested in receiving responses under two levels of service. The first would be if representatives of your firm conducted the group education meetings and the individual counseling sessions. The second would be if your company prepared a communication plan, developed the use of State staff members, educational materials for the group meetings and individual counseling sessions and trained State staff to use these materials to conduct the meetings and sessions.

EXISTING EMPLOYEES INITIAL ELECTION PERIOD

As indicated in **scenario 4**, the State will have an initial one-time election period from August 1, 2011 to March 1, 2012 during which all current State employees will have an opportunity to elect to transfer their balance from the PERS Defined Benefit Plan to the 401(a) Defined Contribution Retirement Plan. All current employees will be given the opportunity to attend a group or individual meeting explaining the plan and comparing and contrasting it with the current PERS Defined Benefit Plan.

Employees who elect not to transfer will be required to sign a waiver form indicating that they had the opportunity to attend a meeting, received certain required written materials and are affirmatively and knowingly waiving their opportunity to transfer to the 401(a) Defined Contribution Retirement Plan. Employees who elect to transfer will be required to sign an election form indicating that they had the opportunity to attend a meeting, received certain required written materials and are affirmatively and

knowingly electing to transfer the present value of their accrued benefit under the current PERS Defined Benefit Plan and that, as a consequence of their election to transfer, they have given up all rights to future benefits under that plan. All employees will be required to acknowledge that their election is irrevocable. Any employee who does not complete an election form will remain in the PERS Defined Benefit Plan. Employees who elect to transfer will also be required to complete an election form to participate in the plan.

The vendor selected to provide these services will be required to prepare, with the approval of the PERS Board, a communication plan that will ensure that all eligible employees are fully educated and informed of all of the differences between the PERS Defined Benefit Plan and the 401(a) Defined Contribution Plan and the consequences of their election.

The communication plan must provide for an adequate number of group meetings and individual educational sessions so that all eligible employees are given the opportunity to attend. The State would provide the necessary personnel to have a representative of the State attend each meeting along with a representative of the company. A representative from the selected vendor will be in attendance at group meetings to explain the provisions, operations and investment options of the 401(a) Defined Contribution Plan. The State may have a representative of the Retirement System attend each individual meeting or make arrangements for meetings to be held at its offices for some or all employees. The meetings will be required to be held at different locations and at different times of the day and the State may require that some of the meetings be held in the evening to facilitate the attendance of spouses. The State expects that a minimum of 125 group meetings will be necessary to conduct the initial election process. However, the proposal of additional meetings will be viewed favorably, although considered in context of the cost of the proposed services.

Alternatively, the selected vendor will be responsible for preparing a suggested communication plan and all supporting materials, including modeling and projection software, for the use of State staff in conducting group meetings and individual counseling sessions.

Under this alternative, the State will require that the selected vendor design, print and, where necessary, mail all written materials and election and enrollment forms needed to fully communicate the plans and conduct the election/transfer. The State will also require that the selected vendor providing these services prepare a computer modeling software application, customized for the State's plans, that will enable employees to compare the benefits they will receive from each plan based on various assumptions for such factors as rates of return, life expectancy, etc. All communication materials prepared by the company, including all forms and computer software programs must be reviewed and approved by the State prior to use by the company.

In your response you must provide a suggested communication plan that should include a description of the communication materials to be prepared and tailored to the State's plan and the method in which these materials will be distributed (i.e. payroll stuffers, distributed at group educational meetings, mailed to employees' homes). The selected vendor will be required to print enough of the materials to ensure that there is an adequate supply of all materials.

The company will also be responsible for fully understanding all terms, conditions and features of both the current PERS Defined Benefit Plan and the 401(a) Defined Contribution Retirement Plan.

In describing your firm's marketing plan, your response should fully describe any additional communications enhancements that your company will provide. Such enhancements might include the company's ability to install its modeling software on the State's website or other materials or distributions that would facilitate the initial election process.

Trustee/Custodial Services

The proposer must provide trustee/custodial services for the Plans or arrange for trustee services with an outside party. Any additional costs for trustee/custodial services are to be fully disclosed in the fee section of this Request for Proposal.

Proposal Preparation

Fees

Each respondent must fully disclose fees based on the plan information provided in this RFP. Fees are to be quoted under the following scenarios:

Scenario 1: Submit a bid for either the 401(a) Defined Contribution Retirement Plan or the 457 Deferred Compensation Companion Plan

Scenario 2: Submit a bid for both the 401(a) Defined Contribution Retirement Plan and the 457 Deferred Compensation Companion Plan

Scenario 3: Submit a bid for both the 401(a) Defined Contribution Retirement Plan and the 457 Deferred Compensation Companion Plan. Effective August 1, 2011 all new State employees will be placed in the 401(a) Defined Contribution Retirement Plan.

Scenario 4: Submit a bid for both the 401(a) Defined Contribution Retirement Plan and the 457 Deferred Compensation Companion Plan. Effective August 1, 2011 all new State employees will be placed in the 401(a) Defined Contribution Retirement Plan. Existing employees in the PERS Defined Benefit Plan will be given the option to transfer their existing balances to the 401(a) Plan during the period August 1, 2011 to March 1, 2012.

Preparation Costs

All costs incurred during proposal preparation or in any way associated with the proposal's preparation, response, submission, presentation, or oral interviews shall be the sole responsibility of the proposer and will not be reimbursed by the Plans.

Term of Contract

The successful proposer must execute a contract providing the specified package of services in accordance with the State's requirements.

Once awarded, the contract will begin **August 1, 2011** for a period of **23-months** concluding on **June 30, 2013**. The fee structure proposed must be guaranteed for the initial contract term. In addition, the Board, at its discretion, may extend the contract for up to two, 24-month periods. The fee structure of these extensions will be subject to negotiations.

The Board is not bound by any oral or written information released prior to the issuance of this RFP. Any materials and documents developed during the engagement will become the property of the Board.

In submitting a proposal, the selected provider agrees that the Board has access to and the right to examine directly all pertinent documents, papers and records of the contractor and/or any subcontractor as

related to any contract and/or sub-contract resulting from this RFP until six years after final payment has been made pursuant to any contract awarded as a result of the Board's acceptance of the provider's proposal. The Board has the exclusive ownership and unlimited rights to use, disclose, or duplicate for any purpose whatsoever, all information, data, designs, work products, and materials developed by the provider under contract.

The Board reserves the right to refuse to do business with any proposer found to be non-responsive by the Board. The Board reserves the right to postpone or cancel this RFP and to reject all proposals.

If no agreement is reached with a proposer within a period of time considered reasonable by the Board, the Board may terminate negotiations and select another proposer, issue a new RFP, or take any other action consistent with the Plans' best interests. No proposer shall have any rights against the Plans, the Board, or the State arising from such negotiations. By issuing this RFP, the Board is not obligated to award a contract. The contract between the Plans, acting through the Board, and the successful proposer shall contain provisions based on the specific requirements of this RFP, the successful proposer's proposal, and general provisions governing all Plan contracts. No elected or appointed member, agent, or employee of the Board and/or the State shall benefit financially or materially from any contract resulting from this procurement. The Board may terminate any contract resulting from this procurement if gratuities were offered or given by the contractor or his agent to any member, agent, or employee of the Board and/or the State.

The selected proposer is responsible for the entire contract performance. The proposer must indicate in the RFP if it intends to use a subcontractor for any part of the work. If so, the proposer shall identify each subcontractor by name, business address, and expertise, and must include the name(s) of the principal(s) of the subcontracting entity. A full description of the tasks to be performed by the subcontractor must be included.

The selected proposer shall defend, indemnify, and hold harmless the state of North Dakota, its agencies, officers and employees (State), from and against claims based on the vicarious liability of the State or its agents, but not against claims based on the State's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. The legal defense provided by the proposer to the State must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary. The selected proposer also agrees to defend, indemnify, and hold the State harmless for all costs, expenses and attorneys' fees incurred if the State prevails in an action against proposer in establishing and litigating the indemnification coverage provided. The proposer shall, and shall cause provider Agents to, cooperate with the Board and the State in connection with the investigation, defense or prosecution of any action, suit or proceeding. The successful proposer must execute a contract providing the required services in accordance with the Board's requirements.

The proposer understands that if any term or condition of this RFP or subsequent contract is determined to have been entered by an agent of the Board without the appropriate authority, said term or condition shall be void and unenforceable.

The Board reserves the right to accept or reject the account manager and other staff personnel designated for its programs, both initially and in future years. The successful contractor must notify the Board of all changes in the personnel assigned to this engagement.

The final award will be subject to the execution of a service contract acceptable to the State.

Confidentiality

This RFP and all materials submitted are not public information until the contract is executed subject to the provisions described in the proposal.

Proposers should specifically identify those portions of the proposal for which they assert meet the definition of confidential, proprietary information or trade secrets under North Dakota law, and provide justification why the State should not disclose such material upon request. Such confidentiality/proprietary information must be easily separable from the non-confidential section of the proposal. The selected provider agrees to observe the confidentiality provisions and prohibitions against disclosure of all applicable federal and State laws and regulations relating to the confidentiality of records and information gathered, obtained, reviewed, or developed in the performance of the resulting agreement; and further agrees to require each of its employees, partners, and agents assigned to the performance of this agreement to observe said provisions. The provider must comply with the requirements of North Dakota State Law for safeguarding confidential information, the prohibition against disclosure of confidential information and the civil and criminal consequences of non-compliance.

Minimum Qualifications of Service Provider

The following is the criteria for a semi-bundled provider to be considered as an eligible candidate to bid on the requested services described in this RFP.

1. Proposers must certify that they are a qualified firm to provide administrative services pursuant to Sections 401(a) and 457 of the Internal Revenue Code, including all rules and regulations of the State of North Dakota.
2. Proposers must offer the following administrative services (i.e., recordkeeping/administration, communication/education, investment management, custodial trustee services, and investment advisory services) and submit a response to this proposal under all scenarios provided.
3. Proposers must comply with all RFP specifications. Unless otherwise noted by you, in your cover letter, it is assumed that, by submitting a response to this RFP, your response is intended to conform to the specifications in every way.
4. Proposers must provide a representative who can provide a single point of contact, seamless administration and accountability, and meet, on a regular basis, with the Board.
5. Proposers must demonstrate an ability to work with the Board or designated representative in implementation, communication, and administration of the program.
6. Proposer must have at least **five (5) years' experience** in providing the proposed services and products to the public sponsor defined contribution marketplace.
7. Proposer must have a minimum of **\$2 billion** under investment management for public sector 401(a) and 457 plans.
8. Proposer must have at least **three (3)** public sector 401(a) and 457 plan accounts each with **10,000** or more participants.
9. Proposer must have a Statement of Auditing Standards (SAS) 70 Audit conducted at least annually and provide their most recent SAS 70 as part of their response to this proposal.
10. Trust/custodial services must have been provided to defined contribution plans for at least **five years (5)** and have at least **\$5 billion** under trust/custody. Trustee services can be provided either through direct services or through a banking arrangement.
11. The contract term will begin on **August 1, 2011** for a period of **23-months** concluding on **June 30, 2013**. The fee structure proposed **must be guaranteed for the initial contract term**. In addition, the Board, at its discretion, may extend the contract for up to two, 24-month periods. The fee structure of these extensions will be subject to negotiations.
12. Proposers must be able to accommodate an **August 1, 2011** implementation date.
13. Proposers must have the capability to establish a two-way data interface with the State and will be solely responsible for timely, accurate transmission and, as appropriate, editing and validation of data for processing enrollments and contribution activity. The successful service provider will absorb all of the State's programming costs to accommodate any changes to its payroll system.
14. Proposers must provide 1099R Forms for all distributions (including beneficiary) and provide administration under Section 401(a)(9) and 457, required and minimum distributions.

15. Proposers must provide resources to support the on-going consultation to the Board and all Plan participants located throughout the State. This includes the availability of customer and field service representatives to support employee meetings and new employee orientation programs. The selected vendor must have field service support available by **June 1, 2011** to commence the new plan roll out.
16. Proposers must be able to meet with the Board/Committee on an annual basis and provide Plan reporting and investment support, including fund recommendations and oversight on a quarterly basis. Meetings may be either in person or via conference call (or alternative media) as determined by the Board.
17. Proposers must be able to maintain and track participant contribution rate changes and report an electronic feedback file with updated information to payroll so that they can in turn update their payroll deduction records.
18. Proposers must be solely liable and responsible for any processing errors of the provider or its agents. In the event of a participant's loss of interest and/or dividend and/or principal due to an error by the selected proposer or its agent in processing transactions on behalf of the participant, the selected proposer agrees to adjust the participant's account to the same position as if the processing error had not occurred.
19. Proposers must provide access, with reasonable notice, to parties authorized by the State for the purpose of performing any audit or reviews that are deemed necessary.

Any responses not meeting these specifications may be considered, at the sole discretion of the Board, as non-responsive.

