

# **REQUEST FOR PROPOSAL**

by

**The University of Texas System**

for

**The University of Texas Retirement Program**

and

**The University of Texas System 457(f) Plans**



**Submittal Deadline: February 3, 2012**

**Issued: December 21, 2011**

**REQUEST FOR PROPOSAL  
UT SYSTEM RETIREMENT PROGRAMS**

**TABLE OF CONTENTS**

<b>SECTION 1: INTRODUCTION .....</b>	<b>1</b>
<b>SECTION 2: NOTICE TO RESPONDING VENDOR .....</b>	<b>5</b>
<b>SECTION 3: SUBMISSION OF PROPOSAL.....</b>	<b>8</b>
<b>FOR THE UNIVERSITY OF TEXAS RETIREMENT PROGRAM</b>	
<b>SECTION 4A: CRITERIA FOR SELECTION.....</b>	<b>10</b>
<b>SECTION 5A: GENERAL TERMS AND CONDITIONS .....</b>	<b>12</b>
<b>SECTION 6A: VENDOR REQUIREMENTS.....</b>	<b>15</b>
<b>SECTION 7A: INVESTMENT PRODUCTS.....</b>	<b>17</b>
<b>SECTION 8A: COMMUNICATION AND EDUCATION .....</b>	<b>22</b>
<b>SECTION 9A: ADMINISTRATION .....</b>	<b>28</b>
<b>FOR THE UNIVERSITY OF TEXAS 457(F) PLANS</b>	
<b>SECTION 4B: CRITERIA FOR SELECTION.....</b>	<b>33</b>
<b>SECTION 5B: GENERAL TERMS AND CONDITIONS .....</b>	<b>35</b>
<b>SECTION 6B: VENDOR REQUIREMENTS.....</b>	<b>38</b>
<b>SECTION 7B: INVESTMENT PRODUCTS.....</b>	<b>41</b>
<b>SECTION 8B: COMMUNICATION AND EDUCATION .....</b>	<b>46</b>
<b>SECTION 9B: ADMINISTRATION .....</b>	<b>49</b>
<b>SECTION 10 INTERROGATORIES .....</b>	<b>53</b>
<b>SECTION 11A SIGNATURE PAGE .....</b>	<b>62</b>
<b>SECTION 11B SIGNATURE PAGE .....</b>	<b>63</b>

**ATTACHMENTS:**

<b><u>APPENDIX A:</u></b>	<b>SAMPLE AGREEMENT UT RETIREMENT PROGRAMS</b>
<b><u>APPENDIX B:</u></b>	<b>SAMPLE AGREEMENT 457(F) PLANS</b>
<b><u>APPENDIX C1:</u></b>	<b>HUB SUBCONTRACTING PLAN</b>
<b><u>APPENDIX C2:</u></b>	<b>HUB QUICK CHECKLIST</b>
<b><u>APPENDIX D:</u></b>	<b>FUND PERFORMANCE REPORT REQUIREMENTS</b>
<b><u>APPENDIX E:</u></b>	<b>COMMON REMITTER REQUIREMENTS</b>
<b><u>APPENDIX F:</u></b>	<b>ACCESS BY INDIVIDUALS WITH DISABILITIES</b>
<b><u>APPENDIX G:</u></b>	<b>ELECTRONIC AND INFORMATION RESOURCES ENVIRONMENT CHECKLIST</b>

- APPENDIX H:** THE UNIVERSITY OF TEXAS SYSTEM OPTIONAL RETIREMENT PROGRAM
- APPENDIX I:** THE UNIVERSITY OF TEXAS SYSTEM UTSAVER TAX-SHELTERED ANNUITY (TSA) PROGRAM
- APPENDIX J:** THE UNIVERSITY OF TEXAS UTSAVER DEFERRED COMPENSATION PLAN
- APPENDIX K:** THE UNIVERSITY OF TEXAS SYSTEM GOVERNMENTAL RETIREMENT ARRANGEMENT
- APPENDIX L:** THE UNIVERSITY OF TEXAS SYSTEM DEFERRED COMPENSATION PLAN
- APPENDIX M:** THE UNIVERSITY OF TEXAS INSTITUTION DEFERRED COMPENSATION PROTOTYPE PLAN
- APPENDIX N:** SALES SOLICITATION AGREEMENT

# SECTION 1

## INTRODUCTION

### 1.1 Description of University

The Texas Constitution of 1876 provided that “the Legislature shall, as soon as practical, establish, organize and provide for maintenance, support and direction of a university of the first class, to be located by vote of the people of this State, and styled ‘The University of Texas’. . .” In 1881, the 17th Texas Legislature passed an act to establish The University of Texas. Later that year, voters determined that the Main System was to be located in Austin and the Medical School was to be located in Galveston.

Today, The University of Texas System includes nine academic institutions in Arlington, Austin, Brownsville, Dallas, Edinburg (Pan American), El Paso, Odessa (Permian Basin), San Antonio and Tyler and six health institutions in Dallas, Galveston, Houston (2), San Antonio and Tyler. The University of Texas System Administration offices are located in Austin; however, many of the operations of the UT System are decentralized. Most institutions have their own payroll systems. The UT System has approximately 90,000 employees. All employees are eligible for the voluntary retirement savings programs, and 15,798 employees participate in Optional Retirement Program.

The University of Texas System September 2011			
Location	Institution	Faculty	Staff
Austin	The University of Texas at Austin	3,271	11,230
	The University of Texas System	0	533
Brownsville	The University of Texas at Brownsville	734	1,463
Dallas	The University of Texas at Arlington	1,446	2,125
	The University of Texas at Dallas	918	2,262
	The University of Texas Southwestern Medical Center at Dallas	2,126	8,581
Edinburg	The University of Texas at Pan American	823	2,242
El Paso	The University of Texas at El Paso	1,180	1,854
Galveston	The University of Texas Medical Branch at Galveston	1,198	9,767
Houston	The University of Texas Health Science Center at Houston	1,561	3,560
	The University of Texas M.D. Anderson Cancer Center	1,954	15,924
Odessa	The University of Texas at Permian Basin	215	250
San Antonio	The University of Texas at San Antonio	1,319	3,278
	The University of Texas Health Science Center at San Antonio	1,676	4,281
Tyler	The University of Texas at Tyler	386	438
	The University of Texas Health Science Center at Tyler	86	727
Total		18,893	68,515

This RFP includes the UT System’s voluntary retirement savings programs, the UTSaver Deferred Compensation Plan (*Internal Revenue Code of 1986*, as amended, (Code) Section 457(b)) and the UTSaver Tax-Sheltered Annuity Program (Code Section 403(b)), as well as the Optional Retirement Program (Code Section 403(b)), The University of Texas System Governmental Retirement Arrangement (Code Section

415(m)), and The University of Texas Deferred Compensation Plan and the adopted The University of Texas System Institution Deferred Compensation Prototype Plans (Code Section 457(f)).

## 1.2 Summary of Existing Retirement Plans

The UT System administers four retirement plans, collectively called the UTRetirement Program

- The Optional Retirement Program;
- The University of Texas System Governmental Retirement Arrangement;
- The UTSaver Deferred Compensation Plan; and
- The UTSaver Tax-Sheltered Annuity Program.

Additionally, the UT System administers the following 457(f) retirement plans, collectively called the 457(f) Plans:

- The University of Texas System Deferred Compensation Plan; and
- The University of Texas System Institution Deferred Compensation Prototype Plans.

The Optional Retirement Program (ORP) is governed by Chapter 830 of the Texas Government Code and Section 403(b) of the Code. The ORP was authorized in 1968 by the Texas Legislature as an alternative to the defined benefit retirement program administered by the Teacher Retirement System of Texas. Additionally, the Texas Higher Education Coordinating Board (THECB) has established rules regarding the administration of this plan found in 19 Texas Administrative Code Chapter 25 (Coordinating Board Rules). The ORP has 15,798 active participants and six (6) vendors that are permitted to receive contributions for new ORP enrollees, which will be referred throughout this document as “currently authorized vendors.” Annual remittances for fiscal year 2011 (September 1, 2010 to August 31, 2011) were \$281,812,681. While there are six (6) currently authorized vendors, an additional four (4) vendors are “grandfathered” and received \$282,655 in remittances in fiscal year 2011. The term “grandfathered” refers to vendors who are authorized to continue to receive contributions for certain participants as authorized by UT System.

For certain eligible employees hired before September 1, 1996, UT System administers a governmental excess-benefit arrangement entitled The University of Texas System Governmental Retirement Arrangement (UTGRA), governed by Section 415(m) of the Code. This excess-benefit arrangement was established to provide eligible ORP participants that portion of the participant’s benefits that would otherwise be payable under the terms of the ORP except for the limitations on benefits imposed by Section 415 of the Code. The same six (6) currently authorized vendors for ORP are available for UTGRA and annual remittances for fiscal year 2011 totaled \$5,838,476 for 709 participants.

UT System offers two voluntary retirement savings programs, the UTSaver Deferred Compensation Plan (UTSaver DCP) and the UTSaver Tax-Sheltered Annuity Program (UTSaver TSA). The UTSaver DCP is governed by Section 457(b) of the Code. The UTSaver DCP has the same six currently authorized vendors as offered in ORP and UTGRA. For fiscal year 2011, remittances totaled \$63,309,343 for 6,326 participants in the UTSaver DCP. The UT System may add a Roth contribution option to the 457(b) at some point in the future.

The UT Saver TSA is governed by Section 403(b) of the Code with traditional and Roth contribution options. The same six currently authorized vendors for the ORP, UTGRA and UT Saver DCP plans are available for the UT Saver TSA. Additionally, there are four “grandfathered” vendors authorized to continue to receive contributions for certain participants as authorized by UT System. For fiscal year 2011, remittances totaled \$108,903,352 for 15,554 participants in the UT Saver TSA plan.

UT System administers several ineligible deferred compensation plans governed by Section 457(f) of the Code. The Second Amended and Restated The University of Texas System Deferred Compensation Plan (the “System 457(f) Plan”) was first adopted on September 1, 1996. It was established to provide UT System contributions to employees who are members of a select group of management or highly compensated employees designated by the Board of Regents (normally UT System institution presidents and certain officers of UT System). The System 457(f) Plan has 11 active participants, 3 currently authorized vendors and annual remittance for fiscal year 2011 totaling \$590,000.

The University of Texas System Institution Prototype 457(f) Plan has been adopted by six UT System institutions, with the approval of UT System. Other UT System institutions may adopt the Prototype 457(f) Plan in the future with UT System approval and become subject to this RFP. Current adopted Prototype 457(f) Plans and such plans which may be adopted in the future are collectively referred to as the “Prototype 457(f) Plans.” Each Prototype 457(f) Plan was established to provide UT System institution contributions to employees of such institution who are members of a select group of management or highly compensated employees designated by the UT System institution president and approved by the UT System. The existing Prototype 457(f) Plans collectively have 22 active participants, 3 currently authorized vendors and annual remittances for fiscal year 2011 totaling \$1,420,144. The current adopting UT System institutions are The University of Texas at Austin, The University of Texas at San Antonio, The University of Texas Health Science Center at Houston, The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston and The University of Texas M.D. Anderson Cancer Center.

### **1.3 Objective of this Request for Proposal**

The UT System is soliciting proposals from qualified and appropriately licensed vendors to provide investment products and services for all UT System retirement plans listed in Section 1.2 above. It is the intent of the UT System to contract for the three-year period beginning on September 1, 2012, through August 31, 2015, with the opportunity, at UT System’s sole option, to renew for an additional three-year period, subject to terms and conditions acceptable to UT System.

Responding vendors have three options: 1) respond only for the plans listed in Section 1.3.1 below; 2) respond only for the plans listed in Section 1.3.2 below; 3) respond for both sets of plans. There will be two separate responses to this RFP for vendors responding to both sets of plans.

**1.3.1** One response should include provisions of investment products and services for the UT Retirement Program (ORP, UTGRA, UT Saver TSA and UT Saver DCP). Each responding vendor should also have the capability to accept Roth 457(b) deferrals as UT System may elect to add this program in the future. A common set of vendors and appropriate type and number of products will be selected for all four of these plans based on the responses to this RFP.

- 1.3.2** One response should include provisions of investment products and services for the 457(f) Plans. These plans are not part of the UT Retirement Program. A common set of vendors and appropriate type and number of products will be selected for all of the 457(f) Plans based on the responses to this RFP.
- 1.3.3** Responding vendors are encouraged to issue responses to both sets of plans listed in Sections 1.3.1 and 1.3.2, or they may issue a response for either set of plans listed in Section 1.3.1 or 1.3.2. If a responding vendor issues responses for both sets of plans, the responses will be evaluated separately with the possible result that only one or both of the responses may be selected or rejected.

#### **1.4 Group Purchase Authority**

Texas law authorizes institutions of higher education (defined by Section 61.003, *Education Code*) to use the group purchasing procurement method (ref. Sections 51.9335, 73.115, and 74.008, *Education Code*). Additional Texas institutions of higher education may therefore elect to enter into a contract with the successful responding vendor under this RFP.

## SECTION 2

### NOTICE TO RESPONDING VENDOR

#### 2.1 Submittal Deadline

UT SYSTEM will accept proposals submitted in response to this RFP until 3 p.m. Central Prevailing Time on February 3, 2012 (the “**Submittal Deadline**”).

#### 2.2 Addenda to RFP, Inquiries Regarding Specifications

All questions and comments related to the RFP must be sent via e-mail by using the appropriate e-mail link on the RFP website. Any response by UT System that alters an existing interpretation of this RFP will be posted as addenda on the RFP website.

The RFP website address is: <http://utdirect.utexas.edu/rfp/>

All addenda issued by the UT System prior to the receipt of a proposal shall be considered part of the RFP. All responding vendors are required to acknowledge all of the addenda issued on the space provided on the Signature Page of the proposal.

To ensure that all replies can be provided to all prospective responding vendors prior to the deadline for submission of proposals, no questions received after 3:00 PM (CST) on January 20, 2012 will be considered or responded to by the UT System. The UT System reserves the right to decline to respond to any question or concern.

**2.3 Key Events Schedule** The timetable for implementing this RFP is approximate. Although the UT System intends to conform to these dates as closely as possible, it reserves the right to unilaterally amend these dates at its sole discretion.