Information Regarding the 401(a) Defined Contribution Retirement Plan

Plan Name:	North Dakota Public Employee Retirement System Defined Contribution Plan	
Plan Sponsor:	North Dakota Public Employees Retirement System 400 E Broadway, Suite 505 PO Box 1657 Bismarck, ND 58502-1657	
Eligibility:	All permanent employees who meet the eligibility requirements set by chapter 54-52.6, except an employee of the judicial branch, member of the highway patrol, or an employee of the board of higher education and state institutions under the jurisdiction of the board, who are eighteen years or more of age and who are in a position not classified by the central personnel division or a permanent employee of a political subdivision who has previously elected to participate in the defined contribution program	
Eligible Employees:	There are approximately 600 non-classified eligible employees	
Contribution Types:		
Mandatory Employee	<ul style="list-style-type: none">▪ 4% of compensation under 414(h) of the Internal Revenue Code	
Employer	<ul style="list-style-type: none">▪ 4.12% of compensation deposited each calendar month	
Employer Payment of Employee	<ul style="list-style-type: none">▪ The Employer, at its option, may pay for the employee contributions for all compensation earned after December 31, 1999	
Vesting:	Less than 2 years of service	0%
	2 years	50%
	3 years	75%
	4 years	100%
Benefit Payment Events:	The Plan allows for withdrawals for the following events: <ul style="list-style-type: none">▪ Termination of employment▪ Less than \$1,000 force outs▪ Minimum Required Distributions▪ Retirement▪ Death▪ Disability▪ Qualified Domestic Relations Orders.	
Forms of Distribution:	<ul style="list-style-type: none">▪ Lump Sum▪ Periodic payments (monthly, quarterly or semi-annually)	
Fees:	\$8 per participant per year	

Information Regarding the 457 Plan

Plan Name:	State of North Dakota 457 Deferred Compensation Companion Plan
Plan Sponsor:	North Dakota Public Employees Retirement System 400 E Broadway, Suite 505 PO Box 1657 Bismarck, ND 58502-1657
Eligibility:	Employees of the State of North Dakota and employees of participating political subdivisions <ul style="list-style-type: none">▪ Permanent employees working a minimum of 20 hours per week for 20 or more weeks per year▪ 18 years of age filling a permanent position that is regularly funded and not of limited duration▪ Legislators
Eligible Employees:	There are approximately 14,000 eligible State employees plus participating political subdivision employees
Contribution Types:	
Employee Pre-Tax:	▪ Minimum of \$25.00 per month
Rollovers:	▪ Rollover contributions from 401(a), 401(k), 401(c) Keogh, 403(b), 457(b), FERS and IRA
Catch-Up Contributions:	▪ Age 50 and over and 3-Year
In-Service Withdrawals:	Participants may withdraw their contributions plus interest for the following reason: <ul style="list-style-type: none">▪ Financial hardship in accordance with IRS regulations▪ Qualified Domestic Relations Orders▪ Purchase of Service Credits▪ One-time de minimus distribution of account balances less than \$5,000
Benefit Payment Events:	The Plan allows for withdrawals for the following events: <ul style="list-style-type: none">▪ Termination of employment▪ Retirement▪ Death▪ Required Minimum Distributions
Forms of Distribution:	<ul style="list-style-type: none">▪ Lump Sum▪ Periodic payments
Fees:	\$30 per participant per year

NDPERS Participating Political Subdivisions/Employer Groups

NUMBER	AGENCY	EMPLOYEES
101	GOVERNOR'S/LT. GOVERNOR'S OFFICE	31
108	SECRETARY OF STATE'S OFFICE	30
110	OFFICE OF MANAGEMENT & BUDGET	138
112	INFORMATION TECHNOLOGY DIVISION	319
117	STATE AUDITOR'S OFFICE	70
120	STATE TREASURER'S OFFICE	6
125	ATTORNEY GENERAL'S OFFICE	232
127	STATE TAX DEPARTMENT	154
140	OFFICE OF ADMINISTRATIVE HEARING	6
150	LEGISLATIVE ASSEMBLY	142
160	LEGISLATIVE COUNCIL	26
180	ND SUPREME COURT	428
188	LEGAL COUNSEL OF INDIGENTS	30
190	RETIREMENT & INVESTMENT OFFICE	21
192	PUBLIC EMPLOYEES RETIREMENT SYSTEM	35
201	DEPARTMENT OF PUBLIC INSTRUCTION	122
202	EDUCATION STANDARDS AND PRACTICES BOARD	6
215	ND UNIVERSITY SYSTEM	10
223	ND YOUTH CORRECTIONAL CENTER	96
224	CORRECTIONS – JUVENILE SERVICES	35
226	LAND COMMISSION	27
227	BISMARCK STATE COLLEGE	158
228	UND - LAKE REGION	54
229	WILLISTON STATE COLLEGE	60
230	UNIVERSITY OF NORTH DAKOTA	1746
235	ND STATE UNIVERSITY	1203
238	ND STATE COLLEGE OF SCIENCE	219
239	DICKINSON STATE UNIVERSITY	126
240	MAYVILLE STATE UNIVERSITY	104
241	MINOT STATE UNIVERSITY	235
242	VALLEY CITY STATE UNIVERSITY	73
250	ND STATE LIBRARY	47
252	SCHOOL FOR THE DEAF	51
253	SCHOOL FOR THE BLIND	28
261	STATE BOARD OF NURSING	5
270	CAREER & TECHNICAL EDUCATION	32
301	HEALTH DEPT. & CONSOLIDATED LABS	459
305	TOBACCO PREVENTION/CONTROL COMMITTEE	6

NUMBER	AGENCY	EMPLOYEES
310	DEVELOPMENTAL CENTER OF GRAFTON	549
312	JAMESTOWN STATE HOSPITAL	569
313	ND VETERAN'S HOME	153
316	INDIAN AFFAIRS COMMISSION	4
321	DEPARTMENT OF VETERAN'S AFFAIRS	7
325	DEPARTMENT OF HUMAN SERVICES	1779
360	PROTECTION & ADVOCACY PROJECT	36
380	JOB SERVICE	322
401	ND INSURANCE DEPARTMENT	55
405	ND INDUSTRIAL COMMISSION	69
406	ND LABOR DEPARTMENT	12
408	PUBLIC SERVICE COMMISSION	47
412	AERONAUTICS COMMISSION	5
413	DEPARTMENT OF BANKING & FINANCE	45
414	ND SECURITIES DEPARTMENT	11
426	ND BOARD OF LAW EXAMINERS	3
427	STATE BOARD OF COSMETOLOGY	4
428	ND PLUMBING BOARD	3
471	BANK OF NORTH DAKOTA	228
472	PUBLIC FINANCE AUTHORITY	2
473	HOUSING FINANCE AGENCY	53
475	ND MILL & ELEVATOR	149
485	WORKFORCE SAFETY & INSURANCE	166
502	ND PAROLE BOARD	110
504	ND HIGHWAY PATROL	217
517	DEPT OF CORRECTIONS – TRANSITIONAL FACILITIES	37
518	JAMES RIVER CORRECTIONAL CENTER	206
519	STATE PENITENTIARY	240
520	ROUGH RIDER INDUSTRIES	36
530	DEPARTMENT OF CORRECTIONS	110
540	ADJUTANT GENERAL ND NATIONAL GUARD	266
601	DEPARTMENT OF COMMERCE	64
602	DEPARTMENT OF AGRICULTURE	105
603	DAIRY PROMOTION COMMISSION	1
607	MILK STABILIZATION BOARD	4
608	ND OILSEED COUNCIL	1
611	ND SOYBEAN COUNCIL	5

NUMBER	AGENCY	EMPLOYEES
614	ND CORN UTILIZATION COUNCIL	2
616	ND SEED DEPARTMENT	27
624	ND BEEF COMMISSION	3
625	ND WHEAT COMMISSION	7
626	ND BARLEY COMMISSION	5
665	ND FAIR ASSOCIATION	34
670	RACING COMMISSION	2
701	ND HISTORICAL SOCIETY	77
709	ND COUNCIL OF THE ARTS	9
710	SOIL CONSERVATION COMMITTEE	2
720	ND GAME & FISH DEPARTMENT	188
750	ND PARKS & RECREATION	71
770	ND WATER COMMISSION	97
801	DEPARTMENT OF TRANSPORTATION	1192
900	STATE BOARD OF ACCOUNTANCY	1
901	STATE BOARD OF MEDICAL EXAMINERS	5
902	STATE BOARD OF PHARMACY	3
903	CUSTER DISTRICT HEALTH UNIT	56
905	FIRST DISTRICT HEALTH UNIT	74
906	REAL ESTATE COMMISSION	2
907	SW DISTRICT HEALTH UNIT	40
908	UPPER MISSOURI HEALTH UNIT	30
909	STATE ELECTRICAL BOARD	16
910	LAKE REGION DISTRICT HEALTH UNIT	25
912	GARRISON DIVERSION CONSERVATION DISTRICT	40
913	WALSH COUNTY HEALTH DISTRICT	5
914	DICKEY COUNTY HEALTH DISTRICT	3
916	ROLETTE COUNTY PUBLIC HEALTH	7
917	TOWNER COUNTY PUBLIC HEALTH	2
990	CAVALIER COUNTY HEALTH DISTRICT	5
992	CITY-COUNTY HEALTH UNIT	23
997	CENTRAL VALLEY HEALTH UNIT	35
998	TRAILL COUNTY HEALTH DISTRICT	8

COUNTIES

NUMBER	AGENCY	EMPLOYEES
A01	ADAMS COUNTY (HETTINGER)	55
A02	BARNES COUNTY (VALLEY CITY)	86
A03	BENSON COUNTY (MINNEWAUKAN)	64
A04	BILLINGS COUNTY (MEDORA)	40
A05	BOTTINEAU COUNTY (BOTTINEAU)	87
A06	BOWMAN COUNTY (BOWMAN)	38
A07	BURKE COUNTY (BOWBELLS)	36
A08	BURLEIGH COUNTY (BISMARCK)	296
A09	CASS COUNTY (FARGO)	476
A10	CAVALIER COUNTY (LANGDON)	63
A11	DICKEY COUNTY (ELLEDALE)	68
A12	DIVIDE COUNTY (CROSBY)	44
A13	DUNN COUNTY (MANNING)	85
A14	EDDY COUNTY (NEW ROCKFORD)	31
A15	EMMONS COUNTY (LINTON)	39
A16	FOSTER COUNTY (CARRINGTON)	38
A18	GRAND FORKS COUNTY (GRAND FORKS)	311
A19	GRANT COUNTY (CARSON)	47
A20	GRIGGS COUNTY (COOPERSTOWN)	47
A21	HETTINGER COUNTY (MOTT)	34
A23	LAMOURE COUNTY (LAMOURE)	56
A24	LOGAN COUNTY (NAPOLEON)	24
A25	MCHENRY COUNTY (TOWNER)	56
A26	MCINTOSH COUNTY (ASHLEY)	37
A27	MCKENZIE COUNTY (WATFORD CITY)	120
A28	MCLEAN COUNTY (WASHBURN)	103
A29	MERCER COUNTY	59
A30	MORTON COUNTY (MANDAN)	2
A31	MOUNTRAIL COUNTY (STANLEY)	88
A32	NELSON COUNTY (LAKOTA)	47
A33	OLIVER COUNTY (CENTER)	22
A34	PEMBINA COUNTY (CAVALIER)	81
A35	PIERCE COUNTY (RUGBY)	65
A36	RAMSEY COUNTY (DEVILS LAKE)	79
A37	RANSOM COUNTY (LISBON)	77
A38	RENVILLE COUNTY (MOHALL)	36
A39	RICHLAND COUNTY (WAHPETON)	178
A40	ROLETTE COUNTY	67

NUMBER	AGENCY	EMPLOYEES
A42	SHERIDAN COUNTY (MCCLUSKY)	27
A43	SIOUX COUNTY (FORT YATES)	21
A45	STARK COUNTY (DICKINSON)	137
A46	STEELE COUNTY (FINLEY)	51
A47	STUTSMAN COUNTY (JAMESTOWN)	171
A48	TOWNER COUNTY (CANDO)	23
A49	TRAILL COUNTY (HILLSBORO)	78
A50	WALSH COUNTY (GRAFTON)	96
A51	WARD COUNTY (MINOT)	298
A52	WELLS COUNTY (FESSENDEN)	57
A53	WILLIAMS COUNTY (WILLISTON)	178

SCHOOLS

NUMBER	AGENCY	EMPLOYEES
B05	SURREY PUBLIC SCHOOL	36
B12	HARVEY PUBLIC SCHOOL DIST #38	46
B17	KILLDEER PUBLIC SCHOOL DIST #14	30
B18	GLENBURN PUBLIC SCHOOL	16
B29	LISBON PUBLIC SCHOOL	34
B31	BELCOURT PUBLIC SCHOOL DIST #7	150
B32	MCCLUSKY PUBLIC SCHOOLS	9
B53	WHITE SHIELD PUBLIC SCHOOL DIST #85	25
B54	UNDERWOOD PUBLIC SCHOOL DIST #8	19
B58	TURTLE LAKE/MERCER PUBLIC SCHOOL	17
B74	UNITED PUBLIC SCHOOL DIST #7	33
B78	MANVEL PUBLIC SCHOOL	17
B84	TIOGA PUBLIC SCHOOLS	25
B92	YELLOWSTONE SCHOOL DISTRICT #14	4
B97	NAPOLEON PUBLIC SCHOOL DIST #2	10
BA7	NORTHERN PLAINS SPEC EDUC UNIT	46
BA9	APPLE CREEK ELEMENTARY SCHOOL	2
BB0	STANLEYCOMMUNITY PUBLIC SCHOOL DIST # 2	48
BB2	KENMARE PUBLIC SCHOOLS	16
BB5	BEACH PUBLIC SCHOOL DISTRICT	36
BB6	LEWIS & CLARK PUBLIC SCHOOLS	21
BC4	ENDERLIN AREA SCHOOL DIST #24	20
BD3	NEW SALEM – ALMONT SCHOOL DISTRICT	1

NUMBER	AGENCY	EMPLOYEES
BD6	PINGREE BUCHANAN SCHOOL DIST	8
BD9	WAHPETON PUBLIC SCHOOL DIST 39	64

CITIES

NUMBER	AGENCY	EMPLOYEES
C01	KENMARE, CITY OF	6
C04	BOWMAN, CITY OF	16
C06	CARRINGTON, CITY OF	21
C07	WATFORD CITY, CITY OF	23
C08	PARK RIVER, CITY OF	8
C12	WILLISTON, CITY OF	118
C16	MINTO, CITY OF	2
C20	GRAFTON, CITY OF	44
C26	KULM, CITY OF	5
C27	KILLDEER, CITY OF	8
C35	MEDORA, CITY OF	6
C36	GLENBURN, CITY OF	2
C37	RUGBY, CITY OF	18
C42	LAMOURE, CITY OF	6
C44	ROLLA, CITY OF	12
C46	HARVEY, CITY OF	13
C47	BELFIELD, CITY OF	6
C48	OAKES, CITY OF	26
C50	NEW LEIPZIG, CITY OF	1
C51	WILTON, CITY OF	3
C59	TIOGA, CITY OF	10
C60	ELLENDALE, CITY OF	12
C63	GRANVILLE, CITY OF	2
C73	MINOT, CITY OF	274
C75	NORTHWOOD, CITY OF	8
C78	TOWNER, CITY OF	1
C79	UNDERWOOD, CITY OF	2
C87	NEW ROCKFORD, CITY OF	7
C89	RAY, CITY OF	2
C90	VELVA, CITY OF	4
C91	MANDAN, CITY OF	100
C92	THOMPSON, CITY OF	4
C99	MOHALL, CITY OF	7

NUMBER	AGENCY	EMPLOYEES
CA3	BISMARCK, CITY OF	89
CA4	RHAME, CITY OF	2
CA8	BEACH, CITY OF	5
CB1	PICK CITY, CITY OF	2

POLITICAL SUBDIVISIONS

NUMBER	AGENCY	EMPLOYEES
D01	BURLEIGH COUNTY SOIL CONSERVATION	4
D10	BURLEIGH COUNTY HOUSING AUTHORITY	49
D11	SOUTHWEST WATER AUTHORITY	30
D14	CASS COUNTY SOIL CONSERVATION	5
D16	RICHLAND COUNTY SOIL CONSERVATION	7
D19	GRAFTON PARK DISTRICT	4
D24	SOUTHEAST REGION CAREER & TECH CENTER	5
D27	CAVALIER CO JOB DEVELOPMENT	3
D28	BARNES COUNTY SOIL CONSERVATION DISTRICT	3
D35	BURLEIGH COUNTY COUNCIL ON AGING	20
D43	R & T WATER SUPPLY ASSOCIATION	7
D47	WALSH COUNTY HOUSING AUTHORITY	1
D52	MORTON WATER RESOURCE DISTRICT	4
D64	WESTERN & CENTRAL STARK SOIL CONS DIST	3
913	WALSH COUNTY HEALTH DEPARTMENT	5
D66	RAMSEY COUNTY HOUSING AUTH	4
D74	BISMARCK PARK DISTRICT	18
916	ROLETTE COUNTY PUBLIC HEALTH	7
D83	JAMESTOWN REGIONAL AIRPORT	5
D91	JAMES RIVER VALLEY LIBRARY SYSTEM	3

Plan Demographic Information

1. Frequency of contributions (weekly/bi-weekly/monthly)	Monthly (daily)
2. Medium used to remit contributions files (electronic, disk, magnet tape, etc.)	Electronic
3. Funding method (check, wire, ACH)	Wire
4. Number of payroll locations	1
5. Number of payroll files	6-7/month
6. Current number of field service representatives	6 Service Team Mbrs
7. Number of Qualified Domestic Relations Orders processed 401(a)	0
8. Number of Qualified Domestic Relations Orders processed 457	2
9. Number of Unforeseeable Withdrawals processed 457	2

Participant Breakdown

NDPERS 401(a) Plan	Participants	Employees
State Employees	237	
Political Subdivisions	5	
Total	242	

NDPERS 457 Companion Plan	Participants	Employees
State Employees	2,685	15,350
Political Subdivisions	485	5,850
Total	3,170	21,200

NDPERS 457 Plan*	Participants	Employees
State Employees	4,500	15,350
Political Subdivisions	3,000	5,850
Total	7,500	21,200

* The NDPERS 457 Plan information is included for informational purposes and is not included in this proposal.

Participants by Status as of September 30, 2010			
	401(a) Pla	457(b) Plan	Total
Active and contributing	242	2,624	2,866
Active, not contributing	n/a	n/a	n/a
Suspended	0	0	0
Terminated, receiving installments	n/a	n/a	n/a
Terminated with a balance	48	507	555
Total	290	3,131	3,421

Balances by Status as of September 30, 2010			
	401(a) Plan	457(b) Plan	Total
Active and contributing	\$16,157,772.63	\$26,508,462.46	\$42,666,235.09
Active, not contributing			
Suspended			
Terminated, receiving installments			
Terminated with a balance	\$2,274,421.3	\$4,613,228.1	\$6,887,649.48
Total	\$18,432,193.94	\$31,121,690.63	\$49,553,884.57

457(b) Plan – Cash In			
	2008	2009	YTD 9/30/2010
Employee pre-tax*	\$3,337,887	\$3,485,441	\$2918,920
Employee Age 50+ catch-up	n/a	n/a	n/a
3-Year catch-up	n/a	n/a	n/a
Rollover	\$277,616	\$170,740	\$83,926
Balance Forward (Transfers)	\$75,359	\$144,008	\$0
Total	\$3,690,862	\$3,800,189	\$3,002,846

* excluding Age 50+ catch-up and 3-Year catch-up

457(b) Plan – Cash Out			
	2008	2009	YTD 9/30/2010
Unforeseeable Withdrawals	n/a	n/a	n/a
De Minimus payments	n/a	n/a	n/a
Total distributions*	\$1,139,779	\$637,122	\$578,123
Purchase of service credits	n/a	n/a	n/a
Installment payments**	n/a	n/a	n/a
Fees	\$65,940	\$78,723	\$67,165
Total	\$1,205,719	\$715,845	\$645,288

* Excluding purchase of service credits

** Periodic payments on a monthly, quarterly or annual frequency

Rollovers Out – 457(b)Plan			
	2008	2009	YTD 9/30/2010
Purchase of Service Credits	n/a	n/a	n/a
Number of participants	n/a	n/a	n/a
All other rollovers out	\$755,272	\$190,366	\$265,494
Number of participants	38	27	27

Rollovers Out – 401(a)Plan			
	2008	2009	YTD 9/30/2010
Rollovers out	\$859,669	\$289,798	\$139,341,
Number of participants	12	10	2

401(a) Plan – Cash In			
Source	2008	2009	YTD 9/30/2010
Employer	\$528,252	\$568,406	\$443,495
Employee	\$512,877	\$551,838	\$430,578
After Tax	\$0	\$0	\$0
MF Window- Employer	\$43,847	\$50,233	\$44,561
MF Window - Employee	\$42,570	\$48,770	\$43,263
Rollover	\$0	\$0	\$10,415
Balance Forward (Transfers)	\$94,884	\$90,339	\$2,769
Total	\$1,232,744	\$1,309,585	\$975,081

401(a) Plan – Cash Out			
	2008	2009	YTD 9/30/2010
Total distributions	\$947,469	\$311,698	\$304,713
Installment payments	n/a	n/a	n/a
Fees	\$12,932	\$31,752	\$9,468
Total	\$960,401	\$343,450	\$314,181

Pre-Tax Average Deferral - 457 Plan						
Age	Ppts	2008	Ppts	2009	Ppts	2010
20-29	n/a	\$355	n/a	\$380	n/a	n/a
30-39	n/a	\$700	n/a	\$674	n/a	n/a
40-49	n/a	\$1,642	n/a	\$1,462	n/a	n/a
50-59	n/a	\$2,640	n/a	\$2,408	n/a	n/a
60-64	n/a	\$2,247	n/a	\$1,941	n/a	n/a
65-69	n/a	\$2738	n/a	\$2,474	n/a	n/a
No Date of Birth	0	\$0	0	\$0	0	0

Average Contributions – 401(a) Plan						
Age	Ppts	2008	Ppts	2009	Ppts	2010
20-29	n/a	\$1,113	n/a	\$1,720	n/a	n/a
30-39	n/a	\$1,800	n/a	\$1,920	n/a	n/a
40-49	n/a	\$2,169	n/a	\$2,396	n/a	n/a
50-59	n/a	\$2,809	n/a	\$2,841	n/a	n/a
60-64	n/a	\$3,243	n/a	\$3,749	n/a	n/a
65-69	n/a	\$2,037	n/a	\$2,493	n/a	n/a
No Date of Birth	0	\$0	0	0	0	0

Investment Options Per Participant as of June 30, 2010		
Number of Funds	401(a) Plan	457 Plan
1 Fund (Lifecycle Fund)	22.0%	72.8%
1 Funds	5.5%	2.9%
2 Funds	20.3%	8.5%
3 Funds	10.3%	3.7%
4 Funds	10.7%	3.6%
5 or more Funds	31.3%	8.6%
Average # of Funds Held	3.7 funds	1.8 funds

Proposers should use the following assumptions when pricing for scenarios 3 and 4.

EXISTING EMPLOYEES IN THE DEFINED BENEFIT PLAN

- As of the last actuarial valuation there are 10,610 active participants in the State of North Dakota Public Employees Retirement System;
- As of the last actuarial valuation the total account value for the State of North Dakota Public Employees Retirement System is \$931 million
- 15% of eligible active employees or 1,591 **may** transfer from the Defined Benefit Plan to the 401(a) Defined Contribution Plan. This represents approximately \$139.7 million in total plan assets.
- Contributions from the 15% eligible active employees who transfer from the Defined Benefit Plan to the 401(a) Defined Contribution Plan are estimated to be \$4.9 million.
- The 401(a) contribution rate is 8.12%

NEW STATE EMPLOYEES

- The State hires employees at the rate of 100 per month or a 1,200 per year;
- There is 10% turn over in new hires;
- The average salary of a new hire is \$38,000;
- Assuming an 8.12% mandatory contribution rate and 10% attrition, there are 1,080 new employees each year. Annual contributions for this population will be \$3.3 million.

EXISTING EMPLOYEES IN THE DEFINED BENEFIT PLAN AND NEW STATE EMPLOYEES

- Contributions for both existing employees who transfer and new state employees are estimated to be \$8.2 million.

Investment Structure and Plan Assets as of September 30, 2010

The Board is looking for a semi-bundled service provider to fully support one or both of the Plans, offering an investment structure with competitive funds including a series of lifecycle funds. The investment options may be either proprietary or outside alliances, and shall offer broad diversification opportunities, consistent returns, top quartile performance, and competitive expense levels. Institutional share class investment options if available, should be strongly considered. A fund mapping conversion method will be utilized with respect to the transfer and consolidation of funds into the new investment line-up. Under this approach, all assets in the Plan will be transferred into similar investment options within each asset class of the new investment manager.

You may propose fund recommendations in each of the categories currently in the Plan line up. Your proposal response must include a list of your top fund recommendations. Your proposed funds can include mutual funds, separate accounts, and/or commingled funds. The proposed investment structure consists of **core funds plus a series of Lifecycle/Retirement Date funds**. The State, upon selection of the services provided, will have complete flexibility and sole discretion to select the final investment options as well as to determine the actual number of investment options in the investment lineup to be offered to its plan participants.

The Board is also requesting each proposer provide recommendations in additional asset classes it believes will enhance the Plan. Each proposer should provide recommendations in its response to section 3: Investment Management Services, and include its reasoning.

401(a) Defined Contribution Retirement Plan

Asset Class	Fund	Ticker Symbol	9/30/2010 Balance	# of Participants
TIER 1: LIFECYCLE				
Lifecycle	Freedom Income	FFFAX	\$84,864	5
Lifecycle	Freedom 2000	FFFBX	\$30,069	1
Lifecycle	Freedom 2005	FFVFX	\$0	0
Lifecycle	Freedom 2010	FFFCX	\$366,870	12
Lifecycle	Freedom 2015	FFVFX	\$117,33	9
Lifecycle	Freedom 2020	FFFDX	\$2,055,116	47
Lifecycle	Freedom 2025	FFTWX	\$383,758	14
Lifecycle	Freedom 2030	FFFEX	\$1,625,895	48
Lifecycle	Freedom 2035	FFTHX	\$238,456	16
Lifecycle	Freedom 2040	FFFFX	\$398,782	21
Lifecycle	Freedom 2045	FFFGX	\$91,523	8
Lifecycle	Freedom 2050	FFFHX	\$114,501	3
TIER 2: CORE FUNDS				
Stable Value	Managed Income Portfolio	N/A	\$2,500,787	133
Bond Fund	PIMCO Total Return Fund – Administrative Class	PTRAX	\$933,097	40
Balanced/Hybrid Fund	Fidelity Puritan Fund	FPURX	\$502,446	40
Large Cap Growth	Fidelity Growth Company	FDGRX	\$2,236,639	118
Large Cap Growth	Fidelity Blue Chip Growth	FBGRX	\$73,143	14
Large Cap Value	Fidelity Equity Income Fund	FEQIX	\$733,399	55
Large Cap Value	Mutual Shares Fund – Class A	TESIX	\$71,410	15
Large Cap Blend	Fidelity Dividend Growth Fund	FDGFX	\$129,092	19
Large Cap Blend	Spartan 500 Index Fund – Investor Class	FUSEX	\$799,562	59
Mid Cap Value	Goldman Sachs Mid Cap Value Fund – Class A	GCMAX	\$32,412	8
Mid Cap Blend	Dreyfus Mid Cap Index Fund	PESPX	\$27,695	5
Mid Cap Blend	Spartan Extended Market Index Fund – Investor Class	FSEMX	\$0	0
Mid Cap Growth	Fidelity Mid-Cap Stock Fund	FMCSX	\$235,034	26
Small Cap Value	Allianz NFJ Small-Cap Value Fund – Administrative Class	PVADX	\$155,903	20
Small Cap Blend	Dreyfus Small Cap Stock Index Fund	DISSX	\$10,097	2
Small Cap Growth	MSIF Small Company Growth Portfolio – Class P Share	MSSMX	\$839,231	79
International/Global Fund	Fidelity Diversified International Fund	FDIVX	\$1,327,320	102
International/Global Fund	Fidelity Spartan International Index Fund	FSIIX	\$574	1
Total			\$15,997,675	