Timetable	
Distribution of RFP	12/21/2011
Pre-Bid Teleconference	1/13/2012
Deadline to submit Questions	01/20/2012
Receipt Date of RFPs	02/03/2012
Evaluation of Proposals and Determination of Approved Vendors	03/30/2012
Recommendation for Approval of Vendors to Board of Regents	05/02–05/03/2012
Notify Vendors of Selection	05/04/2012
Provide List of Vendor Contacts to UT System	05/14/2012
Deadline to Execute the Agreement	06/29/2012
Deadline to Complete Employee Education Materials and Website	07/15/2012
Deadline to Have All Products in Place and Ready to Receive Remittances*	08/01/2012
Implementation of New Retirement Program Products and Services	09/01/2012

\*An exception may be provided to Contracting Vendors who have requested approval to offer a product with the Texas Department of Insurance and are awaiting approval as long as the Contracting Vendor requests approval in a timely manner after notification of selection.

## 2.4 Pre-Proposal Conference

UT System will hold a pre-proposal teleconference at 2:00 p.m., Central Prevailing Time on January 13th, 2012. The pre-proposal conference will allow all responding vendors an opportunity to ask UT System representatives relevant questions and clarify provisions of this RFP. Details regarding the pre-proposal conference will be posted on the RFP website. Interested vendors should register for the call on the RFP website.

## 2.5 Historically Underutilized Businesses

2.5.1 All agencies of the State of Texas are required to make a good faith effort to assist historically underutilized businesses (each a “HUB”) in receiving contract awards. The goal of the HUB program is to promote full and equal business opportunity for all businesses in contracting with state agencies. Pursuant to the HUB program, if under the terms of any agreement or contractual arrangement resulting from this RFP, Contracting Vendor subcontracts any of the services, then Contracting Vendor must make a good faith effort to utilize HUBs certified by the Procurement and Support Services Division of the Texas Comptroller of Public Accounts. Proposals that fail to comply with the requirements contained in this Section 2.5 will constitute a material failure to comply with advertised specifications and will be rejected by UT System as non-responsive. Additionally, compliance with good faith effort guidelines is a condition precedent to awarding any agreement or contractual arrangement resulting from this RFP. Responding vendor acknowledges that, if selected by UT System, its obligation to make a good faith effort to utilize HUBs when subcontracting any of the services will continue throughout the term of all agreements and contractual arrangements resulting from this RFP. Furthermore, any subcontracting of the services by the responding vendor is subject to review by UT System to ensure compliance with the HUB program.

2.5.2 UT System has reviewed this RFP in accordance with Title 34, *Texas Administrative Code*, Section 20.13 (a), and has determined that subcontracting opportunities are probable under this RFP.

2.5.3 A HUB Subcontracting Plan (“HSP”) is required as part of responding vendor’s proposal. The HSP will be developed and administered in accordance with UT System Policy on Utilization of Historically Underutilized Businesses attached as **Appendix C** and incorporated for all purposes.

*Each responding vendor must complete and return the HSP in accordance with the terms and conditions of this RFP, including **Appendix C**. Responding vendors that fail to do so will be considered non-responsive to this RFP in accordance with Section 2161.252, Government Code.*

Contracting Vendor will not be permitted to change its HSP unless: (1) Contracting Vendor completes a newly modified version of the HSP in accordance with the terms of **Appendix C** that sets forth all changes requested by Contracting Vendor, (2) Contracting Vendor provides UT System with such a

modified version of the HSP, (3) UT System approves the modified HSP in writing, and (4) all agreements or contractual arrangements resulting from this RFP are amended in writing by UT System and Contracting Vendor to conform to the modified HSP.

2.5.4 Responding vendor must submit for each RFP response three (3) originals of the HSP to UT System at the same time it submits its proposal to UT System (ref. **Section 3** of this RFP.) The three (3) originals of the HSP must be submitted under separate cover and in a separate envelope (the "HSP Envelope"). Responding vendor must ensure that the top outside surface of its HSP Envelope clearly shows and makes visible:

2.5.4.1 the title of the RFP and the Submittal Deadline (ref. **Section 2.1** of this RFP), both located in the lower left hand corner of the top surface of the envelope,

2.5.4.2 the name and the return address of the responding vendor, and

2.5.4.3 the phrase "HUB Subcontracting Plan".

Any proposal(s) submitted in response to this RFP that is/are not accompanied by a separate HSP Envelope meeting the above requirements will be rejected by UT System and returned to the responding vendor unopened as that proposal will be considered non-responsive due to material failure to comply with advertised specifications. Furthermore, UT System will open a responding vendor's HSP Envelope prior to opening the proposal submitted by the responding vendor, in order to ensure that the responding vendor has submitted the number of completed and signed originals of the responding vendor's HUB Subcontracting Plan ("HSP") that are required by this RFP. A responding vendor's failure to submit the number of completed and signed originals of the HSP that are required by this RFP will result in UT System's rejection of the proposal submitted by that responding vendor as non-responsive due to material failure to comply with advertised specifications; such a proposal will be returned to the responding vendor unopened. **Note:** The requirement that responding vendor, for each RFP response, provide three originals of the HSP under this **Section 2.5.4** is separate from and does not affect responding vendor's obligation to provide UT System with the number of copies of its proposal as specified in **Section 3** of this RFP.

## **SECTION 3**

### **SUBMISSION OF PROPOSAL FOR THE UT RETIREMENT PROGRAM AND 457(f) PLANS**

#### **3.1 Number of Copies**

##### **3.1.1** The following applies to the submission of proposals:

One (1) original signed in blue ink, and four (4) hard copies of the proposal must be received by the UT System on or before 3:00 p.m. (central time), January 27, 2012. Copies of the proposal should be delivered to:

Laura Chambers, Director  
Office of Employee Benefits  
The University of Texas System  
702 Colorado Street, Suite 2.100  
Austin, Texas 78701

**3.1.2** The responding vendor is required to submit two (2) electronic versions of the proposal on CD or USB flash drive using Microsoft Word, Excel, Access, or Adobe Acrobat.

**3.1.3** Proposals must be valid for one hundred eighty (180) days following the proposal receipt date.

**3.1.4** Proposals and any other information submitted by responding vendors in response to this RFP shall become the property of the UT System.

**3.1.5** The UT System will not provide compensation to responding vendors for any expenses incurred by the responding vendors for proposal preparation or for any demonstrations, unless otherwise expressly stated in writing by the UT System. The responding vendors shall submit proposals at their own risk and expense.

**3.1.6** Proposals that are qualified with conditional clauses, or alterations, or items not called for in the RFP documents, or irregularities of any kind are subject to disqualification by the UT System, at its option.

**3.1.7** Each proposal should provide a succinct and concise description of the responding vendor's ability to meet the requirements of the RFP. Emphasis should be on completeness, clarity of content, responsiveness to the requirements, and an understanding of the UT System's needs.

**3.1.8** Representations made within the proposal will be binding on the responding vendor. UT System will not be bound to act by any other previous communication or proposal submitted by the responding vendor.

**3.1.9** A Table of Contents with page number references must be included. The Table of Contents should include sufficient detail to facilitate easy reference to the sections of the proposal, as well as separate attachments. Any voluntary information and attachments not requested in the RFP, but included in the

proposal, should be clearly identified in the Table of Contents and provided as a separate section in the proposal.

**3.1.10** The materials submitted must be enclosed in a sealed envelope, box or container. The package must show clearly the submittal deadline, the responding vendor's name, and the responding vendor's return address.

**3.1.11** Late proposals properly identified will be returned to the responding vendor unopened at the responding vendor's expense. Other late proposals will be held at the Office of Employee Benefits for 30 days and then discarded. Late proposals will not be considered under any circumstances.

**3.1.12** Telephone proposals or proposals transmitted electronically are not acceptable responses to this RFP.

## **3.2 Modification**

No proposal may be changed, amended, or modified after submission to the UT System except for inadvertent error or upon specific request of the UT System.

## **3.3 Addenda to RFP, Inquiries Regarding Specifications**

All questions and comments related to the RFP must be sent via email by using the appropriate email link on the RFP website.

Any response by UT System that alters an existing interpretation of this RFP will be posted as addenda on the RFP website. The RFP website address is:

<http://utdirect.utexas.edu/rfp/>

All addenda issued by the UT System prior to the receipt of a proposal shall be considered part of the RFP. All responding vendors are required to acknowledge all of the addenda issued on the space provided on the Signature Page of the proposal.

To ensure that all replies can be provided to all prospective responding vendors prior to the deadline for submission of proposals, no questions received after 3:00 p.m. (central time) on January 20<sup>th</sup>, 2012, will be considered or responded to by the UT System. The UT System reserves the right to decline to respond to any question or concern.

## **3.4 Submittal Checklist**

Responding vendor is instructed to complete, sign, and return the following documents as a part of its proposal. If responding vendor fails to return each of the following items with its proposal, then UT System may reject the proposal:

**3.4.1** Signed and Completed Signature Page(s) (ref. **Section 11**)

**3.4.2** Responses to Interrogatories (ref. **Section 10**)

**3.4.3** Signed and completed originals of the HUB Subcontracting Plan or other applicable documents for each RFP response (ref. **Section 2.5** of this RFP and **APPENDIX C**).

## **SECTION 4A**

### **CRITERIA FOR SELECTION FOR THE UNIVERSITY OF TEXAS RETIREMENT PROGRAMS**

#### **4A.1 Criteria for Selection**

Proposals submitted in response to this RFP will be competitively and comparatively evaluated on the basis of the criteria included in this section. The criteria are not necessarily listed in order of importance. The criteria will provide the basis for an objective evaluation of each proposal and will apply to all retirement plans listed in Section 1.3.1, except as noted.. To attract the best possible proposals, the UT System may limit the number of selected vendors to as few as four (4).

##### **4A1.1. Compliance with the RFP**

Proposals containing deviations are strongly discouraged and deviations must be specifically identified and described in detail to be considered. Although a proposal with minor deviations from the RFP will not be disqualified, preference will be shown to those responding vendors with the fewest, least significant deviations. Information about proposed unique or value-added benefits and programs that would enhance or supplement the current UT Retirement Program are welcome when presented in conjunction with confirmation that the responding vendor agrees to the requirements as presented in this RFP.

A proposal purporting to add conditional vendor criteria to which UT System must agree in order to obtain products or services from the responding vendor will be rejected as noncompliant. UT System will interpret a response wherever possible to match the specifications herein except for deviations specifically noted and described in response to this item. Deviations will not become a part of the final agreement unless expressly accepted and agreed to by UT System in writing and accepted by the Board of Regents. In all cases, the RFP, the RFP response, and agreement terms shall control.

##### **4A1.2. Required Experience**

The responding vendor must demonstrate experience in providing investment products and services to at least five (5) large institutions of higher education and at least one (1) large institution of higher education in Texas. The responding vendor must have proven experience administering ORP, voluntary 403(b) and 457(b) plans, and 415(m) plans in a multi-vendor environment. The responding vendor must also have proven experience serving the diverse needs of employees similar to UT System employees with meaningful investment products, financial education and targeted communication.

##### **4A1.3. Timetable**

The responding vendor's ability to meet the required due dates as specified in the timetable in Section 2.3 of this RFP will be an important consideration in the evaluation of the vendor proposals.

#### 4A1.4. Key Factors

This RFP will address three key factors:

- **Products:** The responding vendor's ability to provide superior investment options with a focus on quality of funds versus quantity of funds, serving employee retirement income needs during both the accumulation and payout stages of retirement financial planning.
- **Education and Communication:** The responding vendor's ability to provide superior customer service and to partner with the UT System to develop and offer effective communication campaigns and financial literacy and educational opportunities that address different learning styles and objectives and lead to greater employee engagement.
- **Administration:** The responding vendor's ability to administer all retirement plans efficiently and in accordance with applicable law; Internal Revenue Code, regulations and guidance; plan documents and amendments; Board of Regents' *Rules and Regulations*; and UT System policy.

#### 4A1.5. The Agreement

An important factor in the selection criteria includes the responding vendor's willingness to accept the provisions of the UT System agreement (see Sample Agreement in Appendix A) and to sign the agreement before June 29, 2012.

#### 4A.1.6 Other Factors

In addition to responses provided to the interrogatories in Section 10.0, other factors are considered, including the following:

- References
- Account Team
- Recordkeeping and Administration
- Regulatory and Legal Services
- Support of Loan Administration (UTSaver TSA and UTSaver DCP only)
- Support of Emergency Withdrawal Administration (UTSaver TSA, UTSaver DCP only)
- Reporting
- Systems Capabilities and Hardware

## **SECTION 5A**

### **GENERAL TERMS AND CONDITIONS FOR THE UNIVERSITY OF TEXAS RETIREMENT PROGRAMS**

The following sections apply to all retirement plans listed in Section 1.3.1.

#### **5A.1 “Grandfathering” of Vendors**

UT System intends to allow all deferral elections for all retirement programs to be made only to the newly selected vendors effective September 1, 2012. However, it is the intent to allow all monies in vendor accounts established prior to September 1, 2012 to remain on deposit with the prior vendor(s).

#### **5A.2 News Releases**

Written approval by UT System will be required prior to any issuance of any news releases or other public communication regarding an agreement awarded to a responding vendor.

#### **5A.3 Order of Responses**

Responses contained in a proposal should appear in the same order in which the corresponding specification appears in the RFP. Unless a deviation is specifically noted in the response, it will be assumed that the responding vendor agrees to meet all specifications stated in this RFP.

#### **5A.4 Acceptance of Proposals**

UT System retains the right to reject any or all proposals submitted. UT System reserves the right to enter into discussions and negotiations with one or more responding vendor(s) selected at its sole discretion to determine the best and final terms. UT System is not under obligation to hold these discussions or negotiations with each responding vendor that submits a proposal.

It is the intention of UT System at this time to enter into a three-year agreement for the UT Retirement Program and a separate three-year agreement for the 457(f) Plans. At UT System’s option, these agreements may be extended for an additional period of time up to an additional three years.

#### **5A.5 Signature Page**

An authorized officer of any responding vendor submitting a proposal must certify that the responding vendor complies with the RFP specifications by signing and returning the applicable Signature Page(s) included in this RFP. If proposals are submitted for both the UT Retirement Program and the 457(f) Plans, separate Signature Pages should be signed for each.

### 5A.6 Additional Information from Organizations

The UT System reserves the right to request additional documentation or information from responding vendors.

### 5A.7 Nonresponsive Proposals

UT System will not accept for consideration any proposals that do not comply with the criteria set forth herein.

### 5A.8 Confidential Status

Unless required to release such information by applicable statute or court order, proposals submitted by responding vendors will be deemed confidential until an announcement regarding the selection or rejection of a proposal has been made.

### 5A.9 Disclosure of Information

UT System is required to provide access to certain records in accordance with the provisions of Chapter 552 of the *Texas Government Code* (The Public Information Act, "the Act"). To permit a responding vendor to protect confidential information submitted by the responding vendor in support of a proposal, the responding vendor must designate any information it believes is exempt from disclosure and provide legal authority in each instance. The responding vendor acknowledges and agrees that UT System shall have no liability to the responding vendor or any other person or entity for disclosing information in accordance with the Act. UT System shall not have any obligation or duty to advocate the confidentiality of the responding vendor's material to the Texas Attorney General or to any other person or entity. It is the responding vendor's sole obligation to advocate the confidential or proprietary nature of any information it provides in its proposal, and the responding vendor understands that the Texas Attorney General may determine that all or part of the claimed confidential or proprietary information should be disclosed. In addition, the responding vendor must specifically agree that UT System may release the responding vendor's entire proposal, including alleged confidential or proprietary information, upon request from a member of the legislature where needed for legislative purposes.

### 5A.10 Compliance with Applicable Law, Changes Required by Statute or Regulation

All proposals must comply with all applicable state and federal laws and regulations including the following:

- [Texas Government Code Chapter 609](#) – Deferred Compensation Plans
- [Texas Government Code Chapter 830](#) – Optional Retirement Program
- [Texas Revised Civil Statutes Annotated Article 6228a-5](#) – Annuities or Investments for Certain Public Employees
- Code Section 403(b)
- Code Section 415(m)
- Code Section 457(b)
- [Texas Higher Education Coordinating Board Rules](#)

UT System recognizes that the requirements of these laws and regulations may change. UT System requires a good faith effort on the part of the selected vendor to comply with additional responsibilities imposed by federal or state law. UT System reserves the right

to negotiate with the contracting vendor to comply with any changes required by state or federal law or regulation.

**5A.11 Binding Arbitration Clause Exclusion**

No proposal containing a requirement that plan participants must agree to engage in binding arbitration will be accepted by the UT System. Each proposal must specify that the responding vendor will not impose such a requirement upon a plan participant.

## **SECTION 6A**

### **VENDOR REQUIREMENTS FOR THE UNIVERSITY OF TEXAS RETIREMENT PROGRAMS**

The following sections apply to all retirement plans listed in Section 1.3.1.

#### **6A.1 Vendor Requirements**

##### **6A.1.1 Authorized in the State of Texas**

Each investment product must satisfy the applicable requirements of and meet Section 403(b), 457(b), and 415(m) of the Code and all applicable Treasury regulations. Each responding vendor must be qualified to do business in the State of Texas as determined by the Texas Department of Insurance, the Texas State Securities Board, and any other applicable state or federal agency. All insurance vendors must certify that they are in compliance with the rules and regulations of the Texas Department of Insurance.

##### **6A.1.2 Registered by the SEC and/or the NASD**

Every responding vendor must be registered with the Securities and Exchange Commission (SEC) or National Association of Securities Dealers (NASD) or other regulatory entity as required by law.

#### **6A.2 Negligence and Penalties**

Each responding vendor must either (a) affirm that neither it nor its affiliated companies, including any of its recommended investment managers, are under investigation, have been found negligent or otherwise in violation of any trading practices or other investment irregularities relating to its retirement plan administration which resulted in any monetary or nonmonetary penalty, censure, or any other resolution levied by the SEC or the NASD, or any other governmental or nongovernmental regulatory authority; or (b) fully disclose in its response to this RFP the circumstances and status of such regulatory activities. Responding vendors that are licensed as insurance carriers must also disclose the existence, status and circumstances of any complaint, investigation or compliance action taken relating to its retirement insurance products or services.

#### **6A.3 Internal Controls and Audit Findings**

Each responding vendor must affirm that it has internal controls in place that ensure that the handling of all retirement plan contributions, withdrawals, surrenders, inter-fund exchanges or transfers, or any other financial transaction relating to its administration of retirement plan assets are in accordance with all applicable laws and regulations. Each respondent must additionally warrant that an internal audit of those controls has been performed within the last 12 months, and that either (a) the audit found no violations of the Securities' Industry standard money management practices, and that no employee, consultant, or contractor was terminated, reassigned, or otherwise disciplined as a result of the internal audit; or (b) fully disclose in the responding vendor's proposals to this RFP the circumstances and status of such violations.

#### **6A.4 Emergency Preparedness Plan**

Each responding vendor must affirm that it has in place an emergency preparedness plan assuring the continuity of operations in the event of a local or national emergency and that the plan has been successfully tested within the preceding 12-month period.

#### **6A.5 Privacy/Security Requirement**

Each responding vendor must confirm that it will comply with the following requirements with respect to all UT Retirement Program data and participant data:

- The applicable requirements of all federal programs concerning privacy and security;
- All applicable federal and state laws, rules, and regulations (including applicable provisions of the Gramm-Leach-Bliley Act);
- The [UT System Administration Use and Security Policy](#); and
- The Standards for Safekeeping Customer Information, 16 C.F.R. Part 314, keeping in mind the objectives of Section 314.3(b).

#### **6A.6 Data Integrity, Confidentiality, Accessibility, and Security**

For the purpose of this RFP, UT System data are defined as any and all information owned by UT System - created, received from or on behalf of UT System institution, or accessed in the course of performing the services related to UT Retirement Programs or the System 457(f) Plans - of which collection, disclosure, protection, and disposition is governed by state law or regulation. This information includes, but is not limited to, any participant-specific information which may be provided by the UT System to vendors.

Each responding vendor must confirm that it shall, to the extent that it is commercially reasonable to do so, protect the integrity, confidentiality, appropriate accessibility, and security of UT System and participant data, and that the responding vendor shall establish, implement, and maintain all policies, procedures, safeguards, and measures necessary for the responding vendor to do so. Each responding vendor must also confirm that it will continually monitor its operations and take any commercially reasonable action necessary to protect UT System and participant data. At the request of the UT System or a participant, each responding vendor must agree to provide the UT System or the participant with a written summary of the policies, procedures, safeguards, and measures the responding vendor uses to safeguard confidential information.

#### **6A.7 Transmitted Electronic Data**

Each responding vendor must confirm that it will use all reasonable practices, protective measures, and security procedures necessary to protect all electronic data that is transmitted between UT System and the responding vendor by (but not limited to) electronic transmission or the physical delivery of electronically recorded data. Such protective measures shall include, but not be limited to, use of up-to-date antivirus software to guard against viruses, worms, trojan horses or other malware that may permit unauthorized access to data or may compromise the confidentiality, integrity or authorized accessibility of data or associated information systems of the other party.

#### **6A.8 Notification of Changes**

Each responding vendor must confirm that it will notify the UT System of any changes to products offered, including fees and features.

## **SECTION 7A**

### **INVESTMENT PRODUCTS FOR THE UNIVERSITY OF TEXAS RETIREMENT PROGRAMS**

The following sections apply to all retirement plans listed in Section 1.3.1.

#### **7A.1 Introduction**

If the UT System determines that it will select vendors as the result of this RFP, it will select, at a minimum, four vendors. Responding vendors may choose to respond with proposals to offer both mutual fund and annuity products, but this is not required. Proposals for one product should not be conditioned upon UT System's agreement to award a contract for products offered by a responding vendor in another proposal submitted by the responding vendor. If a vendor responds with proposals for multiple product types, the UT System is in no way obligated to select all proposals, but may instead select one or more product proposals and reject others. The goal of the UT System is to implement retirement programs with the best possible investment options, while continuing to offer diverse, high-quality options appropriate for a wide range of employee retirement needs, goals and investment acumen. Responding vendors should focus on offering quality funds that service a diverse employee population rather than a large quantity of funds.

#### **7A.2 Quarterly and Annual Report**

Each responding vendor must provide a report, on a quarterly and an annual basis, to the UT System that contains a comprehensive review of the investment options provided by that responding vendor in the UT Retirement Program. The report will assess each investment option's compliance with the criteria in Section 7A (using data content and format specified by UT System) and identify any failure to meet the criteria, including a discussion of actions that will be taken to restore compliance or an explanation as to why compliance cannot be restored or should be delayed.

#### **7A.3 Monthly Performance Report**

Each responding vendor must provide a monthly report of fund performance to the UT System for all investment options provided by that responding vendor in the UT Retirement Program. The specifications of the report are included in this RFP as Appendix D, and the responding vendor must agree to adhere to those specifications. If requested by UT System at a future date, information regarding investment options shall be provided in a manner consistent with data required by Department of Labor regulations under ERISA Section 408(b)(2) as applicable to individual account plans with employee-directed investments.

#### **7A.4 Menu of Options**

Each mutual fund or variable annuity product proposal should include a menu of investment options from appropriate broad asset classes suitable for retirement portfolio construction and diversification.

Each responding vendor must assemble menu(s) that reflect the following objectives:

- The menu(s) should reflect broad diversification opportunities to accommodate a reasonable range of employee investment style preference. An investment menu would typically include: (1) asset allocation or lifecycle options appropriate for the employee seeking diversification plus maximum investment simplification through the use of a single investment option selection and; (2) a reasonable number of options from asset classes appropriate for the employee seeking to construct a more tailored investment portfolio without excessive complexity.
- Each option within a given menu shall be offered based upon its overall value as an investment option within its asset class category. Such value determination is a fluid process as it is expected that investment options may be deleted or added as part of an ongoing evaluation process. The value of an offered investment option will be based upon (a) return performance (both relative and absolute) measured over appropriate time spans, (b) overall expense levels, (c) risk characteristics, (d) longevity, stability and experience of fund managers, (e) record of regulatory compliance, (f) consistency within asset style classification, and (g) any other appropriate consideration.
- A responding vendor's offered menu should limit redundant options within an asset class.
- Any offered option shall be clearly and specifically identified such that its performance and characteristics can be measured and compared against other options within its asset class.
- If any offered option pays any type of fee or provides any type of service to the responding vendor offering such option within its menu, the responding vendor shall fully disclose the amounts and terms of such fees or services in the responding vendor's proposal.
- Each responding vendor must certify that the products offered in the responding vendor's proposal do not contain a life insurance feature.

#### **7A.5 Impermissible Charges**

There shall be no front-end or back-end charges, annual, one-time or recurring fixed dollar fees, surrender or withdrawal charges, termination fees, market value adjustments, etc. associated with any mutual fund or variable annuity investment product prior to annuitization, offered by a responding vendor for any retirement program. No withdrawal restrictions or fees may be assessed on participant transfers within variable annuity options or within a family of funds (excluding short-term redemption fees designed to discourage inappropriate trading practices, which must terminate within 90 days of initial investment), including transfers to other retirement vendors.

#### **7A.6 Permissible Charges**

Certain recordkeeping, investment management, or administrative fees and mortality and expense risk charges, where appropriate, are permissible for investment options in the retirement programs. Surrender fees are permissible with fixed asset products. However, each responding vendor should take into consideration the competitive nature of this RFP before proposing products with associated fees that are not reasonable or competitive for the industry or for a plan the size of the UT System retirement programs.

#### **7A.7 Fixed Annuities**

Each fixed annuity investment product must provide for the protection of principal and a stated rate of return. The credited rate may vary on a monthly or quarterly basis. Ideally,

a fixed annuity investment product will provide for a minimum rate of return for a specified period of time, e.g., duration of the contract, single calendar year, etc. The creditworthiness of the underlying investments in the fixed annuity product should be structured to minimize the possibility of loss of principal by participants.

#### **7A.7.1 Interest Crediting Specifications**

Any responding vendor that offers a fixed–interest rate annuity investment product (whether via a fixed annuity or via a fixed–interest rate option within a variable annuity) shall describe the interest rate crediting procedures and shall also display such product’s net return during the five-year period ending September 30, 2011.

#### **7A.7.2 Credit Ratings Specifications**

Each responding vendor that offers a fixed annuity investment product shall affirm its credit ratings specifications by providing copies of all claims-paying ratings which it has received, whether voluntarily or involuntarily. The responding vendor must have received a minimum of three ratings for the responding vendor to be considered for selection by the UT System, and one of those ratings must be from A.M. Best. The UT System requires that the ratings from an insurance fixed annuity vendor must equal or exceed the following ratings:

- A from Standard and Poor’s (S&P); or
- A from Fitch; or
- A2 from Moody’s and
- A from A.M. Best.

The UT System may at its discretion choose to allow the fixed annuity products of a vendor whose ratings do not equal or exceed the above criteria.

#### **7A.8 Stable Value Products**

Responding vendors proposing to provide mutual funds or variable annuities may offer a Stable Value product. The underlying investments of a Stable Value product should provide for the safety of participants’ contributions. Responding vendors proposing a Stable Value product should fully describe the method for crediting earnings to a participant’s account in the responding vendor’s proposal and shall describe such product’s net return during the five-year period ending September 30, 2011. Responding vendors shall also describe the credit and duration characteristics of the underlying securities used in a Stable Value investment.

#### **7A.9 Mutual Funds and Variable Annuity Separate Accounts**

Investment options may consist of mutual funds and variable annuity separate accounts or a combination of both mutual funds and variable annuity separate accounts. Each responding vendor may offer its proprietary variable annuity separate accounts or mutual funds and nonproprietary investment options provided that the options offered comply with all state and federal laws and regulations regarding the applicable retirement program and are appropriate for retirement programs of this type.

### 7A.9.1 Quality Criteria

Each investment option under this section is expected to meet the following criteria:

- Have at least three years of investment experience as of September 30, 2011, or present other comparable indications of appropriate experience;
- Have a performance rank in the top first or second performance quartile of the asset class to which it is allocated as defined by Morningstar for either the five or the three year period ending on September 30, 2011; and
- Have a total expense ratio, (i.e., the total of fund management fees, 12b-1 fees, annuity contract M&I fees and other expenses, less expense waivers) that is equal to or less than the asset category average as reported by Morningstar.
- The Morningstar asset class information used for investment option comparisons for option expenses and performance review shall assign options to either mutual fund or variable annuity subaccount data peer groupings (i.e., mutual fund options will be compared to other mutual fund options and variable annuity subaccounts will be compared to other variable annuity subaccounts).

### 7A.10 Self-Directed Brokerage Accounts

Responding vendors may include in the responding vendor's proposal a Self-Directed Brokerage Account (SDBA) for one or all of the retirement plans.