457 Deferred Compensation Companion Plan

Asset Class	Fund	Ticker Symbol	9/30/2010 Balance	# of Participants
TIER 1: LIFECYCLE				
Lifecycle	Freedom Income	FFFAX	\$443,140	57
Lifecycle	Freedom 2000	FFFBX	\$77,952	10
Lifecycle	Freedom 2005	FFVFX	\$86,226	12
Lifecycle	Freedom 2010	FFFCX	\$731,424	106
Lifecycle	Freedom 2015	FFVFX	\$937,626	178
Lifecycle	Freedom 2020	FFFDX	\$4,114,806	407
Lifecycle	Freedom 2025	FFTWX	\$1,250,440	294
Lifecycle	Freedom 2030	FFFEX	\$888,766	262
Lifecycle	Freedom 2035	FFTHX	\$685,433	304
Lifecycle	Freedom 2040	FFFFX	\$1,836,786	569
Lifecycle	Freedom 2045	FFFGX	\$466,404	389
Lifecycle	Freedom 2050	FFFHX	\$277,881	325
TIER 2: CORE FUNDS				
Stable Value	Managed Income Portfolio	N/A	\$2,240,748	205
Bond Fund	PIMCO Total Return Fund – Administrative Class	PTRAX	\$1,287,505	130
Balanced/Hybrid Fund	Fidelity Puritan Fund	FPURX	\$1,977,781	197
Large Cap Growth	Fidelity Growth Company	FDGRX	\$265,218	49
Large Cap Growth	Fidelity Blue Chip Growth	FBGRX	\$1,611,974	263
Large Cap Value	Fidelity Equity Income Fund	FEQIX	\$345,888	64
Large Cap Value	Mutual Shares Fund – Class A	TESIX	\$446,348	103
Large Cap Blend	Fidelity Dividend Growth Fund	FDGFX	\$190,564	40
Large Cap Blend	Spartan 500 Index Fund – Investor Class	FUSEX	\$2,011,898	314
Mid Cap Value	Goldman Sachs Mid Cap Value Fund – Class A	GCMAX	\$66,777	17
Mid Cap Blend	Dreyfus Mid Cap Index Fund	PESPX	\$592,932	62
Mid Cap Blend	Spartan Extended Market Index Fund – Investor Class	FSEMX	\$227,405	28
Mid Cap Growth	Fidelity Mid-Cap Stock Fund	FMCSX	\$461,034	78
Small Cap Value	Allianz NFJ Small-Cap Value Fund – Administrative Class	PVADX	\$2,779,243	319
Small Cap Blend	Dreyfus Small Cap Stock Index Fund	DISSX	\$143,783	23
Small Cap Growth	MSIF Small Company Growth Portfolio – Class P Share	MSSMX	\$264,984	63
International/Global Fund	Fidelity Diversified International Fund	FDIVX	\$2,577,290	329
International/Global Fund	Fidelity Spartan International Index Fund	FSIIX	\$30,832	6
Total			\$29,319,088	

Goals and Objectives of the 401(a) Defined Contribution Retirement and 457 Deferred Compensation Companion Plans

As part of the selection criteria, the State is looking for a semi-bundled service provider that has the capabilities of dealing directly with at least **14,000** eligible state employees plus participating political subdivisions.

Proposers may bid on either scenario 1 (either the 401(a) Defined Contribution Retirement Plan or 457 Deferred Compensation Companion Plan) or scenario 2 (both plans), but must bid on scenario 3 and 4.

For a program of this size to be a success, an administrative process must be in place to address the needs of all eligible employees, including assistance in the enrollment and education process. The State is looking for a service provider who can actively manage all related enrollment activity and implement a program to ensure maximum participation.

Additionally, the State wants to develop a relationship with a service provider(s) who will offer strong and competitive fund choices, accurate and timely recordkeeping services and administer the Plans within pre-described service standards. It places a high value on finding a service provider that meets the following qualifications.

1. Focus on Quality and Consistency of Service Delivery

- Adheres to successful quality assurance procedures;
- Follows a successful problem resolution methodology;
- Has a history of performing services on a timely basis;
- Performs services correctly and accurately every time;
- Provides accurate and consistent responses to inquiries;
- Develops a strategy with the Board to increase Plan participation and assets including but not limited to:
 - (a) Offering incentives, such as a buyout of surrender charges, allowing participants utilizing another deferred compensation service provider to transfer their balances to the Plan
 - (b) Utilizing local brokers
 - (c) Increasing the minimum contribution rate of the Plan
 - (d) An alternative strategy suggested by the selected service provider
- Proactively provides the Board with opportunities to lower fund fees and Plan administrative costs; and
- Provides accurate and consistent modeling of participant scenarios for both the Defined Benefit Pension and Defined Contribution plans.

2. Proactive Approach

- Develops and implements a strategic plan that covers participant communication and education, enhancements to Plan sponsor and participant services and implementation of any substantive regulatory or legislative changes and includes clear and concise objectives, timetables and benchmarking methodology;

- Educates participants through participant friendly communications;
- Educates participants by providing informed customer service representatives;
- Provides comprehensive retirement planning and investment education services to participants; and
- Provides comprehensive education on an ongoing basis to the Board and dedicated Retirement System Staff.

3. Commitment to Technology Development

- Keeps up to date on technological developments such as website development and Internet access;
- Continuously invests in enhanced technology; and
- Demonstrates improvement (accuracy, timeliness, etc.) in client service through technological enhancements.

4. Reasonable Fees

Vendor Selection Process

The selection process will include the following phases:

1. Analysis of RFP Responses

Following submission of responses to this RFP, Segal Advisors and the Board will review and analyze the proposals and identify the finalists who will be invited to make a presentation to the Board.

2. Finalist Presentations (optional, if required)

Finalists will make a presentation that will give them an opportunity to explain the functional, technical and investment capabilities of their organizations. Providers should also be prepared to answer detailed questions regarding their proposals.

3. Selection of Service Provider

It is expected that the successful candidate(s) will be notified shortly after the finalist presentations. The actual award of the engagement is contingent upon finalizing an agreement with regard to the service contract, service standards and fees.

Section 1: Introduction/Overview

Pre-Bid Vendor Questions

Submission of questions related to this Request for Proposal must be made via email to Jeffrey Snyder at jsnyder@segaladvisors.com by **5:00 p.m. Eastern Time, February 4, 2011**. Your questions must simultaneously be submitted as a cc: to Mr. Sparb Collins, Executive Director, North Dakota Public Employees Retirement System, at scollins@nd.gov.

Written responses to each vendor's questions will be distributed back to all prospective proposers via email by Segal Advisors by **5:00 p.m. ET, February 11, 2011**.

Format of RFP Responses

Vendors must provide their proposal in the following format:

1. Transmittal Letter

A letter of transmittal shall accompany each proposal. Such letter must be signed by a person authorized to contractually obligate the vendor to the scope, terms, specifications, and pricing contained in the response. This letter should also clearly indicate the name, address, phone number and facsimile number of one contact person for the proposal.

The letter of transmittal should be no longer than two pages and should include the following:

- A. Certification that the proposer meets all of the minimum service qualifications. Reference to completion of certification of compliance with terms and conditions of the RFP.
- B. A brief statement of the services to be provided.
- C. A statement of commitment to provide the services requested within the times and manner specified.
- D. A brief summary of the vendor's qualifications to perform this type of engagement.
- E. A statement confirming that this proposal shall remain valid for six (6) months after the closing date for receipt of proposals.
- F. Certification that the individual signing this proposal has the authority to bind the proposer to the terms and conditions set out in the proposal document.

Name of Company _____
Signature _____
Position _____
Date ___/___/___

2. Table of Contents

The table of contents should include clear and complete identification of the materials submitted by section and page number.

3. Format Requirements

Responses must comply with the following:

- A. All questions in Sections 2, 3 and 4 must be answered in the manner and area stipulated after each question. Each RFP question must be restated before your response. If printed matter is supplied as supplemental information, please make sure that the supplemental information is appropriately marked with the corresponding question to which it applies.
- B. Please respond to every question in each section of the RFP. Failure to respond to all questions may lead to your elimination from consideration.
- C. All questions must be answered in the order asked.

- D. Neither Segal Advisors nor the Board will be bound by oral explanations or instructions given at any time during the request for proposal process or after the award of the contract.

4. Fee Specifications

Fee quotes should be provided in the format outlined in the Fee section of the questionnaire (Section 4). Pricing offer must be good for six (6) months from the receipt date of the proposal.

Submission of RFP Responses

Each vendor must submit their RFP response in accordance with all stipulations listed below:

Each service provider must submit a total of thirteen (13) copies by **5:00 p.m. Eastern Time on March 4, 2011 to the State of North Dakota PERS Retirement Board and to Segal Advisors**, as follows:

Ten (10) bound copies, one (1) unbound copy, one (1) unbound redacted copy, plus an electronic copy to:

Mr. Sparb Collins
Executive Director
North Dakota Public Employees Retirement System
400 E. Broadway, Suite 505
PO Box 1657
Bismarck , ND 58501
E-mail: scollins@nd.gov

One (1) bound copy and one (1) electronic copy to:

Jeffrey H. Snyder
Consultant
Segal Advisors, Inc.
333 W 34th Street
New York, NY 10001
E-mail: jsnyder@segaladvisors.com

1. Proposals must be clearly labeled: **Request for Proposal/ 401(a) Defined Contribution Retirement Plan and 457 Deferred Compensation Companion Plan Services.**
2. Service providers must provide a copy of their proposal in an electronic format to Jeffrey Snyder (212-251-5178) at Segal Advisors via e-mail: jsnyder@segaladvisors.com.
3. Service providers must provide their investment exhibits II – VII (Section 3) in Microsoft Excel format to jsnyder@segaladvisors.com.
4. Service providers must submit their RFP response via the Segal Advisors Online Vendor Search RFP application available at the following internet web address: <http://rfp.segaladvisors.com/>

To use the application, each vendor must have a user ID and password. User IDs and passwords for the application may be obtained by email at DCCconnect@segaladvisors.com.

Questions regarding the operation of and input into the application may be forwarded by email at DCCconnect@segaladvisors.com.

Please note that responses to questions in the Segal Advisors Online Vendor Search RFP Application are limited to 1,024 characters. Please make certain to adhere to this limit.

Proposals received after the deadline are late and will not be considered unless the proposer presents extenuating, exceptional circumstances acceptable to the Board. Proposers are responsible for ensuring that their proposals are received in a timely fashion.

Asset transfer to the new provider will be completed on **August 1, 2011**

Projected Timetable

TASK	TARGET DATES
Release of Request for Proposal – RFP	12/27/2010
Receive pre-proposal questions from provider(s)	02/04/2011
Provide response to provider(s) proposal questions	02/11/2011
Deadline for proposal submission	03/04/2011
Finalists Presentations	Optional, if required
Commence Plan Implementation	June 1, 2011
Asset Transfer	August 1, 2011

If required, successful proposers will be notified as to the actual date and time of finalist presentations and will be provided with instructions regarding the presentation agenda and location.

Evaluation of the Proposals

The Board along with Segal Advisors will first examine proposals to eliminate those that are non-responsive to the stated requirements. Therefore, proposers should exercise particular care in reviewing the proposal format required for this RFP.

The Board reserves the right to contact any and all references to obtain, without limitation, information regarding a proposer's performance on previous projects. A sample of references will be checked for each proposer.

In evaluating the proposals, all aspects of the required services will be fully evaluated. The Board may consider any factors it deems necessary and proper for best value, including but not limited to:

1. Data-management services, including creation and maintenance of employee data, transaction data and history, interfaces with suppliers and payroll, and other recordkeeping and administrative functions, including compliance.
2. Overall cost structure, including member fees and credit allowances for plan level expenses
3. Size, structure, resources, and experience in providing deferred compensation services that are similar in size and scope to that of the North Dakota Public Employees Retirement System 401(a) Defined Contribution and 457 Deferred Compensation Companion Plans.
4. Qualifications of the personnel assigned to execute the services required by the Board.
5. Member services including one-on-one participant counseling and on-line system capabilities including voice response system, participant internet website and customer service center.
6. Plan for increasing overall plan participation and assets
7. Scope and value of performance guarantees.
8. The final award will be subject to the execution of a service contract acceptable to the Board.

Finalist Presentations

The purpose of the finalist presentations is to give each finalist an opportunity to further explain its qualifications, services and capabilities.

When finalist presentations are made to the Board, it is expected that each proposer will bring to the meeting those people who will work directly with the Board, if proposer is successful.

Travel expenses and costs related to the interview will be the responsibility of the proposer.

From the date this RFP is issued until the award of the contract, all communication related to this RFP shall be directed to Jeffrey Snyder of Segal Advisors.

This RFP and the selected proposer's RFP response including exhibits and any addenda, will be incorporated into the final contract document.

Exceptions/Additions

Any language which differs from this RFP that is used or suggested by a proposer will be submitted for clarification only, and shall not affect the proposer's acceptance of the terms and conditions of this RFP and shall not be binding on the Board unless affirmatively accepted by the Board in writing. The Board assumes no obligation to accept, reject, or negotiate proposed replacement terms or conditions with the successful proposer.

Proposers will be required to sign a statement, as part of the proposal, that they are in agreement with all of the terms and conditions presented in the RFP, the exhibits, and the addendum to the RFP. (Transmittal Letter)

The proposer is responsible for clarifying any ambiguity, conflict, discrepancy, omission, or other error in the Request for Proposal before submitting the proposal; otherwise the right to raise such issues shall be waived.