#### 7A.10.1 Participant Access Criteria

Each responding vendor who offers a SDBA must affirm that it will secure from each participant who utilizes the SDBA a signed agreement that certifies that the participant understands that investment decisions within the SDBA are solely the participant's responsibility and that the participant holds the UT System and the UT System's institutions, employees, and contractors harmless for any investment made within the SDBA. A copy of the proposed hold-harmless agreement should be included with this response.

#### 7A.10.2 Permissible Investment Options

- Mutual Funds and Variable Annuity Investment Options

Each responding vendor affirms that it will make available to participants who utilize the SDBA, mutual funds or variable annuity investment options that are not available through other investment options. Participants are not restricted from purchasing back-loaded mutual funds, but each qualifying vendor shall provide a list of no-load, no-transaction fee mutual fund options available through the SDBA. A list of all mutual fund and variable annuity investment options available should be included with the response. The listing should clearly indicate those options that are no-load, no-transaction fee options. Investment options purchased through the SDBA are not subject to the investment product standards set forth above.

- Individual Securities

Each responding vendor affirms that it will make available to participants that utilize the SDBA in the UTSaver DCP, a variety of investment vehicles including stocks, bonds, and exchange-traded funds (ETFs). Individual securities are not permitted by law to be offered in the ORP, UTGRA or UTSaver TSA

**7A.10.3 Expense Criteria**

A responding vendor may charge an annual account fee and transaction fees to participants who utilize the SDBA. However, responding vendors should take into consideration the competitive nature of this RFP in setting the level, if any, for these fees.

## **SECTION 8A**

### **COMMUNICATION AND EDUCATION FOR THE UNIVERSITY OF TEXAS RETIREMENT PROGRAMS**

The following sections apply to all retirement plans listed in Section 1.3.1.

#### **8A.1 Introduction**

The UT System will select only vendors whose responses to this section of the RFP demonstrate a commitment to assist in the achievement of the following goals (listed in no particular order):

- Improve the financial literacy of employees;
- Improve awareness of and engagement in the voluntary retirement savings programs;
- Coordinate and brand with the UT Retirement Program logo all communication and education campaigns as a part of an overall plan with the UT System;
- Provide communication and education products that accommodate different learning styles in a program-centric manner;
- Provide segmented communication and education products that address the various stages of a person's employment cycle, in a program-centric manner;
- Provide vendor representatives that are available to deliver basic financial education, basic retirement program education, and complex financial planning and wealth management; and
- Provide presentations, both group and one-on-one, to UT System employees that are service- and education-focused, not sales-focused.

#### **8A.2 Participant Service Models Desired**

The following participant service models are desired to address the diverse investment advisory needs of UT System participants.

##### **8A.2.1 UT System Certification of Representatives**

All representatives must be properly licensed in the State of Texas to sell the investment products approved by the UT System. Before any representative (salaried, independent, or commissioned) described in Section 8A.2 is permitted to provide financial assistance to an employee of any UT System institution, the representative must complete UT System Certification, which will include the following training elements:

- Overview of the Teacher Retirement System and the UT Retirement Programs including an understanding of the ORP statutory distribution restrictions;
- Basic functionality of UT Retirement Manager, UT System's remittance processing and online transaction system;
- Appropriate use of UT System retirement forms;
- Overall plan design;
- UT System retirement policies and procedures, including the Board of Regents' *Rules and Regulations* and Texas Higher Education Coordinating Board Rules regarding sales solicitation; and

- Other requirements that may be added in the future.

### **8A.2.2 Sales Solicitation**

Each responding vendor must certify that it will provide notification, education, and enrollment into the retirement plans to each representative in compliance with the UT System's Board of Regents' *Rules and Regulations* and Coordinating Board Rules relative to sales solicitation. Each responding vendor must additionally affirm and agree that violations of these Regents' *Rules and Regulations* and Coordinating Board Rules may result in sanctions by the UT System up to and including revocation of selection as a contracting vendor. The sales solicitation agreement is attached to this RFP as Appendix N .

#### **8A.2.2.1 Salaried Representatives**

Each responding vendor is required to provide a sufficient number of salaried representatives that are dedicated to providing service to UT System employees. These representatives must be identified and available to provide assistance to the UT System benefits offices as well as employees at every institution in the following ways:

- One-on-one meetings with employees to educate and advise them on the retirement programs and investment options on a vendor-neutral basis;
- Seminars and financial workshops as permitted by the UT System institution benefits office; and
- Financial fairs and other special events as organized by the UT System or a UT System institution's benefits office.

Every UT System institution must be assigned a representative that is identified as being a salaried representative, but a representative may be assigned to more than one institution. These representatives must be properly licensed to provide investment consultation and must be managed and supervised by the responding vendor.

This requirement is a key concept of the UT Retirement Program and an essential element of this RFP. A vendor must be willing and able to provide these salaried representatives.

The following two sections describe two additional service models that are acceptable by the UT System. Although the UT System will include these service models in the overall plan design, a responding vendor's inability or unwillingness to provide this type of service model will not necessarily disqualify them from selection.

### **8A.2.3 Registered Investment Advisors**

Each responding vendor who permits the deduction of an investment advisory fee must have the capability to keep up-to-date contact information on independent registered investment advisors. Before deducting the investment advisory fee from participants' accounts, responding vendors must verify that the investment advisor to whom the fees are paid is registered with the Securities and Exchange Commission and any other applicable federal or state agencies,

and is engaged full-time in the business of providing investment advice. In addition, the investment advisory service must comply with the following:

- The contract for such services shall be in writing and will be a contract between the participant and the investment advisor and shall not exceed one year in length. A contract that automatically renews each year shall be considered acceptable as long as both parties have the right to sever the relationship, with reasonable notification, at any time.
- The cost of the investment advisory fees for each fiscal year shall not exceed 2% of the annual value of the participant's account as of the last day of that fiscal year.
- The provider of such investment advisory services shall state in writing to the participant that the decision to utilize investment advisory services is a personal investment decision of the participant and that the UT System neither encourages nor discourages such arrangements.
- An independent investment advisor receiving investment advisory fees is prohibited from receiving commissions for the same UT System retirement account.
- All agreements between the investment advisor and the participant for ORP accounts must comply with Coordinating Board Rules.

#### **8A.2.4 Commissioned Sales Representatives**

Commissioned sales representatives are permitted to assist in the distribution of a bundled variable annuity product. All representatives should be managed and supervised by the responding vendor.

#### **8A.2.5 Internet-Based/Direct Service**

Internet-based asset allocation tools must be provided by each responding vendor at no cost to the UT System or to participating employees who become clients of the responding vendor. These must include a tool that provides an independent portfolio analysis, along with unbiased recommendations on the various investment options offered by the responding vendor.

### **8A.3 Employee Communication and Education Strategy**

An important objective of the UT System is to provide financial literacy and promote increased awareness and, where appropriate, participation in the voluntary retirement savings programs. Preference will be given to responding vendors who demonstrate that their marketing plan has a financial literacy and education component and has increased participation and overall retirement program awareness in other plans similar in size and nature to the UT System retirement program operating in a multi-vendor environment.

The UT System will market and communicate the retirement program as UT System plans. The UT System will share demographic data on all eligible employees with Contracting Vendors (subject to the confidentiality clause set forth in the Agreement) for the sole purpose of sending UT Retirement Program branded educational materials on behalf of the UT System.

#### **8A.4 Marketing and Communication Team**

Each responding vendor must agree to contribute a team of marketing professionals with at least one representative who will meet with the UT System and collaborate with all contracted retirement vendors on a regular basis to discuss marketing and communication initiatives. These employee communications will address various stages of an employee's retirement planning process, including:

- Financial literacy
- Overall plan awareness
- Enrollment process
- Asset allocation
- Maximizing deferrals
- Planning for retirement
- Distribution options
- Major life changes

This requirement is a key concept of the UT Retirement Program and an essential element of this RFP. A vendor must be willing and able to collaborate to build retirement program awareness and engagement in a vendor-neutral manner.

#### **8A.5 Cost of Communication Materials**

Each responding vendor must agree to pay a proportionate amount of the cost of UT System's marketing and education materials for its retirement programs. This includes printing, mailing, and other costs associated with the distribution of these materials.

#### **8A.6 Other Communication Objectives**

Each responding vendor must agree to collaborate with the UT System in building and maintaining educational tools and resources located on the UT Retirement Program website and social media. In addition, the UT System conducts an annual Benefits and Human Resource Conference, usually in June. Each responding vendor agrees to provide a representative to attend and participate in this event. UT System institutions conduct benefit and retirement fairs throughout the year. Each responding vendor agrees to provide support for these institution events by providing representatives to attend and educational materials for distribution.

#### **8A.7 UT System-Specific Website**

The vendor must establish a System-specific website with the primary goal of allowing employees to easily access plan information, investment fund information, representative contact information, access to enrollment, and customer service toll-free numbers. The website must meet all requirements as detailed in this section.

The vendor's System-specific website must be available to the UT System for testing no later than July 1, 2012. The final UT System-approved website for plan year 2012–2013 must be completed by July 15, 2012. The UT System must approve new website additions or redesigns at least two weeks prior to any scheduled launch date.

##### **8A.7.1 Technical Specifications**

The vendor's UT System-specific website must be accessible to as many participants as possible. Therefore, the following specifications must be met:

- All website content must be clearly visible and functional in Internet Explorer, Safari and Firefox browsers;
- Entering a Social Security Number should not be required at any time to access information on the website;
- The login page must not allow the browser to store the information entered in the cache. The auto-complete feature must be turned off for every form;
- The font must be easy to read, no smaller than 10px; and
- All forms and Adobe Portable Document Format (PDF) files must be accessible.

## **8A.8 Electronic and Information Resources (EIR) Warranty**

UT System is required to acquire all EIRs in compliance with the legal requirements governing access to such EIRs by individuals with disabilities (EIR Accessibility Requirements). The EIR Accessibility Requirements applicable to the System are set forth in Chapter 2054, Subchapter M of the Texas Government Code, Title 1, Section 206.70 of the Texas Administrative Code, and Title 1, Chapter 213, Subchapter C of the Texas Administrative Code. In order for UT System to ensure that the EIRs offered by each vendor responding to this RFP are in compliance with the EIR Accessibility Requirements, vendor must include all of the following in its proposal:

Compliance with this statute and these rules is not optional and their applicability cannot be waived.

**8A.8.1** The vendor must warrant that the website complies with the requirements set forth in Title 1, Rules §§ 206, 213.30 and 213.36 of the Texas Administrative Code (as authorized by Chapter 2054, Subchapter M of the Texas Government Code). The proposal must provide that to the extent vendor becomes aware that the website does not satisfy the EIR Category Warranty, vendor will, at no cost to UT System, perform all necessary remediation to make the website satisfy the EIR Category Warranty.

**8A.8.2** Vendor is required to submit a completed Electronic and Information Resources (EIR) Accessibility Checklist Appendix G along with proposals. Proposals or bids without a completed checklist will be disqualified.

**8A.8.3** Vendor must provide a written explanation for each of its responses to the requirements in the Checklist with respect to the website:

- If vendor determines that the website complies with an applicable accessibility requirement in the Checklist, Vendor's written response to that requirement must identify how vendor made such a determination (merely responding with "Complies" or similar non-explanatory language is not acceptable).
- If the vendor determines that the website does not or will not comply with an applicable accessibility requirement in the Checklist, vendor's written response to that requirement must identify the cause of such noncompliance and the specific efforts and costs that vendor would need to assume to remedy such noncompliance (merely stating "Does not comply" or similar non-explanatory language is not acceptable).

- If vendor determines that an accessibility requirement in the Checklist is not applicable to the website, then vendor's written response to that requirement must identify the reason for such inapplicability (merely stating "N/A" or similar non-explanatory language is not acceptable).

**8A.8.4** All vendor proposals must:

- Agree to authorize UT System to engage in product accessibility conformance testing prior to and after completion of purchase.
- Provide the name of a person and contact information for addressing accessibility questions and issues with the product must be provided.
- Describe the vendor's capacity to respond to and resolve any complaint regarding accessibility of products or services provided pursuant to this RFP.

## **SECTION 9A**

### **ADMINISTRATION FOR THE UNIVERSITY OF TEXAS RETIREMENT PROGRAMS**

This section describes additional requirements for all retirement plans listed in Section 1.3.1.

#### **9A.1 List of Vendor Contacts**

By no later than May 14, 2012, a Contracting Vendor must submit to the UT System a list of the Contracting Vendor's implementation team. In addition, the responding vendor must submit a list of their service representatives to be dedicated to the UT System account. This list should include a primary and a secondary contact. Service representative responsibilities will include, but are not limited to, answering questions from the UT System and institutional benefits offices, scheduling vendor attendance at institution information meetings, and coordinating the distribution of various plan materials.

#### **9A.2 Same-Day Credit**

Each responding vendor must certify that they will deposit each participant's retirement program contributions into the accounts or funds designated by the participant effective on the same day that the contributions are received by the vendor.

#### **9A.3 Return of Non-Vested ORP Contributions**

Each responding vendor must certify that the entire amount of the State's first-year matching contribution will be refunded to the UT System institution, upon request by the UT System or the UT System institution, in the event the participant does not meet the ORP vesting requirement. Within 30 days of receiving the request from the UT System institution, the unvested employer contributions must be returned and the participant must be notified of the transaction, indicating the reason for the reduction in the account balances.

#### **9A.4 Confirmation of Contributions**

Each responding vendor must certify that it will provide at least quarterly a statement to participants that includes a confirmation of receipt of UT Retirement Program contributions. A sample of the participant statement must be enclosed in the responding vendor's proposal.

#### **9A.5 Confirmation of Funds Transfer**

Each responding vendor must certify that it will provide confirmation of each transaction, including transfers from one fund or investment or account to another fund or investment or account, immediately upon execution of such transaction. This confirmation must be submitted directly to the participant unless the participant specifically waives the provision of this confirmation in writing. The confirmation shall include all transfer information, including a statement of any applicable charges.

**9A.6 Documentation of Restrictions of ORP Distributions**

Each responding vendor must agree to include the statutory ORP distribution restriction provisions in all ORP contracts with participants.