SECTION 2

Request for Proposal

Administrative Services Questionnaire

Organization and History

1. **Proposer Information:** The proposer must include a narrative summary of the proposer's corporation and each subcontractor, if any. The narrative shall include the following:
 - (a) date established;
 - (b) ownership (public, partnership, subsidiary, etc.);
 - (c) organizational chart;
 - (d) a statement that financial statements for the past 3 years are attached, with copy of each statement; and
 - (e) relationships with other entities relevant to or related to the subject matter of this RFP.
2. Provide a brief overview of your company and history of your organization and its 401(a) defined contribution and 457 deferred compensation services. Please describe any parent/subsidiary/affiliate relationships.
3. Provide the name(s), title(s), address(es), telephone and fax number(s), and email address(es) of the individual(s) responsible for responding to this request. These individuals must be authorized to negotiate contracts regarding the scope, terms and pricing outline in the proposal.
4. Please provide an organizational chart of your proposed service team for this relationship. Provide the name(s), title(s), address(es), telephone and fax number(s), email address(es), and the responsibilities, functions, or roles of each individual who will be assigned to and responsible for providing the contracted services under the Plan, including the Client Relationship Manager who will be responsible for the overall relationship with the Commission. In addition, please provide a resume for each individual stating the individual's education and work experience.
5. How many of your employees work on 457 deferred compensation and 401(a) defined contribution retirement plans?
 - a. Provide a breakdown of the number of full-time equivalent employees working on 457 deferred compensation and 401(a) defined contribution retirement plans by the following functional areas: management; call center management/supervisors; customer service representatives (CSR's); field representatives; systems management; systems staff (development staff and operating/maintenance staff); and other support personnel.
 - b. Will you need to add local or onsite employees in order to provide the required services to these Plans? If so, please state the number of additional staff required, by job title and function.
6. What are your client retention statistics for each of the last three years?
 - a) For those who left, what percentage left due to issues pertaining to services provided by your organization?
 - b) What is the average client relationship duration?
7. How many 401(a) and 457 deferred compensation plans have you gained in the last three years?
8. How many 401(a) and 457 deferred compensation plans have you lost in the last three years?

Section 2: Administrative Questionnaire

9. Indicate how many years your company has been active in the defined contribution business as it pertains to public sector 401(a) plans. 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.

10. Indicate how many years your company has been active in the defined contribution business as it pertains to public sector 457 Deferred Compensation plans. 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.

11. Provide a representative list of public sector 401(a) defined contribution plan clients for whom you provide services.

Client Names	Total Participants	Total Assets	Length of Relationship

12. Provide a representative list of public sector 457 deferred compensation plan clients for whom you provide services.

Client Names	Total Participants	Total Assets	Length of Relationship

13. List the number and total assets of the public sector 401(a) plans that you currently administer in the following categories:

Number of Participants Public 401(a) Plans	Plans		Assets	
	Number	Percent	Amount	Percent
Under 1,000				
1,001 – 5,000				
5,001 – 10,000				
10,001 +				
Total				

Section 2: Administrative Questionnaire

14. List the number and total assets of the 457 plans that you currently administer in the following categories:

Number of Participants 457 Plans	Plans		Assets	
	Number	Percent	Amount	Percent
Under 1,000				
1,001 – 5,000				
5,001 – 10,000				
10,001 +				
Total				

15. What is the total number of participants in all public sector deferred compensation plans currently being administered by your organization?
16. Are you currently participating in any alliances or joint marketing efforts? If so, please describe in detail.
17. Please provide the number of outside fund family alliances that you have relationships with. Please also provide the total number of non-proprietary funds that are available.
18. What is your experience in providing 401(a) and 457 plan administration services for similar governmental programs?
19. Identify the key facets of your approach that make you uniquely qualified to provide services to the Board.
20. Describe your errors/omissions liability insurance and coverage. Describe the various types of insurance coverage and indemnification provided to protect clients.
21. Has your company, or any affiliates, been a party to any litigation during the last three years involving your deferred compensation recordkeeping and administration services? If yes, please provide: 1) the names and address(es) of the parties to the litigation, 2) the name and location of the court where the proceeding was filed, 3) the docket or file number of the case, 4) the nature of the claim or action and 5) the current status of the litigation.
22. Please provide the biography, including education and work history, as well as the following information of the Client Relationship Manager responsible for the overall relationship with the Commission:
- Name:
 - Title:
 - Address:
 - Phone Number:
 - Fax Number:
 - E-mail Address:

Section 2: Administrative Questionnaire

23. Please provide an organizational chart of your proposed service team for this relationship. What is the average number of account relationships for each member? What is the current number of account relationships for the entire team proposed for this account?
24. What is the authority the client service manager will have to resolve problems? For those issues that the client service manager does not have direct authority to resolve a problem, please identify the process internally that will be followed to provide resolution.
25. What is the average tenure (in years) of the following positions:
 - Plan Administrator
 - Client Relationship Manager
 - Field Service Representatives
 - Conversion Project Manager
 - 800 Customer Service Center Representatives
26. What location(s) would provide the services described in this RFP?
27. If account team members or services are provided from multiple locations, explain how the team/service will be managed.
28. How do you ensure that account continuity and knowledge are maintained on the account from initial planning through implementation and ongoing servicing?
29. What is the last date when your organization had a change in its business structure, whether through an acquisition or divestiture or through an alliance arrangement? If applicable, how did this change in business affect the recordkeeping division?
30. Describe any pending or anticipated plans to re-organize your company within itself or as part of the larger organization of which your company is a part.
31. What portion of your organization's expenses is related to recordkeeping and system technology development?
32. Do you measure the profitability of each plan individually or the business unit as a whole?
33. Please describe all outsourcing arrangements and any contemplated outsourcing arrangements that will be used by you to deliver any of the services you will be providing.
34. Provide the following information:
 - a. Total assets under management
 - b. Total defined contribution assets under management
 - c. Total public 457 deferred compensation assets under management
 - d. Total 401(a) assets under management
 - e. Total 457 deferred compensation assets under management

Section 2: Administrative Questionnaire

References

1. Please provide references for three current public sector clients that have similar plan demographics (*i.e.*, size and plan design). If available, at least one of the three should have converted within the last year. For each reference, please provide client name, contact name, address, phone number, services provided, and year they became a client.
2. Please provide references for three former clients who had similar plan demographics (*i.e.*, size and plan design). At least one of the three should have left within the last year. Please provide former client name, contact name, address, phone number, services provided, year they ceased to be a client and the reason(s).

Client Service / Quality Assurance

1. Please describe the team that would deal directly with the Board during the transition/implementation and on an ongoing basis. Indicate staff size, experience and turnover rates.
2. Describe your organizational philosophy/ approach to client services.
3. Describe the training program and licensing requirements for your field service representatives and 800 customer service representatives. Focus on call center skills, use of call center equipment, benefit training, HR training, customer service, problem resolution, and other operator training areas.
4. Describe your service standards and turnaround time for the completion of the following:

Transaction	Turnaround Time	Penalty (\$) for Not Meeting Standard
Issuance of Participant Statements		
Transaction Confirmation Statements		
Hard Copy Plan Level Administrative Reports (hard copies)		
Processing Payroll Contributions		
Hardship/Unforeseen Emergency Withdrawals		
Termination/Rollovers/Direct Transfers for Distribution		
Fund Balance Transfers		
Investment Election Requests		
Error corrections and adjustments		
Contribution Percentage Elections/ Changes		
QDRO Processing		

5. Please outline in detail your expected processing timelines for all participant and plan level transactions. Please include step-by-step processing flow charts that outline the timing for each step of the process.
6. Do you offer performance guarantee as part of your standard service? If so, please describe.

Section 2: Administrative Questionnaire

7. Describe your procedures for monitoring:
 - a. client satisfaction
 - b. participant satisfaction
8. How frequently do you conduct client and participant satisfaction surveys on your deferred compensation services and performance?
9. Is the survey conducted by an independent entity?
10. What corrective measures or action steps do you perform to address client and participants who are not satisfied with your service performance?

Recordkeeping / Administration

1. Do you provide an administrative or procedures manual that includes a timeline of critical dates, roles, and responsibilities?
2. Provide copies of your administrative forms that are to be used by the plan participants to request transactions.
3. Do you use unit or share accounting?
4. Describe how you will handle payroll reconciliations. Describe your administrative process for correcting payroll data and performing edits on incomplete or missing data.
5. Can you accept manual edits, adjustments, and indicative data changes to the contribution input file?
6. Describe your recordkeeping/administrative capabilities for handling negative data from the payroll files.
7. Describe how your payroll contribution reports identify participants contributing up to the current maximum contribution, and identify participants in catch-up status.
8. Describe your process for fully administering hardship/unforeseen emergency distribution requests. Note: Currently ND PERS administers these requests.
9. Describe your system capabilities to process systematic payment distributions. Is payment made on a pro rata basis across all investment options? Can a participant elect systematic payment from specific fund(s)?
10. For distributions, does your system withhold Federal tax and if applicable, State tax?
11. Do you prepare 1099R Tax Forms and issue tax statements to participants who receive distributions including forms and tax statements for beneficiary distributions and related filings?
12. Describe your process for searching for participants who have not cashed their distribution payment checks.
13. As indicated in the minimum qualifications, PERS staff determines the qualified status of Domestic Relations Orders. Please outline your ability to meet this minimum qualification and outline the exact process PERS staff will follow.

Section 2: Administrative Questionnaire

14. Describe any limits imposed on any participant initiated transactions (ie: mix changes, contribution rate changes, etc.).
15. How do you maintain separate accounts for non-participant alternate payees?
16. Describe the process you use to track and maintain employee beneficiary data.
17. Describe the historical plan information you maintain on participants.
18. If the Board is not satisfied with the performance of a particular fund, what are the steps needed to make a change?
19. How long would it take to make a fund change?
20. Would there be a cost to change funds?
21. Please describe how your recordkeeping system handles funds with short-term fund redemption fees.
22. The Small Business Jobs and Credit Act of 2010 established the Roth 457(b) for governmental deferred compensation plans. Please fully describe your anticipated Roth 457(b) service. Please outline any specific administrative concerns or system issues that you foresee in the implementation of this service for your clients.
23. What other administrative services do you provide?

Regulatory/Compliance Service

1. Describe how you monitor §401(a) (9) required minimum distributions including:
 - Identification of individuals
 - Determination of the amount of the minimum required payment
 - Payment within required deadlines.
2. How do you address violations of any of the limits?
3. Describe your capabilities and timeframes for monitoring maximum deferral limits and the catch-up provisions.
4. Fully describe your administrative process for calculating catch-up contributions.
5. As part of your service, do you provide an annual benefits file, containing financial and non-financial data by participant?
6. Please provide an executive summary of the findings from the most current SAS70 audit of your recordkeeping system and any other audit you have performed.
7. What resources do you have to obtain legal opinions, interpretations of laws, regulations, and other matters on issues pertaining to deferred compensation plans?
8. Please acknowledge and describe in detail your fiduciary responsibility with respect to the Plans.

Section 2: Administrative Questionnaire

9. How will you ensure that the Plans remain in compliance?
10. How do you ensure that your recordkeeping system is in compliance with all applicable rules and regulations?
11. How quickly are changes in the law reflected in the system?

Sample Contracts

1. The successful firm will be required to sign a standard contract with the State that will incorporate this RFP and the State's standard provisions. If the vendor requires any additional contract provisions they should provide a sample with their proposal response and explain why the additional contract provision will be required.

Reporting

1. Describe the standard reporting package that you would provide the Board (provide samples).
2. Will the Board be able to generate these reports on-line?
3. What is the standard timeframe for providing each plan sponsor report after the reporting period ends?
4. What types of demographic participant data will you be able to provide?
5. Describe your flexibility to produce ad-hoc plan level reports.
6. Describe your turn around time for providing quarterly investment asset reports to be used to conduct investment performance analysis.
7. Describe your standard participant statements and documents (provide samples). Do your participant quarterly statements illustrate personalized rate-of-return?
8. Describe your ability to consolidate both the 401(a) and 457 plan balances on the participant statement?
9. Describe your customization capabilities for participant statements.
10. Do you have the flexibility to include a section for customized messages from the Board on your quarterly participant statement?
11. Can you include other printed information, prepared by the Board, with the mailing of statements to participants? If so, please verify that this service is available at no additional cost.
12. Can statements be provided to participants on an on-demand basis?
13. How do you disclose fees to plan participants?

Section 2: Administrative Questionnaire

Custodial Trustee Services

1. Describe the custody/trustee services you propose. Does your organization have a single custody/trust relationship? If so, what is the name of your trust company and the total number of years that they have been in operation?
2. Describe any restrictions by investment type that pertain to your custodial services.
3. What are the total public deferred compensation assets currently held by the custodian?
4. Confirm that you will trustee outside investment funds.
5. Please fully describe your check distribution process including frequency.
6. Do you have a limit on the number of checks/wires available to participants?
7. Do you have an electronic link with the investment managers for updating participants' accounts on the recordkeeping system? Please explain your daily updating process.
8. Describe your reconciliation process to ensure participant accounts and total custodial assets are in proof.
9. Will the State be required to execute a custodial agreement with your custodial trustee or will the custodial trustee services be part of the contract with the State?

Plan Implementation

1. Explain your implementation/conversion process including timeframe, based upon an **August 1, 2011** conversion with an "in-kind" transfer method, which will not require an initial re-enrollment.
2. What involvement will be required from the Board during the implementation process?
3. Does your organization require a test conversion of prior valuation and reconciliation of assets to balance before conversion?
4. Do you have any limitations as to the format/media of participant data?
5. How are investments handled during the conversion process? How are distributions handled to accommodate the continuity of payments to retirees during the conversion period?
6. Describe your procedures during the conversion period to communicate with non-active employees (*i.e.* retirees and terminated employees with value in the plan).
7. Describe the team that would be involved in implementation of the program, explaining each team member's role and experience with similar engagements. Is the same team responsible for on-going processing? If not, how will the implementation team work with the ongoing service team? Address, in particular, how transition and continuity issues will be addressed.
8. By what date would you need authority to proceed to accommodate an **August 1, 2011** asset and recordkeeping transfer?