**9A.7 Required Reports**

Each Contracting Vendor must provide a quarterly and an annual report to each participant having a UT System retirement account(s) with the Contracting Vendor, including accounts that are no longer receiving current contributions, containing the following information:

- Name and address of the participant;
- Identifying number;
- Total payments received during the reporting period;
- Expense charges during the reporting period;
- Net payments during the reporting period;
- Total value of account at the end of the reporting period; and
- Net cash surrender value of account at the end of the reporting period reflecting all potential charges against the account if it were surrendered for cash as of the last day of the reporting period.

The annual report for fixed and variable annuity accounts must contain the following additional information:

- Interest rate or rates paid on the account from the previous reporting period to the end of the current reporting period; and
- Where multilevel rates of interest were paid on an account, a breakdown showing the amount in the participant's account at each interest level, the amount of interest earned at each interest level, and the rates of interest. A Contracting Vendor may exclude the information required by this subparagraph concerning multilevel rates of interest from the annual report, but if this information is not provided on at least an annual basis, the Contracting Vendor must provide it at any time upon the participant's request.

The annual report for variable annuity and custodial accounts must contain the following additional information:

- Units of each fund or investment or account purchased during the reporting period;
- Total units of each fund or investment in the account at the end of the reporting period; and
- Value of unit of each fund or investment or account at the end of the reporting period.

**9A.8 Qualified Domestic Relations Orders (QDROs)**

Each responding vendor must agree to be solely responsible for determining whether a domestic relations order is qualified and payable for all retirement plans, both qualified and nonqualified, and, where applicable, as provided by federal law and Texas Government Code, Chapter 804. The QDRO requirements for any retirement plan not directly required by federal or state law should meet the requirements of federal law as close as possible.

### **9A.9 No Commingling of ORP and Non-ORP Funds**

Each responding vendor must certify the following:

- Non-Texas ORP funds will not be rolled over or transferred to an ORP account prior to the participant's termination of ORP participation;
- Amounts that have been contributed by the participant through the UTSaver TSA or another tax-sheltered annuity program will not be rolled over or transferred to an ORP account prior to the participant's termination of participation; and
- ORP contributions will only be made to a contract that is authorized by the UT System for Texas ORP contributions, even if the participant already has a contract with the Contracting Vendor from a period of prior employment with another employer, whether a Texas ORP employer or not.

### **9A.10 Remittance Processing Requirements**

The UT System has contracted with a third party to provide UT Retirement Manager, a web-based common remitter and online enrollment system. Each responding vendor must agree to accept and comply with all common remitter requirements now established and defined in Appendix E, Common Remitter Requirements, or to be established by the UT System. In addition, each responding vendor must have the administrative capability to accept the electronic transfer of retirement contributions and must agree to accept this information through the Internet via a secured transmission process.

### **9A.11 Administrative Performance Requirements and Penalties**

Each responding vendor must agree to comply with the UT System requirements listed below and to report the required information to the UT System in an Administrative Requirements Report on a quarterly basis. The reporting format will be developed by UT System and will be provided to the selected vendors. In addition, the UT System retains the option of using an audit firm of its choice to conduct periodic audits of any Contracting Vendor on behalf of the UT System to determine compliance with these and other standards. Representatives of the State Auditor's Office and the UT System Audit Office may also examine and audit the Contracting Vendor's books, records, and documents related to work performed or contributions received, as described in the Sample Agreement. The results of any audit conducted by or on behalf of the UT System shall be used by the UT System to determine whether to reauthorize or recertify the Contracting Vendor as a currently authorized vendor in addition to any other criteria adopted by the UT System for assessing vendor performance.

#### **9A.11.1 Complaints**

UT System requirement: The average time for a Contracting Vendor to resolve UT System participants' complaints should not exceed 30 calendar days.

Quarterly Administrative Requirements Report: Each Contracting Vendor must report its total number of written and emailed complaints received from UT System participants and the average length of time to resolve those complaints.

### **9A.11.2 Processing of Financial Transactions**

UT System Requirement: Each Contracting Vendor must process financial transactions, including loans and hardship withdrawals, with 100% accuracy and within three (3) days after receipt of the request. Financial transactions do not include remittance processing.

### **9A.11.3 Quarterly Administrative Requirements Report**

Each Contracting Vendor must report inaccurately processed financial transactions or transactions that took longer than three (3) days from the date of receipt to process.

### **9A.11.4 Remittance Processing**

UT System Requirement: Each Contracting Vendor must process remittances within 24 hours after receipt in good order, as defined in the Sample Agreement(s).

Quarterly Administrative Requirements Report: Each Contracting Vendor must report any delay in remittance processing, including an explanation for the delay.

## **9A.12 Performance Penalties**

Each vendor approved to administer the UT Retirement Program will be subject to the following financial penalties, as noted below, if certain performance requirements are not met, as described in this section. The assessment or payment of a performance penalty however, does not affect, alter, or restrict the UT System's right to cancel or terminate the Agreement in accordance with the provisions of the Agreement.

### **9A.12.1 Telephone Calls**

A financial penalty of \$2,000 may be assessed by the UT System against a Contracting Vendor for each quarter that the Contracting Vendor's average abandonment rate exceeds 5%.

A financial penalty of \$2,000 may be assessed by the UT System against a Contracting Vendor for each quarter that the participant's average time in queue (waiting time) exceeds 30 seconds.

### **9A.12.2 Submission of Account Balance Files**

Each Contracting Vendor must confirm that it will submit an account balance file as of the end of the prior month no later than the 15th of every month to UT Retirement Manager. The file layout of the account balance file is included in Appendix E, Common Remitter Requirements.

The UT System may assess a financial penalty of \$2,000 against a Contracting Vendor for each month in which the account balance file is not received or is not received in the proper format by the 15th of the month by UT Retirement Manager

### 9A.12.3 Utilization of New Participant Report

Each Contracting Vendor must confirm that it will utilize the UT System's "New Participant Report," available for download on UT Retirement Manager, and notify employees who appear on this report who do not have existing accounts prior to the Contracting Vendor's receipt of the first remittance.

The "New Participant Report" is a report available for download from UT Retirement Manager that includes those new participants that have selected the Contracting Vendor through an online salary reduction agreement and who have indicated that they have not completed a new account application. A sample of this report is provided in Appendix E.

If a Contracting Vendor fails to notify the new participant and make every reasonable attempt to establish an account for that new participant, the UT System may assess a financial penalty of \$250 against the Contracting Vendor for each new participant whose name has appeared on the report for greater than 30 days.

### 9A.12.4 Responsibility to Correct Mistakes

Each Contracting Vendor must confirm that if the Contracting Vendor's designated representative delivers incorrect information or makes errors that result in any financial loss, the Contracting Vendor shall rectify the error at the Contracting Vendor's cost.

### 9A.12.5 Prohibited Distributions

Each Contracting Vendor must confirm that if the Contracting Vendor provides a participant with access to ORP funds prior to the earlier of the participant's termination of employment with all ORP employers or attainment of age 70 ½, the Contracting Vendor shall have made a prohibited distribution and the Contracting Vendor shall redeposit the funds to the participant's ORP account as if no withdrawal had been made and provide written verification to the UT System that the account has been fully restored with no adverse impact to the employee.

Additionally, the Contracting Vendor may be suspended by the UT System from doing further business with the UT System's participants at any time a company fails to comply with these provisions.

A prohibited distribution, such as a loan that is not authorized under the Chapter 830 of the *Texas Government Code* is not related to ORP and shall be treated as a separate transaction between the Contracting Vendor and the individual, for example, as an unsecured loan.

## 9A.13 Reporting Requirements

The UT System may, from time to time, require a Contracting Vendor to provide information specific to the UT System for analysis. A Contracting Vendor must cooperate with and act in good faith in working with the UT System staff and must be prepared to respond to these requests within the requested time period.

## **SECTION 4B**

### **CRITERIA FOR SELECTION FOR THE UNIVERSITY OF TEXAS 457(f) PLANS**

#### **4B.1 Criteria for Selection for the 457(f) Plans**

Proposals submitted in response to this RFP will be competitively and comparatively evaluated on the basis of the criteria included in this section. The criteria are not necessarily listed in order of importance. The criteria will provide the basis for an objective evaluation of each proposal and will apply to the retirement plans listed in Section 1.3.2, except as noted.. To attract the best possible proposals, the UT System may limit the number of selected vendors.

##### **4B.1.1 Compliance with the RFP**

Proposals containing deviations are strongly discouraged and deviations must be specifically identified and described in detail to be considered. Although a proposal with minor deviations from the RFP will not be disqualified, preference will be shown to those responding vendors with the fewest, least significant deviations. Information about proposed unique or value-added benefits and programs that would enhance or supplement the current 457(f) Plans are welcome when presented in conjunction with confirmation that the responding vendor agrees to the requirements as presented in this RFP.

A proposal purporting to add conditional vendor criteria to which UT System must agree in order to obtain products or services from the responding vendor will be rejected as noncompliant. UT System will interpret a response wherever possible to match the specifications herein except for deviations specifically noted and described in response to this item. Deviations will not become a part of the final agreement unless expressly accepted and agreed to by UT System in writing and accepted by the Board of Regents. In all cases, the RFP, the RFP response, and Agreement terms shall control.

##### **4B.1.2 Required Experience**

The responding vendor must have experience administering 457(f) plans in a multi-vendor environment.

##### **4B.1.3 Timetable**

The responding vendor's ability to meet the required due dates as specified in the timetable in Section 2.3 of this RFP will be an important consideration in the evaluation of the vendor proposals.

##### **4B.1.4 Key Factors**

This RFP will address three key factors:

- Products: The responding vendor's ability to provide superior investment options with a focus on quality of funds versus quantity of funds, serving

employee retirement income needs during both the accumulation and payout stages of retirement financial planning.

- Education and Communication: The responding vendor's ability to provide superior customer service.
- Administration: The responding vendor's ability to administer all retirement plans efficiently and in accordance with applicable law; Internal Revenue Code, regulations and guidance; plan documents and amendments; Board of Regents' *Rules and Regulations*; and UT System policy.

#### **4B.1.5 The Agreement**

An important factor in the selection criteria includes the responding vendor's willingness to accept the provisions of the UT System agreement (see Sample Agreement in Appendix B) and to sign the agreement before June 29, 2012.

#### **4B.1.6 Other Factors**

In addition to responses provided to the interrogatories in Section 10.0, other factors are considered for the 457(f) Plans, including the following:

- References
- Recordkeeping and Administration
- Regulatory and Legal Services
- Support of Emergency Withdrawal Administration
- Reporting
- Systems Capabilities and Hardware

## **SECTION 5B**

### **GENERAL TERMS AND CONDITIONS FOR THE UNIVERSITY OF TEXAS 457(f) PLANS**

The following sections apply to all retirement plans listed in Section 1.3.2.

#### **5B.1 “Grandfathering” of Vendors**

The accounts of vendors which are not the newly selected vendors as of September 1, 2012 shall remain on deposit with the prior vendors and contributions shall continue to be made to such accounts until termination upon vesting of the involved deferred compensation agreement with the participant. UT System intends that all contributions for the System 457(f) Plan (except as grandfathered in the previous sentence) be made only to newly selected vendors after September 1, 2012. However, contributions and transfers for Prototype 457(f) Plans are not exclusive and participants are able to transfer accounts, or have future contributions made, to another newly selected vendor or any other vendor selected through the procurement rules approved by the UT System institution.

#### **5B.2 News Releases**

Written approval by UT System will be required prior to any issuance of any news releases or other public communication regarding an agreement awarded to a responding vendor.

#### **5B.3 Order of Responses**

Responses contained in a proposal should appear in the same order in which the corresponding specification appears in the RFP. Unless a deviation is specifically noted in the response, it will be assumed that the responding vendor agrees to meet all specifications stated in this RFP.

#### **5B.4 Acceptance of Proposals**

UT System retains the right to reject any or all proposals submitted. UT System reserves the right to enter into discussions and negotiations with one or more responding vendor(s) selected at its sole discretion to determine the best and final terms. UT System is not under obligation to hold these discussions or negotiations with each responding vendor that submits a proposal.

It is the intention of UT System at this time to enter into a three-year agreement for the UT Retirement Program and a separate three-year agreement for the 457(f) Plans. At UT System’s option, these agreements may be extended for an additional period of time up to an additional three years.

#### **5B.5 Signature Page**

An authorized officer of any responding vendor submitting a proposal must certify that the responding vendor complies with the RFP specifications by signing and returning the applicable Signature Page(s) included in this RFP.

**5B.6 Additional Information from Organizations**

The UT System reserves the right to request additional documentation or information from responding vendors.

**5B.7 Nonresponsive Proposals**

UT System will not accept for consideration any proposals that do not comply with the criteria set forth herein.

**5B.8 Confidential Status**

Unless required to release such information by applicable statute or court order, proposals submitted by responding vendors will be deemed confidential until an announcement regarding the selection or rejection of a proposal has been made.

**5B.9 Disclosure of Information**

UT System is required to provide access to certain records in accordance with the provisions of Chapter 552 of the *Texas Government Code* (The Public Information Act, "the Act"). To permit a responding vendor to protect confidential information submitted by the responding vendor in support of a proposal, the responding vendor must designate any information it believes is exempt from disclosure and provide legal authority in each instance. The responding vendor acknowledges and agrees that UT System shall have no liability to the responding vendor or any other person or entity for disclosing information in accordance with the Act. UT System shall not have any obligation or duty to advocate the confidentiality of the responding vendor's material to the Texas Attorney General or to any other person or entity. It is the responding vendor's sole obligation to advocate the confidential or proprietary nature of any information it provides in its Proposal, and the responding vendor understands that the Texas Attorney General may determine that all or part of the claimed confidential or proprietary information should be disclosed. In addition, the responding vendor must specifically agree that UT System may release the responding vendor's entire proposal, including alleged confidential or proprietary information, upon request from a member of the legislature where needed for legislative purposes.

**5B.10 Compliance with Applicable Law, Changes Required by Statute or Regulation**

All proposals must comply with all applicable state and federal laws and regulations including the following:

- [Texas Revised Civil Statutes Annotated Article 6228a-5](#) – Annuities or Investments for Certain Public Employees
- Code Section 457(f)
- Code Section 409A

UT System recognizes that the requirements of these laws and regulations may change. UT System requires a good faith effort on the part of the selected vendor to comply with additional responsibilities imposed by federal or state law. UT System reserves the right to negotiate with the contracting vendor to comply with any changes required by state or federal law or regulation.