Section 2: Administrative Questionnaire

9. What assurances/guarantees do you provide with respect to a timely implementation?
10. How do you manage the implementation process to keep it on schedule? Please provide a detailed timeline with milestones and applicable dates assuming an **August 1, 2011** asset and recordkeeping transfer.
11. Identify comparable plan conversions in which you have been involved. How many conversions and implementations has your company conducted during the past three years involving 5,000 employees or more?
12. Confirm how any blackout period will conform to the Sarbanes-Oxley Act for participant notification.
13. Have you completed your conversions in less than 10 business days from receipt of reconciled data? If yes, specify average number of business days.

Systems Capabilities and Hardware

1. Describe the hardware platform and software system you use to recordkeep and administer defined contribution plans.
2. Was the software developed internally, leased, or purchased from another provider? Who has the ultimate responsibility/authority to make sure the software remains current to laws, regulations, client needs, etc.?
3. How long have you used these systems for deferred compensation recordkeeping?
4. Are you planning any major change in the software or hardware supporting your recordkeeping system in the next 24 months? If yes, please describe.
5. Describe your documented disaster recovery plan. How often do you test your recovery system?
6. Where is your main data processing center located?
7. Where is your back-up center located?
8. Where is your customer service center located?
9. Where is your back-up customer service center?
10. Describe your maintenance and back-up procedures including daily back-ups, retention timetable and off-site back-up storage approach.
11. Describe your maintenance and back-up procedures including daily back-ups, retention timetable and off-site back-up storage approach.
 - a) Describe any system outages within the last three years and how have they been handled?
 - b) Has any liability resulted from these outages and are there any pending claims related to these outages?
12. Please explain your disaster recovery plans and procedures to handle the following situations
 - a) Loss of inbound telecommunications services by the carrier

Section 2: Administrative Questionnaire

- b) Individual system failure including the following systems: PBX, IVR, application server, case management system
 - c) Loss of power
 - d) Loss of daily backup/natural disaster
 - e) Outages: Provide information on how short outages (2 hours or less) vs. prolonged outages (more than 2 hours) would be handled.
 - f) Testing: How often and how is your backup plan tested?
 - g) Disasters: Please describe the most severe disaster that has occurred at your facility and explain the cause, how it was handled, and what steps were taken to prevent future occurrences.
13. Describe the method of maintaining plan sponsor and participant history on the system.
14. Can historical information, such as management reports, be stored on CD-ROM?
15. Describe in detail your procedures and safeguards used to guarantee:
- a) Security for your hardware and facility
 - b) Authorized access to data
 - c) Confidentiality of data
 - d) Security for any hard copy of plan-related data or documents
16. Are your recordkeeping and trust systems fully integrated? Does it have the ability to electronically feed data between the two?
17. Are internal controls of your recordkeeping system audited by an independent accounting firm on an annual or more frequent basis? If so, who conducts the audit?

Participant Services/Automated Voice Response System (VRS)

- 1. Please provide a phone number and instructions on how to access a demonstration of your automated VRS capabilities for the participant.
- 2. Describe the services available through your automated VRS.
- 3. Are there any transactions that cannot be processed through the voice response system (i.e., PIN changes, address changes, etc.)?
- 4. Is the VRS fully capable of generating all the necessary administrative forms to handle enrollments, hardships, terminations and beneficiary distribution requests?
- 5. How are participant-initiated transactions processed through the VRS?
- 6. Which VRS transactions generate written confirmations? Can participants request confirmation statements be faxed to them?

Section 2: Administrative Questionnaire

7. How quickly is the VRS updated after transactions are performed?
8. Does your VRS capture and retain information regarding the confirmation of a transaction request?
9. In the situation whereby a participant calls the VRS but does not properly complete the transaction, do you retain a record that a call was placed but the transaction was not properly executed?
10. Can participants request contribution deduction changes through the VRS? Can you provide a feedback report back to the State and each local subdivision to update their payroll records and contribution changes?
11. Does your VRS accommodate non-English speaking participants? Does it accommodate the hearing/speech impaired participants?
12. Does the VRS accommodate the hearing/speech impaired participants? Please describe the accommodations.
13. Describe how data is secured within the system (i.e., PIN, audit trail, confirmations).
14. Describe the security through which a participant passes to use your voice response system (e.g., recorded lines, personal identification numbers, and confirmation notices).
15. Describe any security breaches that resulted in improper access to one or more participant's accounts within the last three years.

Participant Services/1-800 Customer Service Center

1. What are the standard hours of operation of your customer service center?
2. At what point in the call can a participant elect to move from the VRS to an operator?
3. Describe the types of information customer service representatives (CSRs) will be able to provide to the participants.
4. Are there any transactions that cannot be processed through the customer service center?
5. Can employees enroll in the Plans through the customer service center?
6. Following a CSR-assisted transaction, how quickly will a written confirmation be mailed to the participant's home address?
7. Can participants change their PIN through a CSR? Can PINs be reset and immediately provided to a participant during the call? Can participants who misplace their PIN call the customer service center and have a new PIN sent directly to their home address?
8. Do you monitor participant calls for quality control?

Section 2: Administrative Questionnaire

9. Do you tape conversations and/or otherwise maintain records of conversations between a participant and a CSR? If so, how long do you maintain the records?
10. Do CSRs back up your Internet site? If so, how are they accessible during an active Internet session?
11. Do you track telephone utilization data? If yes, describe what is tracked and the standard reports the plan sponsor will receive.
12. Describe the PIN management process including timing of assigning new PIN at the initial conversion and upon new plan enrollment.
13. Where is the location of your 1-800 call center that will be responsible for servicing this relationship?
14. Do you have a back-up center for your voice response and operator services? If yes, where is it located and is it in continuous operation?
15. Please identify your 1-800 number service standards, including response time, percentage of calls handled without subsequent follow-up, etc. Please include for the last three calendar quarters, statistics related to the following actual performance:
 - (a) Number of calls
 - (b) Average length of calls
 - (c) Average response time
 - (d) Percentage of calls requiring follow-up
 - (e) Call abandonment rate
 - (f) Percentage of incoming calls totally handled via VRS versus 1-800 live operator assistance
16. Explain your process for recruiting and selecting CSRs.
17. On what basis are CSRs paid?
18. Are CSR's employees of your company or are they outside contractors?
19. How many total CSR agents does your call center(s) employ on a year-round basis?
20. What is the average tenure of a CSR agent?
21. How would you determine the number of CSR's to use for/dedicate to the State's Plans? How many other clients would those CSR's serve?
22. What reports are available to your management to monitor service levels? Please provide examples of these reports.
23. With respect to escalation of calls, what are the procedures for referring a participant to a supervisor?
24. With respect to complaints, what is the follow-up procedure for complaints about CSRs?

Section 2: Administrative Questionnaire

Participant Services/Internet Services

1. Provide an Internet address and instructions on how to access a demonstration of your Internet capabilities for both the participant and plan sponsor.
2. Describe in detail your Internet capabilities. What types of web-based Internet services do you provide to Plan participants?
3. Please specify any transactions that cannot be completed via your Internet site.
4. What communication materials or tools do you offer the Plan participant via the Internet?
5. How are participant-initiated transactions processed through the Internet? Are confirmations sent? Are they available immediately?
6. Do you offer an automated enrollment process through the Internet?
7. Can participants e-mail account specific questions via the Internet site? If yes, who receives the e-mail, researches the issue, and responds? What is the turnaround time?
8. Does your Internet site have the ability to download participant account information software programs (i.e. Microsoft Money, Quicken, etc.)?
9. Do you track Internet site hits? If yes, describe what is tracked and the standard reports the Board will receive.
10. Describe the security through which a participant passes to use your Internet system. What firewalls do you have in place for your Internet services?
11. What improvements to your Internet capabilities are designated to occur in the next two to three years?
12. Are the VRS, Internet, and Customer Service Center's workstation all linked to the same recordkeeping database?
13. Describe any online capabilities that your system provides for plan sponsor access.

Communication and Education

1. Briefly describe your background and experience in providing communication and education programs.
2. How long have you been providing communication services to the public sector?
3. 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.
4. Provide samples of initial enrollment and on-going communication and education materials.

Section 2: Administrative Questionnaire

5. Identify the key elements provided as part of a standard communication and education program package.
6. Describe the services you offer in the enrollment process. Please be sure to include such items as monitoring and tracking new hires. Please outline the data requirements. Will you maintain and control the inventory of all related enrollment materials that are to be included in the enrollment kits?
7. Describe the communication and education process that you provide for retired employees with balances held in the Plans.
8. Will you provide participants with onsite, group education and retirement planning sessions or financial/pre-retirement seminars on an on-going basis? (Yes/No). If yes, please list the titles of the subjects that are covered in your program. No description necessary.
9. Do you offer any retirement planning software for participants, made available at no additional charge? If you have a demonstration or sample disk, please enclose it with your proposal.
10. Do you offer video or web-based educational programs to participants and retirees? (Yes/No). If yes, please list the classes/courses currently available. No description necessary.
11. Do you provide information to Plan participants regarding options on distributions? Describe any services or programs you provide for participants leaving the Plans.
12. When was the content and look of your standard materials last modified? Is it scheduled to be modified this year?
13. Do you create all of your communication and education materials in-house or through third parties? If so, fully disclose.
14. Describe the Board's role in the communication, education and enrollment process.
15. To what extent can the Board customize communication and investment education materials (e.g., plan name, logos)? Please state if there would be additional charges for customizing or editing these communication materials.
16. Are you willing to provide customized surveys to assess the success of the education program? (Yes/No). Will there be a charge for this service?

Field Service Representatives

1. How do you propose staffing for the State's on-site services? Please provide your rationale for determining the appropriate staffing for the Plans.
2. What is your annual cost associated for each dedicated service representative?
3. Although not required, how many field service representatives are you dedicating to the Plans? Will they be 100% full-time dedicated representatives? Where will they be located in the State? Describe how you will allocate the field representatives to the Plans?

Section 2: Administrative Questionnaire

4. Briefly describe the credentials and related experience of local service representatives who will be assigned to the State's account.
5. How many accounts will the State's representatives be responsible for?
6. Will the representatives assigned to the State's Plans be employees of your firm?
7. As indicated in the minimum service qualifications in Section 1, it is a requirement that your field service representatives that provide enrollment and education services are not compensated on a commissioned or incentive basis to promote any investment product or services. Fully describe the field service representative's compensation structure, and incentive awards methods that you employ to maintain an objective and unbiased distribution of products and service to the Plan participants.
8. Are field service representatives available to discuss the plan and investments with participants on a one-on-one basis? If so, how often? Will you provide local annual account reviews for participants?
9. How will these discussions be handled (e.g., in person, via telephone)?
10. Identify the annual number of group meetings and number of one-on-one consultations you have assumed will be provided by the field service representatives.
11. Describe the structure of how the field service representatives would be organized to service this relationship:
 - Location
 - Staffing (including functions to be performed)
 - How you would handle pre-scheduled consultations?
 - How you would handle walk-ins?
 - Activities supported by Field Service Representatives (education, enrollments, inquiries, retirement and participant advisory services.

Investment Advisory Services

1. Describe your company's capabilities for providing participants with online investment advisory services (i.e., Morningstar ClearFuture, Financial Engines, etc.). Describe any costs associated with offering this service.
2. Indicate whether your advisory service is a partnership with an outside company. Describe your due diligence process for selecting the partner and what services are provided.
3. Is your investment advisory fee based on total plan level for all participants or only charged to participants who elect service?
4. Describe the difference between your Internet investment education tools and software from your investment advisory services.

Section 2: Administrative Questionnaire

5. Does your investment advisory service produce asset allocation recommendations or recommendations of specific funds? Does your investment advisory service include savings rate recommendations?
6. Does your investment advisory service take into account a participant's assets outside the 401(a) and 457 Plans? If so, please describe.
7. Please describe the degree to which you tailor your advice services to different types of investors.
8. How does your program ensure that it provides Plan participants with impartial and balanced information about the Plans' investment options without any conflicts of interest between the advice provider and the investment provider's products?
9. Describe each component of the information and advice provided, including those related to asset allocation time horizons and risk profiles, to future retirement income needs, and to assessing the impact of different asset allocations on retirement income.
10. Describe the generally accepted investment theories that form the basis for your advice model.
11. Describe all material facts and assumptions on which such models are based and how these facts and assumptions are disclosed to participants. Describe how the facts and assumptions are communicated.
12. Please describe how your investment advice model materially differs from other competing advice providers and how yours would result in superior investment advice to participants.
13. By offering investment advisory services, either through your proprietary or third party provider, you will agree to indemnify the Board per contract requirements.
 - What is disclosed to participants regarding your role as a fiduciary?
 - Describe the type and level of indemnification your organization is willing to provide to the Board.
14. Will the Board be required to execute a separate contract with your investment advisory provider or will the investment advisory services be part of your service contract and agreements?
15. How many of your existing clients have subscribed for this service?

Section 2: Administrative Questionnaire

Self-Directed Brokerage Services

1. Fully describe the Self-Directed Brokerage option features, program design requirements, and all related fees including annual account fees and/or brokerage transaction/commission fees.
2. Does your self-directed brokerage account require any minimum balance? Please describe what happens if minimum balances are not maintained.
3. Can your brokerage account restrict a participant from certain investment types that the Board deems as inappropriate for qualified retirement plans (e.g., no precious metals, futures, margin trading, options, commodities, collectibles, short sales, real estate, etc.)?
4. Describe the procedure you will use in monitoring and enforcing any limitations requested by the Board during implementation, such as investment in mutual funds only and maintaining a minimum percent of account balance outside the self-directed brokerage option.
5. Describe the rules for transferring from the core options into the brokerage accounts and vice-versa. Are there any restrictions with respect to the transfer of balances between your core defined contribution investment alliance funds and the self-directed brokerage account? Can this restriction be applied to specific participants?
6. How are self-directed brokerage account balances treated for purposes of the following:
 - Regular benefit or unforeseeable emergency distributions
 - IRC required and minimum distributions
 - Domestic relations orders
 - Death benefit claims
 - Federal tax levies
7. During what hours of the day are client service brokerage representatives available to respond to participant trading questions and inquiries?
8. Do participants receive a detailed account summary of all assets held in the brokerage account? When? How often?
9. What information from the self-directed brokerage account is reflected and reported on the core participant quarterly statement? On quarterly plan-level reports provided to the plan sponsor?
10. Describe any third parties involved in offering of the self-directed brokerage account services and explain their role.
11. Will the State be required to execute a separate contract for self-directed brokerage accounts or will it be part of your overall service contract and agreement? All supplemental documents and contracts must be included with your proposal.
12. Currently participants interested in utilizing the Plan's self-directed brokerage services must complete and return the "Mutual Fund Window Election" Form (<http://www.nd.gov/ndpers/forms-and-publications/forms/sfn-53082-mutual-fund-window.pdf>) to NDPERS for approval. Please outline how you will work with the NDPERS staff to establish participant access to this service.

Section 2: Administrative Questionnaire

Market-Timing/ Trading Restrictions

1. Has the firm been subpoenaed by regulators with regard to the firm's trading practices? If yes, by whom and when?
2. Has the firm been fined by regulators to pay a settlement(s) regarding market-timing and/or after-hours trading? If yes, please provide the settlement amount(s).
3. If your firm has been fined by regulators, what was done to monitor that market-timing and/or after-hours trading does not occur in the future?
4. Has the firm conducted an internal review to determine if excessive market timing and/or after-hours trading have occurred in the funds? If yes, what was the outcome of the internal review?
5. What are the firm's guidelines regarding excessive trading, short-term trading or market timing?

Programs to Increase Member Participation In The 457 Plan

1. Discuss your firm's program to increase participation.
2. Please provide a document outlining your firm's specific goals and high level milestones to increase member participation.
3. Discuss your firm's abilities as well as any cost implications with respect to the following:
 - a. Contract buyouts of existing participant surrender charges
 - b. Utilization of existing local brokers
 - c. An alternative strategy suggested by your firm
4. Please identify and discuss successful programs you have implemented for any current or former clients.

SECTION 3

Investment Management Services

Section 3: Investment Management Services

Exhibit I – Current Investment Structure

Asset Class	Fund	Ticker Symbol
TIER 1: LIFECYCLE		
Lifecycle	Freedom Income	FFFAX
Lifecycle	Freedom 2000	FFF BX
Lifecycle	Freedom 2005	FFFVX
Lifecycle	Freedom 2010	FFFCX
Lifecycle	Freedom 2015	FFVFX
Lifecycle	Freedom 2020	FFFDX
Lifecycle	Freedom 2025	FFT WX
Lifecycle	Freedom 2030	FFEX
Lifecycle	Freedom 2035	FFTHX
Lifecycle	Freedom 2040	FFFFX
Lifecycle	Freedom 2045	FFFGX
Lifecycle	Freedom 2050	FFFHX
TIER 2: CORE FUNDS		
Stable Value	Managed Income Portfolio	N/A
Bond Fund	PIMCO Total Return Fund – Administrative Class	PTRAX
Balanced/Hybrid Fund	Fidelity Puritan Fund	FPURX
Large Cap Growth	Fidelity Growth Company	FDGRX
Large Cap Growth	Fidelity Blue Chip Growth	FBGRX
Large Cap Value	Fidelity Equity Income Fund	FEQIX
Large Cap Value	Mutual Shares Fund – Class A	TESIX
Large Cap Blend	Fidelity Dividend Growth Fund	FDGFX
Large Cap Blend	Spartan US Equity Index Fund – Investor Class	FUSEX
Mid Cap Value	Goldman Sachs Mid Cap Value Fund – Class A	GCMAX
Mid Cap Blend	Dreyfus Mid Cap Index Fund	PESPX
Mid Cap Blend	Spartan Extended Market Index Fund – Investor Class	FSEM X
Mid Cap Growth	Fidelity Mid-Cap Stock Fund	FMCSX
Small Cap Value	Allianz NFJ Small-Cap Value Fund – Administrative Class	PVADX
Small Cap Blend	Dreyfus Small Cap Stock Index Fund	DISSX
Small Cap Growth	MSIF Small Company Growth Portfolio – Class P Share	MSSMX
International/Global Fund	Fidelity Diversified International Fund	FDIVX
International/Global Fund	Fidelity Spartan International Index Fund	FSIIX

Section 3: Investment Management Services

1. Identified in Exhibit I is the current investment structure. For each investment category proposed, please identify a single fund which your organization recommends as an alternative to the Plans' current funds. Please make certain to provide a ticker symbol. If a ticker symbol is not available for a particular investment, please furnish all the information requested in Exhibits II through VII in the format provided. Please be certain to provide the fund's official name (including share class and ticker symbol) to allow us to obtain additional information on the funds through outside services. The Plan requires that participants be able to freely transfer assets between the funds recommended by your organization; therefore, the funds recommended should be non-competing vehicles. Please fully describe any situation in which the recommended funds would be considered competing and provide an explanation of how your organization would address or circumvent this issue.

The proposer must propose an investment option for each asset class outlined in Exhibit I.

The Board is looking for a provider that can offer participants a selective, highly competitive investment product for each asset class the provider proposes. Historical investment performance, of at least three, and preferably five or more years of history, will be required for each recommended investment product.

2. For each recommended fund, please provide:
 - for fixed income funds: average quality, average maturity, duration, yield, etc;
 - a description of the fund's investment philosophy and strategy. For fixed income funds, this should include strategies regarding duration, the yield curve, sector selection and security selection. For equity funds, this should include details regarding the manager's buy/sell discipline, portfolio construction and investment style (i.e., deep value, conservative growth, etc.);
 - a biography of the current portfolio manager and how long he has acted as portfolio manager;
 - for equity funds: market capitalization, wtd. average market cap, median market cap, P/E ratio, P/B ratio, beta, # holdings, 3 year ext. growth rate, distribution of market cap of holdings, percentage<1.5 bill, percentage 1.5 to 5.0 bill, percentage>5.0 bill. Please note, P/E ratios should be calculated on a forward-looking basis;
 - for lifecycle funds: asset allocation, fund composition, benchmarks, etc.
3. For each recommended fund, please provide the basis points you would receive in revenue sharing from the investment managers. This data should be inputted in the "Revenue Sharing %" column in Exhibit II. Please ensure that the 12b-1 fees for each fund are included in the revenue sharing column.
4. For the lifecycle/retirement investment vehicles, provide each portfolio's underlying funds and asset allocation breakdown for the period ending **December 31, 2010**. Additionally, if you are proposing customized lifecycle funds, describe how you would determine asset allocation for the portfolios and rebalancing frequency.
5. For each fixed-income investment vehicle, provide the average maturity, average duration, average credit quality, average coupon. Also, provide % sector breakdown to Treasury/Agency, corporate, mortgage-related, asset-backed, foreign, cash equivalents, other. Provide % invested in AAA, AA, A, BBB, BB, B, below B and any related limitations or percentages of assets that can be allocated to any one issue or issue class.

Section 3: Investment Management Services

6. For each investment vehicle, please provide quarterly total rate of returns (net of fees) (Exhibit III).

Stable Value Fund:

7. Are you proposing a stable value fund? If so, please respond to questions 9-16 below.
8. Are you proposing a daily credit rate or a guaranteed declared rate method of reporting interest rates?
9. For each product, describe the current and minimum interest rate guarantees, how is interest credited, and the frequency of rate changes.
10. For each product, how often do you declare a new rate? Does old money receive the same rate as new money?
11. Describe your process for managing the book to market value differential at the time of each new rate reset. How involved, if at all, will the Board be in this process?
12. Provide the current proposed interest rate for an account of our size.
13. For each product, provide the average quality, average maturity, modified duration, liquidity percentage and yield to maturity. Furthermore, provide the make-up of the underlying portfolio including asset type, grade and percentage breakdown as well as other fixed income portfolio characteristics as of **December 31, 2010** (Exhibit VI).
14. Does the proposed stable value funds have a minimum contract rate guaranteed for the life of the contract? If so, please indicate for each product
15. The proposed account stable value funds must be fully liquid at the end of the contract period with no market value adjustments. Fully describe the payout provisions for each product. Provide a detailed description regarding participant and plan level transfer/withdrawal restrictions (Exhibit VII).

Investment Management Services

16. Fund Selection Criteria:
- a) What criteria do you use to select recommended funds or fund families?
 - b) Describe the process you use for, and the frequency of, the periodic review of the funds.
 - c) Describe the criteria you use in that review.
 - d) Describe the process you use when a fund manager does not meet your expectations.
17. Fund Performance:
- a) If the State is not satisfied with the performance of a particular fund, what are the steps needed to make a change?
 - b) How long would it take to make such a change?
 - c) Please confirm that there would be no cost to change funds.

Section 3: Investment Management Services

18. Describe the administrative, financial, and any other impact on the plan sponsor and the participants when a manager or fund offered to those participants ceases to be offered through your organization.
19. For any funds managed in-house:
 - a) Describe your research capabilities, including the number of research professionals you employ.
 - b) Indicate to what extent you rely on research information obtained from outside sources. List your sources and volume of business. How do you pay for these services?
20. Please confirm that there are no contingent deferred sales charges or wrap fees that are included in your products.
21. Please describe if any of the recommended funds have minimum balance requirements or any other types of restrictions.
22. Please confirm that none of your recommended funds have withdrawal or transfer provisions.
23. Do any of your recommended funds have short-term redemptions? If so, identify the fund(s).
24. Please describe how your recordkeeping system handles short-term fund redemption fees for proprietary and non-proprietary funds.
25. Please describe your recordkeeping capabilities for exchange traded funds. Is the Plan able to offer exchange traded funds as part of its core investment line up or are these types of investment options only available through the optional self-directed brokerage option?
26. If your organization has alliances with outside fund families, please provide a list of the specific funds in the program.
27. Please identify opportunity related to the design of your proposed Stable Value Fund to improve or enhance the credit rate.

Section 3: Investment Management Services

Exhibit VI – Proposed Stable Value Fund Characteristics

Portfolio Characteristics	(%)
Average Maturity (years)	
Average Duration (years)	
Average Credit Quality	
Minimum Rate Guarantees	
Interest Rate	
Rate Declaration Frequency	
Type of Fund	

Termination Provisions/Restrictions
Plan Sponsor
Participant

Sector Allocations	(%)
Treasury	
Agency	
Gov't./Agency MBS & CMO	
AAA ABS & CMBS	
Credit	
A Credit	
Cash	
Other	
Total	

Portfolio Composition	(%)
Bonds	
Mortgage	
Other	
Stocks	
Real Estate	
Cash	
Total	

SECTION 4

Request for Proposal

Fees

Section 4: Fees

Proposers are to submit bids under the following scenarios:

Scenario 1: Submit a bid for either the 401(a) Defined Contribution Retirement Plan or the 457 Deferred Compensation Companion Plan

Scenario 2: Submit a bid for both the 401(a) Defined Contribution Retirement Plan and the 457 Deferred Compensation Companion Plan

Scenario 3: Submit a bid for both the 401(a) Defined Contribution Retirement Plan and the 457 Deferred Compensation Companion Plan. Effective August 1, 2011 all new State employees will be placed in the 401(a) Defined Contribution Retirement Plan.

Scenario 4: Submit a bid for both the 401(a) Defined Contribution Retirement Plan and the 457 Deferred Compensation Companion Plan. Effective August 1, 2011 all new State employees will be placed in the 401(a) Defined Contribution Retirement Plan. Existing employees in the PERS Defined Benefit Plan will be given the option to transfer their existing balances to the 401(a) Plan during the period August 1, 2011 to March 1, 2012.

Items for consideration by the proposer:

The 457 Deferred Compensation Companion Plan currently has an expedited enrollment feature with a \$25.00 monthly expedited contribution (quick enrollment process).

The overall average account balance for the Plan has dropped consistently over the last several years while the Plan's overall participation rate has increased

All Plan fees are paid for by the participant.

The Board is therefore considering several alternatives to this current Plan design.

Included in the list of alternatives are:

(a) Increasing the expedited contribution (quick enrollment process) minimum from \$25 - \$50

(b) Suspending/eliminating the expedited enrollment (quick enrollment process) feature

As noted above, the PERS Board is concerned about participant fees. The Board would like the input from each proposer on how fees for the 457 plan can be reduced including but not limited to alternatives to the present pricing model and possible changes in the investment options, etc. Please outline these alternatives in your response.