**5B.11 Binding Arbitration Clause Exclusion**

No proposal containing a requirement that plan participants must agree to engage in binding arbitration will be accepted by the UT System. Each proposal must specify that the responding vendor will not impose such a requirement upon a plan participant.

## **SECTION 6B**

### **VENDOR REQUIREMENTS FOR THE UNIVERSITY OF TEXAS 457(f) PLANS**

The following sections apply to all retirement plans listed in Section 1.3.2.

#### **6B.1 Vendor Requirements**

##### **6B.1.1 Authorized in the State of Texas**

Each investment product must satisfy the applicable requirements of and meet Section 457(f) and 409A of the Code and all applicable Treasury regulations. Each responding vendor must be qualified to do business in the State of Texas as determined by the Texas Department of Insurance, the Texas State Securities Board, and any other applicable state or federal agency. All insurance vendors must certify that they are in compliance with the rules and regulations of the Texas Department of Insurance.

##### **6B.1.2 Registered by the SEC and/or the NASD**

Every responding vendor must be registered with the Securities and Exchange Commission (SEC) or National Association of Securities Dealers (NASD) or other regulatory entity as required by law.

#### **6B.2 Negligence and Penalties**

Each responding vendor must either (a) affirm that neither it nor its affiliated companies, including any of its recommended investment managers, are under investigation, have been found negligent or otherwise in violation of any trading practices or other investment irregularities relating to its retirement plan administration which resulted in any monetary or nonmonetary penalty, censure, or any other resolution levied by the SEC or the NASD, or any other governmental or nongovernmental regulatory authority; or (b) fully disclose in its response to this RFP the circumstances and status of such regulatory activities. Responding vendors that are licensed as insurance carriers must also disclose the existence, status and circumstances of any complaint, investigation or compliance action taken relating to its retirement insurance products or services.

#### **6B.3 Internal Controls and Audit Findings**

Each responding vendor must affirm that it has internal controls in place that ensure that the handling of all 457(f) Plan contributions, withdrawals, surrenders, inter-fund exchanges or transfers, or any other financial transaction relating to its administration of 457(f) Plan assets are in accordance with all applicable laws and regulations. Each respondent must additionally warrant that an internal audit of those controls has been performed within the last 12 months, and that either (a) the audit found no violations of the Securities' Industry standard money management practices, and that no employee, consultant, or contractor was terminated, reassigned, or otherwise

disciplined as a result of the internal audit; or (b) fully disclose in the responding vendor's proposals to this RFP the circumstances and status of such violations.

#### **6B.4 Emergency Preparedness Plan**

Each responding vendor must affirm that it has in place an emergency preparedness plan assuring the continuity of operations in the event of a local or national emergency and that the plan has been successfully tested within the preceding 12-month period.

#### **6B.5 Privacy/Security Requirement**

Each responding vendor must confirm that it will comply with the following requirements with respect to all 457(f) Plan data and participant data:

- The applicable requirements of all federal programs concerning privacy and security;
- All applicable federal and state laws, rules, and regulations (including applicable provisions of the Gramm-Leach-Bliley Act);
- The [UT System Administration Use and Security Policy](#); and
- The Standards for Safekeeping Customer Information, 16 C.F.R. Part 314, keeping in mind the objectives of Section 314.3(b).

#### **6B.6 Data Integrity, Confidentiality, Accessibility, and Security**

For the purpose of this RFP, University data are defined as any and all information owned by UT System - created, received from or on behalf of Institution, or accessed in the course of performing the services related to 457(f) Plans - of which collection, disclosure, protection, and disposition is governed by state law or regulation. This information includes, but is not limited to, any participant-specific information which may be provided by the UT System to vendors.

Each responding vendor must confirm that it shall, to the extent that it is commercially reasonable to do so, protect the integrity, confidentiality, appropriate accessibility, and security of UT System and participant data, and that the responding vendor shall establish, implement, and maintain all policies, procedures, safeguards, and measures necessary for the responding vendor to do so. Each responding vendor must also confirm that it will continually monitor its operations and take any commercially reasonable action necessary to protect UT System and participant data. At the request of the UT System or a participant, each responding vendor must agree to provide the UT System or the participant with a written summary of the policies, procedures, safeguards, and measures the responding vendor uses to safeguard confidential information.

#### **6B.7 Transmitted Electronic Data**

Each responding vendor must confirm that it will use all reasonable practices, protective measures, and security procedures necessary to protect all electronic data that is transmitted between UT System and the responding vendor by (but not limited to) electronic transmission or the physical delivery of electronically recorded data. Such protective measures shall include, but not be limited to, use of up-to-date

antivirus software to guard against viruses, worms, trojan horses or other malware that may permit unauthorized access to data or may compromise the confidentiality, integrity or authorized accessibility of data or associated information systems of the other party.

**6B.8 Notification of Changes**

Each responding vendor must confirm that it will notify the UT System of any changes to products offered, including fees and features.

## **SECTION 7B**

### **INVESTMENT PRODUCTS FOR THE UNIVERSITY OF TEXAS 457(f) PLANS**

The following sections apply to all retirement plans listed in Section 1.3.2.

#### **7B.1 Introduction**

If the UT System determines that it will select vendors as the result of this RFP it may select any number of responding vendors determined by the UT System to be appropriate. Responding vendors may choose to respond with proposals to offer both mutual fund and annuity products, but this is not required. Proposals for one product should not be conditioned upon UT System's agreement to award a contract for products offered by a responding vendor in another proposal submitted by the responding vendor. If a vendor responds with proposals for multiple product types, the UT System is in no way obligated to select all proposals, but may instead select one or more product proposals and reject others. The goal of the UT System is to implement 457(f) Plans with the best possible investment options, while continuing to offer diverse, high-quality options appropriate for a wide range of employee retirement needs, goals and investment acumen. Responding vendors should focus on offering quality funds that service a diverse employee population rather than a large quantity of funds.

#### **7B.2 Quarterly and Annual Report**

Each responding vendor must provide a report, on a quarterly and an annual basis, to the UT System that contains a comprehensive review of the investment options provided by that responding vendor in the 457(f) Plans. The report will assess each investment option's compliance with the criteria in Section 7B (using data content and format specified by UT System) and identify any failure to meet the criteria, including a discussion of actions that will be taken to restore compliance or an explanation as to why compliance cannot be restored or should be delayed.

#### **7B.4 Menu of Options**

Each mutual fund or variable annuity product proposal should include a menu of investment options from appropriate broad asset classes suitable for retirement portfolio construction and diversification.

Each responding vendor must assemble menu(s) that reflect the following objectives:

- The menu(s) should reflect broad diversification opportunities to accommodate a reasonable range of employee investment style preference. An investment menu would typically include: (1) asset allocation or lifecycle options appropriate for the employee seeking diversification plus maximum investment simplification through the use of a single investment option selection and; (2) a reasonable number of

- options from asset classes appropriate for the employee seeking to construct a more tailored investment portfolio without excessive complexity.
- Each option within a given menu shall be offered based upon its overall value as an investment option within its asset class category. Such value determination is a fluid process as it is expected that investment options may be deleted or added as part of an ongoing evaluation process. The value of an offered investment option will be based upon (a) return performance (both relative and absolute) measured over appropriate time spans, (b) overall expense levels, (c) risk characteristics, (d) longevity, stability and experience of fund managers, (e) record of regulatory compliance, (f) consistency within asset style classification, and (g) any other appropriate consideration.
  - A responding vendor's offered menu should limit redundant options within an asset class.
  - Any offered option shall be clearly and specifically identified such that its performance and characteristics can be measured and compared against other options within its asset class.
  - If any offered option pays any type of fee or provides any type of service to the responding vendor offering such option within its menu, the responding vendor shall fully disclose the amounts and terms of such fees or services in the responding vendor's proposal.
  - Each responding vendor must certify that the products offered in the responding vendor's proposal do not contain a life insurance feature.

#### **7B.5 Impermissible Charges**

There shall be no front-end or back-end charges, annual, one-time or recurring fixed dollar fees, surrender or withdrawal charges, termination fees, market value adjustments, etc. associated with any mutual fund or variable annuity investment product prior to annuitization, offered by a responding vendor for any 457(f) Plan. No withdrawal restrictions or fees may be assessed on participant transfers within variable annuity options or within a family of funds (excluding short-term redemption fees designed to discourage inappropriate trading practices, which must terminate within 90 days of initial investment), including transfers to other retirement vendors.

#### **7B.6 Permissible Charges**

Certain recordkeeping, investment management, or administrative fees and mortality and expense risk charges, where appropriate, are permissible for investment options in the 457(f) Plans. Surrender fees are permissible with fixed asset products. However, each responding vendor should take into consideration the competitive nature of this RFP before proposing products with associated fees that are not reasonable or competitive for the industry or for a plan the size of the 457(f) Plans.

#### **7B.6 Fixed Annuities**

Each fixed annuity investment product must provide for the protection of principal and a stated rate of return. The credited rate may vary on a monthly or quarterly basis. Ideally, a fixed annuity investment product will provide for a minimum rate of return for a specified period of time, e.g., duration of the contract, single calendar year, etc. The creditworthiness of the underlying investments in the fixed annuity

product should be structured to minimize the possibility of loss of principal by participants.

#### **7B.6.1 Interest Crediting Specifications**

Any responding vendor that offers a fixed–interest rate annuity investment product (whether via a fixed annuity or via a fixed–interest rate option within a variable annuity) shall describe the interest rate crediting procedures and shall also display such product’s net return during the five-year period ending September 30, 2011.

#### **7B.6.2 Credit Ratings Specifications**

Each responding vendor that offers a fixed annuity investment product shall affirm its credit ratings specifications by providing copies of all claims-paying ratings which it has received, whether voluntarily or involuntarily. The responding vendor must have received a minimum of three ratings for the responding vendor to be considered for selection by the UT System, and one of those ratings must be from A.M. Best. The UT System requires that the ratings from an insurance fixed annuity vendor must equal or exceed the following ratings:

- A from Standard and Poor’s (S&P); or
- A from Fitch; or
- A2 from Moody’s and
- A from A.M. Best.

The UT System may at its discretion choose to allow the fixed annuity products of a vendor whose ratings do not equal or exceed the above criteria.

#### **7B.7 Stable Value Products**

Responding vendors proposing to provide mutual funds or variable annuities may offer a Stable Value product. The underlying investments of a Stable Value product should provide for the safety of participants’ contributions. Responding vendors proposing a Stable Value product should fully describe the method for crediting earnings to a participant’s account in the responding vendor’s proposal and shall describe such product’s net return during the five-year period ending September 30, 2011. Responding vendors shall also describe the credit and duration characteristics of the underlying securities used in a Stable Value investment.

#### **7B.8 Mutual Funds and Variable Annuity Separate Accounts**

Investment options may consist of mutual funds and variable annuity separate accounts or a combination of both mutual funds and variable annuity separate accounts. Each responding vendor may offer its proprietary variable annuity separate accounts or mutual funds and nonproprietary investment options provided that the options offered comply with all state and federal laws and regulations regarding the applicable retirement program and are appropriate for retirement programs of this type.

### 7B.8.1 Quality Criteria

Each investment option under this section is expected to meet the following criteria:

- Have at least three years of investment experience as of September 30, 2011, or present other comparable indications of appropriate experience;
- Have a performance rank in the top first or second performance quartile of the asset class to which it is allocated as defined by Morningstar for either the five or the three year period ending on September 30, 2011; and
- Have a total expense ratio, (i.e., the total of fund management fees, 12b-1 fees, annuity contract M&I fees and other expenses, less expense waivers) that is equal to or less than the asset category average as reported by Morningstar.
- The Morningstar asset class information used for investment option comparisons for option expenses and performance review shall assign options to either mutual fund or variable annuity subaccount data peer groupings (i.e., mutual fund options will be compared to other mutual fund options and variable annuity subaccounts will be compared to other variable annuity subaccounts).

### 7B.9 Self-Directed Brokerage Accounts

Responding vendors may include in the responding vendor's proposal a Self-Directed Brokerage Account (SDBA) for one or all of the retirement plans.

#### 7B.9.1 Participant Access Criteria

Each responding vendor who offers a SDBA must affirm that it will secure from each participant who utilizes the SDBA a signed agreement that certifies that the participant understands that investment decisions within the SDBA are solely the participant's responsibility and that the participant holds the UT System and the UT System's institutions, employees, and contractors harmless for any investment made within the SDBA. A copy of the proposed hold-harmless agreement should be included with this response.

#### 7B.9.2 Permissible Investment Options

- Mutual Funds and Variable Annuity Investment Options

Each responding vendor affirms that it will make available to participants who utilize the SDBA, mutual funds or variable annuity investment options that are not available through other investment options. Participants are not restricted from purchasing back-loaded mutual funds, but each qualifying vendor shall provide a list of no-load, no-transaction fee mutual fund options available through the SDBA. A list of all mutual fund and variable annuity investment options available should be included with the response. The listing should clearly indicate those options that are no-load, no-transaction fee options. Investment options purchased through the SDBA are not subject to the investment product standards set forth above.

- Individual Securities

Individual securities will not be offered for the 457(f) Plans.

### **7B.9.3 Expense Criteria**

A responding vendor may charge an annual account fee and transaction fees to participants who utilize the SDBA. However, responding vendors should take into consideration the competitive nature of this RFP in setting the level, if any, for these fees.

## **SECTION 8B**

### **COMMUNICATION AND EDUCATION FOR THE UNIVERSITY OF TEXAS 457(f) PLANS**

The following sections apply to all retirement plans listed in Section 1.3.2.

#### **8B.1 Introduction**

The UT System will select only vendors for the System 457(f) Plans who provide vendor representatives that are available to deliver basic retirement program education and complex financial planning and wealth management.

#### **8B.2 Participant Service Models Desired**

The following participant service models are desired to address the diverse investment advisory needs of UT System participants.

##### **8B.2.1 UT System Certification of Representatives for the System 457(f) Plans**

All representatives must be properly licensed in the State of Texas to sell the investment products approved by the UT System. Before any representative (salaried, independent, or commissioned) described in Section 8B.2 is permitted to provide financial assistance to an employee of any UT System institution, the representative must demonstrate an understanding of the following:

- Appropriate use of UT System retirement forms;
- Overall plan design;
- UT System retirement policies and procedures, including the Board of Regents' *Rules and Regulations* and Texas Higher Education Coordinating Board Rules regarding sales solicitation; and
- Other requirements that may be added in the future.

##### **8B.2.2 Sales Solicitation**

Each responding vendor must certify that it will provide notification, education, and enrollment into the 457(f) Plans to each representative in compliance with the UT System's Board of Regents' *Rules and Regulations* relative to sales solicitation. Each responding vendor must additionally affirm and agree that violations of these Regents' *Rules and Regulations* may result in sanctions by the UT System up to and including revocation of selection as a Contracting Vendor. The sales solicitation agreement is attached to this RFP as Appendix N.

###### **8B.2.2.1 Salaried Representatives**

Each responding vendor for the 457(f) Plans is required to provide a sufficient number of salaried representatives that are dedicated to providing service to UT System employees. These representatives

must be identified and available to provide assistance to the UT System benefits offices as well as employees at every institution by providing one-on-one meetings with employees to educate and advise them on the retirement plans and investment options on a vendor-neutral basis;

Every UT System institution must be assigned a representative that is identified as being a salaried representative, but a representative may be assigned to more than one institution. These representatives must be properly licensed to provide investment consultation and must be managed and supervised by the responding vendor.

### **8B.2.3 Commissioned Sales Representatives**

Commissioned sales representatives are permitted to assist in the distribution of a bundled variable annuity product. All representatives should be managed and supervised by the responding vendor.

### **8B.2.4 Internet-Based/Direct Service**

Internet-based asset allocation tools must be provided by each responding vendor at no cost to the UT System or to participating employees who become clients of the responding vendor. These must include a tool that provides an independent portfolio analysis, along with unbiased recommendations on the various investment options offered by the responding vendor.

## **8B.3 Electronic and Information Resources (EIR) Warranty**

UT System is required to acquire all EIRs in compliance with the legal requirements governing access to such EIRs by individuals with disabilities (EIR Accessibility Requirements). The EIR Accessibility Requirements applicable to the System are set forth in Chapter 2054, Subchapter M of the Texas Government Code, Title 1, Section 206.70 of the Texas Administrative Code, and Title 1, Chapter 213, Subchapter C of the Texas Administrative Code. In order for UT System to ensure that the EIRs offered by each vendor responding to this RFP are in compliance with the EIR Accessibility Requirements, vendor must include all of the following in its proposal:

Compliance with this statute and these rules is not optional and their applicability cannot be waived.

**8B.3.1** The responding vendor must warrant that the website complies with the requirements set forth in Title 1, Rules §§ 206, 213.30 and 213.36 of the Texas Administrative Code (as authorized by Chapter 2054, Subchapter M of the Texas Government Code). The proposal must provide that to the extent vendor becomes aware that the website does not satisfy the EIR Category Warranty, vendor will, at no cost to System, perform all necessary remediation to make the website satisfy the EIR Category Warranty.

**8B.3.2** Responding vendor is required to submit a completed Electronic and Information Resources (EIR) Accessibility Checklist Appendix G along with proposals. Proposals or bids without a completed checklist will be disqualified.

**8B.3.3** Responding vendor must provide a written explanation for each of its responses to the requirements in the Checklist with respect to the website:

- If responding vendor determines that the website complies with an applicable accessibility requirement in the Checklist, vendor's written response to that requirement must identify how vendor made such a determination (merely responding with "Complies" or similar non-explanatory language is not acceptable).
- If the responding vendor determines that the website does not or will not comply with an applicable accessibility requirement in the Checklist, vendor's written response to that requirement must identify the cause of such noncompliance and the specific efforts and costs that vendor would need to assume to remedy such noncompliance (merely stating "Does not comply" or similar non-explanatory language is not acceptable).
- If responding vendor determines that an accessibility requirement in the Checklist is not applicable to the website, then vendor's written response to that requirement must identify the reason for such inapplicability (merely stating "N/A" or similar non-explanatory language is not acceptable).

**8B.3.4 All responding vendor proposals must:**

- Agree to authorize UT System to engage in product accessibility conformance testing prior to and after completion of purchase.
- Provide the name of a person and contact information for addressing accessibility questions and issues with the product must be provided.
- Describe the vendor's capacity to respond to and resolve any complaint regarding accessibility of products or services provided pursuant to this RFP.

**SECTION 9B**  
**ADMINISTRATION**  
**FOR THE UNIVERSITY OF TEXAS 457(f) PLANS**

This section describes additional requirements for all retirement plans listed in Section 1.3.2.

**9B.1 List of Vendor Contacts**

By no later than May 14, 2012, a Contracting Vendor must submit to the UT System a list of the Contracting Vendor's implementation team. In addition, the responding vendor must submit a list of their service representatives to be dedicated to the UT System account. This list should include a primary and a secondary contact. Service representative responsibilities will include, but are not limited to, answering questions from the UT System and institutional benefits offices, scheduling vendor attendance at institution information meetings, and coordinating the distribution of various plan materials.

**9B.2 Same-Day Credit**

Each responding vendor must certify that they will deposit each participant's 457(f) Plan contributions into the accounts or funds designated by the participant effective on the same day that the contributions are received by the vendor.

**9B.3 Return of Non-Vested Contributions**

**9A.3.1 Return of Non-Vested System 457(f) Plan Contributions**

Each responding vendor must certify that it will return to UT System, upon request of UT System, the entire then balance of the account of a participant in the System 457(f) Plan in the event the participant does not meet the System 457(f) Plan vesting requirement.

**9A.3.2 Return of Non-Vested Prototype 457(f) Contributions**

Each responding vendor must certify that it will return to the adopting UT System institution, upon request of the adopting UT System institution, the entire then balance of the account of a participant in its Prototype 457(f) Plan in the event the participant does not meet the prototype 457(f) vesting requirement.

**9B.4 Confirmation of Contributions**

Each responding vendor must certify that it will provide at least quarterly a statement to participants that includes a confirmation of receipt of 457(f) Plan contributions. A sample of the participant statement must be enclosed in the responding vendor's proposal.

### 9B.5 Confirmation of Funds Transfer

Each responding vendor must certify that it will provide confirmation of each transaction, including transfers from one fund or investment or account to another fund or investment or account, immediately upon execution of such transaction. This confirmation must be submitted directly to the participant unless the participant specifically waives the provision of this confirmation in writing. The confirmation shall include all transfer information, including a statement of any applicable charges.

### 9B.6 Required Reports

Each Contracting Vendor must provide a quarterly and an annual report to each participant having a UT System retirement account(s) with the Contracting Vendor, including accounts that are no longer receiving current contributions, containing the following information:

- Name and address of the participant;
- Identifying number;
- Total payments received during the reporting period;
- Expense charges during the reporting period;
- Net payments during the reporting period;
- Total value of account at the end of the reporting period; and
- Net cash surrender value of account at the end of the reporting period reflecting all potential charges against the account if it were surrendered for cash as of the last day of the reporting period.

The annual report for fixed and variable annuity accounts must contain the following additional information:

- Interest rate or rates paid on the account from the previous reporting period to the end of the current reporting period; and
- Where multilevel rates of interest were paid on an account, a breakdown showing the amount in the participant's account at each interest level, the amount of interest earned at each interest level, and the rates of interest. A Contracting Vendor may exclude the information required by this subparagraph concerning multilevel rates of interest from the annual report, but if this information is not provided on at least an annual basis, the Contracting Vendor must provide it at any time upon the participant's request.

The annual report for variable annuity and custodial accounts must contain the following additional information:

- Units of each fund or investment or account purchased during the reporting period;
- Total units of each fund or investment in the account at the end of the reporting period; and
- Value of unit of each fund or investment or account at the end of the reporting period.

**9B.7 Qualified Domestic Relations Orders (QDROs)**

Each responding vendor must agree to be solely responsible for determining whether a domestic relations order is qualified and payable for 457(f) Plans, and where applicable, as provided by federal or state law.. The QDRO requirements for any 457(f) Plan not directly required by federal or state law should meet the requirements of federal law as close as possible.

**9B.8 Remittance Processing Requirements**

Each responding vendor must have the administrative capability to accept the electronic transfer of retirement contributions and must agree to accept this information through the internet via a secured transmission process. For the System 457(f) plan, the retirement contributions will be sent from the System, and for the Prototype 457(f) Plan the retirement contributions will be sent from the UT System institutions.

**9B.9 Administrative Performance Requirements and Penalties**

Each responding vendor must agree to comply with the UT System requirements listed below. In addition, the UT System retains the option of using an audit firm of its choice to conduct periodic audits of any contracting vendor on behalf of the UT System to determine compliance with these and other standards. Representatives of the State Auditor's Office and the UT System Audit Office may also examine and audit the contracting vendor's books, records, and documents related to work performed or contributions received, as described in the Sample Agreement. The results of any audit conducted by or on behalf of the UT System shall be used by the UT System to determine whether to reauthorize or recertify the contracting vendor as a currently authorized vendor in addition to any other criteria adopted by the UT System for assessing vendor performance.

**9B.9.1 Complaints**

UT System requirement: The average time for a Contracting Vendor to resolve UT System participants' complaints should not exceed 30 calendar days.

**9B.9.2 Processing of Financial Transactions**

UT System Requirement: Each Contracting Vendor must process financial transactions, including hardship withdrawals, with 100% accuracy and within three (3) days after receipt of the request. Financial transactions do not include remittance processing.

**9B.9.4 Remittance Processing**

UT System Requirement: Each contracting vendor must process remittances within 24 hours after receipt in good order, as defined in the Sample Agreement(s).

**9B.9.4 Responsibility to Correct Mistakes**

Each Contracting Vendor must confirm that if the Contracting Vendor's designated representative delivers incorrect information or makes errors that result in any financial loss, the Contracting Vendor shall rectify the error at the Contracting Vendor's cost.

**9B.10 Reporting Requirements**

The UT System may, from time to time, require a Contracting Vendor to provide information specific to the UT System for analysis. A Contracting Vendor must cooperate with and act in good faith in working with the UT System staff and must be prepared to respond to these requests within the requested time period.

## SECTION 10

### INTERROGATORIES

By signing the Signature Page of the proposal, a responding vendor asserts that its answers to the following interrogatories are true and correct. Answers should be provided in sufficient detail to explain the responding vendor’s position as to each particular issue. All key words or phrases used in a response should be carefully defined. All responses provided shall be binding on the responding vendor.

Some of the questions may address more than one area of a proposal. In such cases, the responding vendor must provide responses that address each area. The question being responded to should precede each response.

#### Deviations from the RFP

1. Identify the location of any provision in your proposal that does not conform to the standards described in this RFP. For each of these deviations, provide a detailed explanation as to how the provision differs from the RFP and why.

#### General Information

2. Provide the following information regarding the responding vendor:
  - Name, address and telephone number of the responding organization.
  - Name, title, mailing address, telephone number, FAX number, and email address of contact person for this RFP.
  - Name, title, mailing address, telephone number, FAX number, and email address of the person authorized to execute any agreement(s) that may be awarded.
  - Name, title, mailing address, telephone number, FAX number, and email address of the person who will serve as responding vendor’s legal counsel.
3. Provide a brief overview of your company and history of your organization including an organizational chart of your retirement plan operations. Please describe any parent/subsidiary/affiliate relationships.
4. Indicate how many years your company has been active in the defined contribution business, i.e., 457(b), 403(b), 415(m), 401(a), 457(f), etc.
5. Indicate the total value of assets in all deferred compensation plans for which you provide recordkeeping services.
6. Indicate the total number of participants in all deferred compensation plans for which you provide recordkeeping services.
7. State the number of deferred compensation plans you currently administer in the following categories:

Number of Employees	Plans	Percentage of Total DC Plans
Under 100		
100-999		
1,000-4,999		
5,000-9,999		

10,000-24,999		
Over 25,000		
Total		

**References**

- 8. 8(a) With regard to the UT Retirement Program, provide five references of current clients who have similar plan demographics (i.e., size and plan design). At least one of the five should have converted within the last year. Please provide client name, contact name, address, phone number, services provided, and year they became a client.

Note: By responding to this request, you authorize the UT System to contact the current clients to discuss the services you have provided for these current clients, you authorize the current clients to provide such information to the UT System, and you agree to release the UT System and the current clients from any liability arising from their actions.

8(b) With regard to the 457(f) Plans, provide two references of current clients who have similar plan demographics (i.e., size and plan design). Please provide client name, contact name, address, phone number, services provided, and year they became a client.

Note: By responding to this request, you authorize the UT System to contact the current clients to discuss the services you have provided for these current clients, you authorize the current clients to provide such information to the UT System, and you agree to release the UT System and the current clients from any liability arising from their actions.

- 9. 9(a) With regard to the UT Retirement Program, provide three references of 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. Provide the former client name, contact name, address, phone number, services provided, and year they became a client and the year they ceased to be a client and the reason(s).

Note: By responding to this request, you authorize the UT System to contact the former clients to discuss the services you have provided for these former clients, you authorize the former clients to provide such information to the UT System, and you agree to release the UT System and the former clients from any liability arising from their actions.

9(b) With regard to the 457(f) Plans, provide two references of 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. Provide the former client name, contact name, address, phone number, services provided, and year they became a client and the year they ceased to be a client and the reason(s).

Note: By responding to this request, you authorize the UT System to contact the former clients to discuss the services you have provided for these former clients, you authorize the former clients to provide such information to the UT System, and you agree to release the UT System and the former clients from any liability arising from their actions.

**Account Team**

10. Describe the account team that would deal directly with UT System during the transition and ongoing. Indicate staff size, experience and turnover rates.
11. What is the average number of clients managed by the account team for plans of this size?
12. How many of your employees work on defined contribution plans? Provide a breakdown by functional area.
13. What are your client retention statistics for each of the last three years?
14. Describe your organization's commitment to quality and your philosophy/approach to client services.
15. Describe your procedures for monitoring client and participant satisfaction.
16. Describe your service/timing standards.
17. What checks and balances do you have in place to assure plan administration integrity and accuracy including participant account data?