Section 4: Fees

1. What are the start-up/implementation costs and plan termination costs?
2. As described in the minimum qualification requirements, once awarded, the contract will begin **August 1, 2011** for a period of **23-months** concluding on **June 30, 2013**. The fee structure proposed must be guaranteed for the full contract term. In addition, the Board, at its discretion, may extend the contract for up to two, 24-month periods. The fee structure of these extensions will be subject to negotiations based on increase asset size. The Board expects favorable fee renegotiations as the Plans assets increase during the contract period.
3. What are the factors you consider in determining future fee decreases and when they are to occur?
4. How are fees adjusted if a sizable number of participants are added or removed from the Plans?
5. Do you provide a service guarantee related to successful plan transition with monetary reimbursement if conversion is not completed on a timely and accurate basis? If in the event participant statements and plan sponsor reports are not completed on a timely and accurate basis, what type of monetary reimbursement will be provided to the Plans?
6. What is the cost for financial advisory services through a third party (Morningstar, Financial Engines, etc.)? Does the cost of this service apply to the full Plan or only to the participants who subscribe for the service?
7. Please indicate the number of assigned field representatives that you will allocate to this relationship.
8. What is your per participant fee to recordkeep the 401(a) and 457 Plans? Please also express this fee as an asset based fee. One of PERS' chief concerns is the application of a per participant fee to accounts with small balances. Please describe possible pricing alternatives to a flat per participant fee.
9. If a participant has an account in both Plans, will they be charged for each account?
10. Please provide other alternatives not outlined in this proposal that could result in the lowering of participant fees. Please be clear in your response and provide the condition and the result.

Based upon the information supplied in the RFP, please complete the cost structure chart on the following page. It is critical that you provide complete information so that fees can be compared on an equitable basis. If there are additional fees not listed, describe them, in detail, under "comments".

If assumptions are necessary, please fully explain your assumptions and quote the related fees on a unit cost basis, if possible.

Scenario 1

**401(a) Defined Contribution Plan
Cost Structure**

Services	Fee	Comments
Plan Set-up/Installation		
Financial/Investment Advisory Services		
Contribution Remittance		
Plan Documents		
Compliance Services		
Check Processing		
1099R Forms		
Postage		
DRO Qualifications		
Wire Fees		
Confirmation Statements		
Participant Statements		
Voice Response Services		
Customer Service Center		
Internet Services		
On-line Services: Set-up/ongoing and software		
Employee Communication & Education:		
Generic enrollment materials		
Customized enrollment materials		
Awareness materials (posters, tents etc.)		
DVDs		
Generic periodic newsletter		
Customized periodic newsletter		
Retirement planning tools		
Pre-retirement planning tools		
Investment education materials		
Other (be specific)		
Enrollment Services:		
No. of initial enrollment meetings (#)		
No. of ongoing enrollment meetings (#)		
(frequency and price per meeting)		
Enrollment Kits		
Fees		
Customized communications		
Annual notifications to all eligible participants		
Other (be specific)		

Section 4: Fees

Scenario 1

401(a) Defined Contribution Plan Additional Fee Schedule

	Amount	Assumptions underlying the Amount
<i>Based on your proposed investment line up and a contract term of 23 months plus two additional 2-year renewals, please express your fee in the following ways:</i>		
Total hard dollar administrative fee for all services described in the RFP.	23 months Years 3 and 4 Years 5 and 6	
Total required revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	
Total expected revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	

Section 4: Fees

Scenario 1

457 Deferred Compensation Companion Plan Cost Structure

Services	Fee	Comments
Plan Set-up/Installation		
Financial/Investment Advisory Services		
Contribution Remittance		
Plan Documents		
Compliance Services		
Check Processing		
1099R Forms		
Postage		
Unforeseeable Hardship Withdrawals		
DRO Qualifications		
Wire Fees		
Confirmation Statements		
Participant Statements		
Voice Response Services		
Customer Service Center		
Internet Services		
On-line Services: Set-up/ongoing and software		
Employee Communication & Education:		
Generic enrollment materials		
Customized enrollment materials		
Awareness materials (posters, tents etc.)		
DVDs		
Generic periodic newsletter		
Customized periodic newsletter		
Retirement planning tools		
Pre-retirement planning tools		
Investment education materials		
Other (be specific)		
Enrollment Services:		
No. of initial enrollment meetings (#)		
No. of ongoing enrollment meetings (#)		
(frequency and price per meeting)		
Enrollment Kits		
Fees		
Customized communications		
Annual notifications to all eligible participants		
Other (be specific)		

Section 4: Fees

Scenario 1

457 Deferred Compensation Companion Plan Additional Fee Schedule

	Amount	Assumptions underlying the Amount
<i>Based on your proposed investment line up and a contract term of 23 months plus two additional 2-year renewals, please express your fee in the following ways:</i>		
Total hard dollar administrative fee for all services described in the RFP.	23 months Years 3 and 4 Years 5 and 6	
Total required revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	
Total expected revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	
(5) Total revenue sharing on stable value fund in basis points (bps)		

Section 4: Fees

Scenario 2

401(a) Defined Contribution Plan Cost Structure

Services	Fee	Comments
Plan Set-up/Installation		
Financial/Investment Advisory Services		
Contribution Remittance		
Plan Documents		
Compliance Services		
Check Processing		
1099R Forms		
Postage		
DRO Qualifications		
Wire Fees		
Confirmation Statements		
Participant Statements		
Voice Response Services		
Customer Service Center		
Internet Services		
On-line Services: Set-up/ongoing and software		
Employee Communication & Education:		
Generic enrollment materials		
Customized enrollment materials		
Awareness materials (posters, tents etc.)		
DVDs		
Generic periodic newsletter		
Customized periodic newsletter		
Retirement planning tools		
Pre-retirement planning tools		
Investment education materials		
Other (be specific)		
Enrollment Services:		
No. of initial enrollment meetings (#)		
No. of ongoing enrollment meetings (#)		
(frequency and price per meeting)		
Enrollment Kits		
Fees		
Customized communications		
Annual notifications to all eligible participants		
Other (be specific)		

Section 4: Fees

Scenario 2

401(a) Defined Contribution Plan Additional Fee Schedule

	Amount	Assumptions underlying the Amount
<i>Based on your proposed investment line up and a contract term of 23 months plus two additional 2-year renewals, please express your fee in the following ways:</i>		
Total hard dollar administrative fee for all services described in the RFP.	23 months Years 3 and 4 Years 5 and 6	
Total required revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	
Total expected revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	
(5) Total revenue sharing on stable value fund in basis points (bps)		

Section 4: Fees

Scenario 2

457 Deferred Compensation Companion Plan Cost Structure

Services	Fee	Comments
Plan Set-up/Installation		
Financial/Investment Advisory Services		
Contribution Remittance		
Plan Documents		
Compliance Services		
Check Processing		
1099R Forms		
Postage		
Unforeseeable Hardship Withdrawals		
DRO Qualifications		
Wire Fees		
Confirmation Statements		
Participant Statements		
Voice Response Services		
Customer Service Center		
Internet Services		
On-line Services: Set-up/ongoing and software		
Employee Communication & Education:		
Generic enrollment materials		
Customized enrollment materials		
Awareness materials (posters, tents etc.)		
DVDs		
Generic periodic newsletter		
Customized periodic newsletter		
Retirement planning tools		
Pre-retirement planning tools		
Investment education materials		
Other (be specific)		
Enrollment Services:		
No. of initial enrollment meetings (#)		
No. of ongoing enrollment meetings (#)		
(frequency and price per meeting)		
Enrollment Kits		
Fees		
Customized communications		
Annual notifications to all eligible participants		
Other (be specific)		

Section 4: Fees

Scenario 2

457 Deferred Compensation Companion Plan Additional Fee Schedule

	Amount	Assumptions underlying the Amount
<i>Based on your proposed investment line up and a contract term of 23 months plus two additional 2-year renewals, please express your fee in the following ways:</i>		
Total hard dollar administrative fee for all services described in the RFP.	23 months Years 3 and 4 Years 5 and 6	
Total required revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	
Total expected revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	
(5) Total revenue sharing on stable value fund in basis points (bps)		

Section 4: Fees

Scenario 3

401(a) Defined Contribution Plan Cost Structure

Services	Fee	Comments
Plan Set-up/Installation		
Financial/Investment Advisory Services		
Contribution Remittance		
Plan Documents		
Compliance Services		
Check Processing		
1099R Forms		
Postage		
DRO Qualifications		
Wire Fees		
Confirmation Statements		
Participant Statements		
Voice Response Services		
Customer Service Center		
Internet Services		
On-line Services: Set-up/ongoing and software		
Employee Communication & Education:		
Generic enrollment materials		
Customized enrollment materials		
Awareness materials (posters, tents etc.)		
DVDs		
Generic periodic newsletter		
Customized periodic newsletter		
Retirement planning tools		
Pre-retirement planning tools		
Investment education materials		
Other (be specific)		
Enrollment Services:		
No. of initial enrollment meetings (#)		
No. of ongoing enrollment meetings (#)		
(frequency and price per meeting)		
Enrollment Kits		
Fees		
Customized communications		
Annual notifications to all eligible participants		
Other (be specific)		

Section 4: Fees

Scenario 3

401(a) Defined Contribution Plan Additional Fee Schedule

	Amount	Assumptions underlying the Amount
<i>Based on your proposed investment line up and a contract term of 23 months plus two additional 2-year renewals, please express your fee in the following ways:</i>		
Total hard dollar administrative fee for all services described in the RFP.	23 months Years 3 and 4 Years 5 and 6	
Total required revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	
Total expected revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	

Section 4: Fees

Scenario 3

457 Deferred Compensation Companion Plan Cost Structure

Services	Fee	Comments
Plan Set-up/Installation		
Financial/Investment Advisory Services		
Contribution Remittance		
Plan Documents		
Compliance Services		
Check Processing		
1099R Forms		
Postage		
Unforeseeable Hardship Withdrawals		
DRO Qualifications		
Wire Fees		
Confirmation Statements		
Participant Statements		
Voice Response Services		
Customer Service Center		
Internet Services		
On-line Services: Set-up/ongoing and software		
Employee Communication & Education:		
Generic enrollment materials		
Customized enrollment materials		
Awareness materials (posters, tents etc.)		
DVDs		
Generic periodic newsletter		
Customized periodic newsletter		
Retirement planning tools		
Pre-retirement planning tools		
Investment education materials		
Other (be specific)		
Enrollment Services:		
No. of initial enrollment meetings (#)		
No. of ongoing enrollment meetings (#)		
(frequency and price per meeting)		
Enrollment Kits		
Fees		
Customized communications		
Annual notifications to all eligible participants		
Other (be specific)		

Section 4: Fees

Scenario 3

457 Deferred Compensation Companion Plan Additional Fee Schedule

	Amount	Assumptions underlying the Amount
<i>Based on your proposed investment line up and a contract term of 23 months plus two additional 2-year renewals, please express your fee in the following ways:</i>		
Total hard dollar administrative fee for all services described in the RFP.	23 months Years 3 and 4 Years 5 and 6	
Total required revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	
Total expected revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	
(5) Total revenue sharing on stable value fund in basis points (bps)		

Section 4: Fees

Scenario 4

401(a) Defined Contribution Plan Cost Structure

Services	Fee	Comments
Plan Set-up/Installation		
Financial/Investment Advisory Services		
Contribution Remittance		
Plan Documents		
Compliance Services		
Check Processing		
1099R Forms		
Postage		
DRO Qualifications		
Wire Fees		
Confirmation Statements		
Participant Statements		
Voice Response Services		
Customer Service Center		
Internet Services		
On-line Services: Set-up/ongoing and software		
Employee Communication & Education:		
Generic enrollment materials		
Customized enrollment materials		
Awareness materials (posters, tents etc.)		
DVDs		
Generic periodic newsletter		
Customized periodic newsletter		
Retirement planning tools		
Pre-retirement planning tools		
Investment education materials		
Other (be specific)		
Enrollment Services:		
No. of initial enrollment meetings (#)		
No. of ongoing enrollment meetings (#)		
(frequency and price per meeting)		
Enrollment Kits		
Fees		
Customized communications		
Annual notifications to all eligible participants		
Other (be specific)		

Section 4: Fees

Scenario 4

401(a) Defined Contribution Plan Additional Fee Schedule

	Amount	Assumptions underlying the Amount
<i>Based on your proposed investment line up and a contract term of 23 months plus two additional 2-year renewals, please express your fee in the following ways:</i>		
Total hard dollar administrative fee for all services described in the RFP.	23 months Years 3 and 4 Years 5 and 6	
Total required revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	
Total expected revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	

Section 4: Fees

Scenario 4

457 Deferred Compensation Companion Plan Cost Structure

Services	Fee	Comments
Plan Set-up/Installation		
Financial/Investment Advisory Services		
Contribution Remittance		
Plan Documents		
Compliance Services		
Check Processing		
1099R Forms		
Postage		
Unforeseeable Hardship Withdrawals		
DRO Qualifications		
Wire Fees		
Confirmation Statements		
Participant Statements		
Voice Response Services		
Customer Service Center		
Internet Services		
On-line Services: Set-up/ongoing and software		
Employee Communication & Education:		
Generic enrollment materials		
Customized enrollment materials		
Awareness materials (posters, tents etc.)		
DVDs		
Generic periodic newsletter		
Customized periodic newsletter		
Retirement planning tools		
Pre-retirement planning tools		
Investment education materials		
Other (be specific)		
Enrollment Services:		
No. of initial enrollment meetings (#)		
No. of ongoing enrollment meetings (#)		
(frequency and price per meeting)		
Enrollment Kits		
Fees		
Customized communications		
Annual notifications to all eligible participants		
Other (be specific)		

Section 4: Fees

Scenario 4

457 Deferred Compensation Companion Plan Additional Fee Schedule

	Amount	Assumptions underlying the Amount
<i>Based on your proposed investment line up and a contract term of 23 months plus two additional 2-year renewals, please express your fee in the following ways:</i>		
Total hard dollar administrative fee for all services described in the RFP.	23 months Years 3 and 4 Years 5 and 6	
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Total expected revenue sharing from proposed funds for all services described in the RFP in basis points (bps)	23 months Years 3 and 4 Years 5 and 6	
(5) Total revenue sharing on stable value fund in basis points (bps)		

Section 4: Fees

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SECTION 5

Appendix