**Recordkeeping/Administration**

18. Do you provide one main contact for the daily administrative needs of the plan?
19. Do you provide daily valuation? Describe in detail how your system allocates earnings.
20. What methods of data transmission are available?
21. Describe in detail how your system processes contributions, including how your company verifies the source of the incoming contributions.
22. Describe in detail, including timing, how your system processes withdrawals.
23. Describe in detail, including timing, how your system processes: a) lump-sum distributions, b) systematic payments/installments, c) rollovers to another plan or an IRA, and d) required minimum distributions.
24. Describe in detail how your system processes transfers/rollovers (including frequency/limitations). Are confirmations sent?
25. Describe your process and methods of reallocation (percent and/or dollar).
26. Can employer and employee contributions be tracked separately?
27. Describe in detail how your system handles federal and state tax reporting and how you will provide tax form preparation and filing.
28. Describe in detail how you administer and qualify domestic relations orders (DROs).
29. What checks and balances do you have in place to ensure transaction integrity?
30. Do you provide an administration manual?
31. Will you record keep nonproprietary investment vehicles? Describe the process and systems used.
32. What other administrative services do you provide?
33. Describe in detail the fees and revenue sharing amounts you receive with any nonproprietary investment vehicles.
34. Provide a sample contract with all applicable guaranteed rates, investment periods, annuitization rates, surrender fees, mortality and expense fees and all other numerical entries inserted therein for any variable or fixed annuity contract proposed to be in use or introduced shortly after September 1, 2012.
35. Describe any value-added benefits or features not mentioned within this RFP but available through your company that would be beneficial to a participant's overall financial planning.

**Information Security: General Data Protection**

36. Describe the security features incorporated into the proposed products and services.
37. List all products, including imbedded products, in the proposal and their corresponding owning company
38. Describe the monitoring procedures and tools used for monitoring the integrity and availability of the systems interacting with the service proposed, detecting security incidents and ensuring timely remediation.

39. Describe the physical access controls used to limit access to the responding vendor's data center and network components.
40. What procedures and best practices does the responding vendor follow to harden all systems that would interact with the service proposed including any systems that would hold, process, or from which University data may be accessed?
41. What technical security measures does the responding vendor take to detect and prevent unintentional [accidental] and intentional corruption or loss of University data?
42. If the responding vendor were to be selected, would the responding vendor agree to a vulnerability scan by the UT System of the web portal application that would interact with the service proposed including any systems that would hold, process, or from which UT System data may be accessed? If responding vendor objects to the vulnerability scan, responding vendor must, as part of its proposal, identify and describe in detail the reasons for responding vendor's objection.
43. Does the responding vendor have a Data Backup and Recovery Plan supported by policies and procedures, in place for the hosted environment? If yes, describe the outline of the Plan and how often it is updated. If no, describe what alternative methodology the responding vendor uses to ensure the restoration and availability of UT System data.
44. Does the responding vendor encrypt UT System data backups? If yes, describe the methods used by the responding vendor to encrypt backup data. If no, what alternative safeguards does the responding vendor use to protect UT System data backups against unauthorized access?
45. Describe any assumptions made in the preparation of your proposal regarding information security outside those already supplied by your company in the proposal.

**Access Control:**

46. What administrative safeguards and best practices does the responding vendor have in place to vet responding vendor's and third-parties' staff members that would have access to the environment hosting UT System electronic Board Books to ensure need-to-know-based access.
47. How will users authenticate to the proposed web portal application?
48. Describe the responding vendor's password policy including password strength, password generation procedures, and frequency of password changes. If passwords are not used for authentication to the proposed system, describe what alternative controls are used to manage user access.
49. What procedures and best practices does the responding vendor have in place to ensure that user credentials are updated and terminate as required by changes in role and employment status?
50. Does the proposed web portal application provide the capability to use local credentials (i.e., federated authentication) for user authentication and login. If yes, describe how the product provides that capability.

**Use of Data:**

51. What administrative safeguards and best practices does the responding vendor have in place to vet responding vendor's and third-parties' staff members that would have access to the environment hosting all systems that would hold, process, or from which UT System data may be accessed to ensure that UT System data and resources will not be accessed or used in an unauthorized manner
52. What safeguards does the responding vendor have in place to segregate UT System data from system and other customers' data to prevent accidental and/or unauthorized access to UT System data?

53. What safeguards does the responding vendor have in place to prevent the unauthorized use, reuse, distribution, transmission, manipulation, copying, modification, access, or disclosure of UT System data.
54. What procedures and safeguards does the responding vendor have in place for sanitizing and disposing of UT System data according to prescribed retention schedules or following the conclusion of a project or termination of a contract to render it unrecoverable and prevent accidental and/or unauthorized access to UT System data?

**Data Transmission:**

55. How does Institution data go between UT System and responding vendor's proposed system? If connecting via a private circuit, describe what security features are incorporated into the private circuit. If connecting via a public network (e.g., the Internet), describe the way the responding vendor will safeguard Institution data.
56. Does the product secure the data transmission between UT System institution and the responding vendor? If yes, describe how the responding vendor provides that security. If no, what alternative safeguards are used to protect UT System institution data in transit?
57. Does the product encrypt confidential data in transit and at rest? If yes, describe how the product provides that security. If no, what alternative methods are used to safeguard confidential data in transit and at rest?

**Notification of Security Incidents:**

58. Describe what procedures the responding vendor has in place to isolate or disable all systems that would interact with the service proposed in case a security breach should be identified? Including any systems that would hold, process, or from which UT System institution data may be accessed.
59. What procedures, methodology, and timetables does the responding vendor have in place to detect information security breaches and notify UT System and customers?
60. Describe the procedures and methodology in place to detect information security breaches and notify customers in a manner that meets the requirements of the state breach notification law.

**Compliance with Law:**

61. Describe the procedures and methodology in place to retain, preserve, backup, delete, and search data in a manner that meets the requirements of electronic discovery rules. Specifically, how and in what format UT System data is kept and what tools are available to UT System to access UT System data.
62. Describe the safeguards in place to ensure that all systems that would interact with the service proposed including any systems that would hold, process, or from which UT System data may be accessed reside within the United States of America.

**Regulatory and Legal Services**

63. Describe the type of legal support included in your proposal and any fees that apply.
64. How do you keep plan sponsors informed and updated on any regulatory and legislative changes?
65. How do you ensure that your recordkeeping system is in compliance with all regulations?
66. Describe any past or pending litigation, within the last five years, relating to or regarding services similar to the services you are proposing to provide.

**Loans (UTSaver TSA and UTSaver DCP Only)**

67. Describe in detail your loan processing capabilities.
68. Do you have paperless loan capabilities? If so, describe.
69. Do you have paperless, online plan sponsor approval capabilities? If so, describe.
70. Describe the flexibility in your loan repayment processing (i.e., additional loan payments, multiple loans, missed payments).
71. How do you handle delinquent and/or defaulted loans?
72. Describe any other features and/or limitations of the loan system not detailed above (e.g., loan modeling, amortization scheduling, etc.).

**Hardship and Unforeseeable Emergency Withdrawals (UTSaver TSA and UTSaver DCP and 457(f) Plans only)**

73. Describe in detail your hardship or unforeseeable emergency processing capabilities.
74. Do you have paperless hardship or unforeseeable emergency capabilities? If so, describe.

**Reporting**

75. Describe the standard reporting package that you would provide UT System as well as the medium(s) used (provide samples).
76. Describe any customized or ad hoc reporting capabilities including Internet capabilities.
77. Describe your standard participant-level statements and documents (provide samples).
78. Describe your customization capabilities for participant-level statements.
79. What is the standard timeframe for providing each report after the reporting period ends?

**Employee Service****Voice Response System**

80. Describe the services available through your voice response system (VRS).
81. How are transactions processed? How are transactions documented? Are confirmations sent?
82. Describe how data is secured within the system (e.g., PIN, audit trail, confirmations).
83. Describe the level of customization available within your VRS.
84. What are the standard hours of operation?
85. Are there any transactions that cannot be processed through the VRS?
86. Is the menu easy for participants to use? Does it include "help" information? Describe the structure in detail.
87. Can a participant elect to move from the VRS to a service representative? When and what services are available?
88. How often is the data on the VRS updated? How does the VRS interface with the recordkeeping system?

**Call Center**

89. Identify your toll-free service center standards. Please include for each of the last three calendar quarters, statistics related to actual performance, including number of calls, average length of calls, average response time, percentage of calls requiring follow-up, call abort rate, percentage of incoming calls totally handled via VRS versus toll-free live service center representative assistance, and percentage of service requests handled via website versus call center and VRS.
90. What training is provided to toll-free service center representatives before they are allowed to handle incoming calls?
91. Do you monitor and/or tape toll-free calls?
92. What are your case management procedures for calls that have service issues?

93. What information is available to toll-free service representatives to allow them to effectively answer participant questions?

### **Access by Disabled Persons**

94. Describe your methods of providing access to the voice response system, the participant website, and the call center to disabled persons, including the visually impaired.
95. Explain the procedures you have implemented or will implement to assure compliance with the provision of Section 508 of the Rehabilitation Act (29 U.S.C. 794d) and the Section 508 Standards adopted under that section (36 C.F.R. Part 1194).

### **Investment Representatives**

96. Explain your method of providing one-on-one financial education to UT System employees.
97. Provide the number of investment representatives that will be provided by your organization at each institution.
98. How many of the investment representatives will be paid on a commission versus a salary basis at each institution?
99. What training is provided to investment representatives before they are allowed to service employees?
100. What ongoing training do you provide to investment representatives?
101. How do you respond to employee complaints and concerns regarding investment representatives?
102. Will your investment representatives be dedicated to providing financial education and service to UT System or will they service multiple clients?

### **Communication and Education (UT Retirement Program only)**

103. Briefly describe your background and experience in providing communication and education programs in a multi-vendor environment.
104. Identify the key elements provided as part of a standard communication and education program package included in your proposal.
105. Identify the key elements provided as part of a financial literacy program included in your proposal.
106. Who will you provide as personnel resources as part of both the initial and ongoing communication and education program?
107. Do you provide communication and education material in a foreign language? If so, what language(s) and what material?
108. Do you create all of your communication and education material in-house or through third parties?
109. Describe the process you use to help plan sponsors measure the effectiveness of employee education efforts.
110. Does your organization provide any services (e.g., personal questionnaires, software) that would help individual participants with financial planning? Describe any electronic education tools you provide, both software-based and web-based.
111. Describe your position on providing investment advice to participants. What fiduciary responsibility do you assume if advice is provided?
112. If advice is offered, is it in-house or via a third party? Describe your process, mode and scope of advice.

113. Describe education tools or programs designed to support IRA rollovers and/or retirement distributions.
114. Provide samples of initial enrollment and ongoing communication and enrollment materials. Provide the result of the communication (e.g., increased participation, etc.)
115. Provide samples of financial literacy information or tools.
116. Provide samples of communication and education materials used to target different age groups and employees at different life stages. This could be print, email, web-based or designs appropriate for social media.

## **Investments**

117. Discuss your organization's ability to provide investment vehicles for defined contribution plans. Be sure to disclose if you are providing these vehicles in-house or through external managers.
118. Please identify the number and types of investment vehicles you would make available. How do you determine which investment vehicles to make available?
119. Discuss your organizations ability to make available the lowest expense share class funds for our plans. How else can you make investment fees and expenses as low as possible for our employees?
120. Does your organization offer a self-directed brokerage window as a potential investment option? Please fully describe the service and fees associated with the administration of the brokerage accounts.

## **HUB Compliance**

121. Confirm that your proposal includes all applicable information and forms required by Appendix C concerning UT System's "Policy on Utilization Historically Underutilized Businesses for Vendor/Commodities."
122. Provide the name and contact person for the person in your organization that is responsible for submission of all required HUB compliance information.

## **The Agreement**

123. Confirm that your organization has reviewed and agrees, if selected, to execute the applicable attached Sample Agreement(s) If any of the terms will require negotiation, please list those provisions in your response.
124. Confirm that your organization has taken all steps required by your organization's internal policies, including, if required, review by outside counsel, of the Sample Agreement(s), and confirm that no further attempts to renegotiate these terms will be made by your organization or outside counsel prior to your organization's execution of the Agreement(s) unless specifically noted in your response.
125. Describe your organization's general system for contract administration and contract compliance.
126. Confirm that your organization agrees to meet all performance requirements as specified in this RFP. Confirm that your organization agrees to pay the performance penalties specified in Section 9A.12 of this RFP, if your organization does not meet the required performance requirements.
127. Describe your organization's procedures for conducting fraud detection. If none, describe the steps you are planning to take to provide a comprehensive plan to prevent fraud and abuse, as required by the Sample Agreement(s).

128. Indicate the method by which you will confirm that the person executing the Agreement(s) on your behalf has the authority to do so.

**SECTION 11A**

**SIGNATURE PAGE  
FOR THE UNIVERSITY OF TEXAS RETIREMENT PROGRAMS**

In accordance with this attached Proposal, \_\_\_\_\_  
Name of Organization

hereby agrees, if selected by The University of Texas System, to enter into negotiations for a contract to provide products and services for all of the plans in the UT System Retirement Program as listed in Section 1.3.1 for at least three years beginning September 1, 2012 through August 31, 2015. I have read the RFP to which this page is appended and verify that the above named responding vendor can meet the requirements outlined.

Printed Name of Person Signing:

\_\_\_\_\_  
Title \_\_\_\_\_

Mailing Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Name of Primary Contact Person for this Proposal:

\_\_\_\_\_  
Title \_\_\_\_\_

Mailing Address \_\_\_\_\_

Telephone # \_\_\_\_\_ Fax # \_\_\_\_\_

By signing this signature page, I certify that I understand that the above named organization is responsible for reviewing all addenda listed by the UT System on the RFP website as of the date this Proposal is submitted. I further understand that all such addenda are incorporated into the RFP.

I also hereby certify that I have the authority to bind the above named organization concerning this Proposal.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**SECTION 11B**

**SIGNATURE PAGE  
FOR THE UNIVERSITY OF TEXAS 457(f) PLANS**

In accordance with this attached Proposal, \_\_\_\_\_  
Name of Organization

hereby agrees, if selected by The University of Texas System, to enter into negotiations for a contract to provide products and services for the 457(f) Plans as listed in Section 1.3.2 for at least three years beginning September 1, 2012 through August 31, 2015. I have read the RFP to which this page is appended and verify that the above named responding vendor can meet the requirements outlined.

Printed Name of Person Signing:

\_\_\_\_\_  
Title \_\_\_\_\_

Mailing Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Name of Primary Contact Person for this Proposal:

\_\_\_\_\_  
Title \_\_\_\_\_

Mailing Address \_\_\_\_\_

Telephone # \_\_\_\_\_ Fax # \_\_\_\_\_

By signing this signature page, I certify that I understand that the above named organization is responsible for reviewing all addenda listed by the UT System on the RFP website as of the date this Proposal is submitted. I further understand that all such addenda are incorporated into the RFP.

I also hereby certify that I have the authority to bind the above named organization concerning this Proposal.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date