

**July 12, 2023**

**Request for Proposals (RFP) 23-100**

**Program Administration and Investment Management Services for the**

**New York State Secure Choice Savings Program**

**Response to Bidder Questions and Amendment #1**

To All Potential Bidders:

Attached are the Board’s Responses to Bidder Questions received for the above referenced RFP.

Additionally, the Board is issuing Amendment #1 as clarification to amend:

**RFP Section 2.1. Program Administration Services Requirements**

* 2.1.1. Administration and Compliance
  + Requirement 2.1.1.2
  + Requirement 2.1.1.10
* 2.1.3. Customer Service
  + Requirement 2.1.3.1

**RFP Section 2.2. Investment Management Services Requirements**

* + Requirement 2.2.7

**RFP Section 4.3. Investment Management Services**

* 4.3.4. Passive Strategies

Amended pages are attached to this document. All deletions are shown in red text (~~red~~) with additions shown in blue text (blue).

All other requirements and conditions remain as indicated in the RFP.

| **#** | **RFP Reference** | | **Question** | **Answer** |
| --- | --- | --- | --- | --- |
| **Section** | **Pg** |
| **1** | F. Contract Signing | 8 | The State says they reserve the right to require a Bidder to withdraw any and all such proposed terms or documents or parts thereof, as necessary. How much notice will the State provide in this circumstance? | **A request to withdraw would be made to a tentative awardee prior to undertaking contract negotiations.** |
| **2** | G. Contract Term | 8 | Is there any opportunity to remove the extension term or modify the length of the contract? | **No.** |
| **3** | G. Contract Term | 8 | Will the State define what other uses are covered here? Transition period says 12 months, yet it says the length will be at the discretion of the State. How long in advance will we be given notice of the transition? | **A Transition Period is used to maintain continuity of services to the Program during the period of time necessary for a new contractor to prepare to take over providing services. The State will notify the incumbent contractor of its invocation of a Transition Period (and the approximate anticipated length thereof) prior to the end of the applicable initial or extension term. In the past, the timeframe for the State’s providing notification has been approximately six months before the end of such term.** |
| **4** | 1.2 Background | 11 | Can this Article 43 of the NYS General Business Law (the “Act”) be amended to allow for Starter K (defined [here](https://tax.thomsonreuters.com/blog/what-are-starter-401k-plans-under-the-secure-2-0-act/)1)? Link to [Secure Act 2.0 documentation](https://www.finance.senate.gov/imo/media/doc/Secure%202.0_Section%20by%20Section%20Summary%2012-19-22%20FINAL.pdf)2 (page 5). [Potential Bidder] is interested in making a bid for Starter K as opposed to IRA.  [1https://tax.thomsonreuters.com/blog/what-are-starter-401k-plans-under-the-secure-2-0-act/](https://tax.thomsonreuters.com/blog/what-are-starter-401k-plans-under-the-secure-2-0-act/)  2https://www.finance.senate.gov/imo/media/doc/Secure 2.0\_Section by Section Summary 12-19-22 FINAL.pdf | **Starter K plans are not within the scope of the Act and RFP 23-100.** |
| **5** | 1.2 Background & 4.2.1.1 | 11 | Does the Department/Board have restrictions on how quickly the program can be rolled out (with regards to employer deadlines based on number of employees or some other metric)? Is the Department targeting Q4 2024 for a pilot launch or full program launch? | **While the Program is targeting Q4 2024 for program launch, the implementation timeline and any potential pilot launch will be developed in coordination with the Program Administrator.** |
| **6** | 1.2 Background | 11 | Starter K allows employers to exclude employees covered by a CBA (collective bargaining agreement) which conflicts w/ Act's requirement of automatically enrolling each eligible employee. Employees covered by CBA could be eligible, but excluded by employer.  Is the State comfortable with this exclusionary requirement related to Starter K plans? | **See Answer to Question #4.** |
| **7** | 1.3 Program Design Specifics | 12 | (provided starter k is acceptable)  Starter K allows for more stringent age and service requirements than outlined here. Will the State accept any adjustments to this criteria to match Starter K requirements? | **See Answer to Question #4.** |
| **8** | 1.3 Program Design Specifics | 12 | Does the Department/Board intend to pursue automatic escalation of contribution rates, or an increase in the default contribution rate? | **The default contribution rate will be 3% as established in the Act. Enrollees may be afforded an option to elect for automatic escalation of contribution rates.** |
| **9** | 1.3/1.4 | 12 | When does the Department/Board intend to implement enforcement to ensure compliance with state law? Is there an expectation that the non-compliant employers will face financial penalties? | **The Act does not delineate penalties for employer noncompliance.** |
| **10** | 1.4 | 12 | Separate from the employer data used for modeling, has the Department secured the state employer data needed to launch the program, including the necessary data points such as FEIN, address, email, and number of reported employees? | **This work is in process. The Program expects to provide the needed data.** |
| **11** | 1.4 Program Estimates and Potential Market | 12 – 14 | The program’s authorizing statute references that the board shall “determine enforcement of penalties.” Is the current intent to partner with another state agency on efforts specific to enforcing employer compliance with the program’s mandate? | **See Answer to Question #9.** |
| **12** | 1.4 Program Estimates and Potential Market | 12 – 14 | Reliable employer data (including, but not limited to, firm contact information, expected employee counts, etc.) is critical to successful Auto-IRA program administration and growth. Has the State identified and contracted with a partner agency for receipt of both initial data, and subsequent annual updates? | **See Answer to Question #10.** |
| **13** | 2.1.1.1. Program Administration Services Requirements | 15 | What does the State consider “program design elements”? If investment-related issues are considered part of the Program’s design elements, [Potential Bidder] would not be able to provide those recommendations. | **The Program Administrator is not expected to provide recommendations on the investment options offered.** |
| **14** | 2.1.1.2 | 15 | We cannot agree to a provision that would allow the Department to screen and approve or deny key personnel. | **See Amendment #1.** |
| **15** | 2.1.1.3. Program Administration Services Requirements | 16 | Can the State clarify exactly what the language requirements are? What is the definition of “...to the extent able and proposed”? | **Bidder is expected to produce all required Program Informational Materials in, at a minimum, English and Spanish. If Bidder proposes to produce Informational Materials in any additional languages required by Executive Law 202-A, Bidder should make clear which additional languages and provide all details requested in response to Section 4.2.1.7.**  **Proposing additional languages will be taken into consideration in the technical evaluation.** |
| **16** | 2.1.1.4. Program Administration Services Requirements | 16 | With a Starter K, the employer would have access to most of this information but the State would not. Would the State be okay with not having access to this type of information? | **See Answer to Question #4.**  **The New York State Secure Choice Savings Program is a state-sponsored retirement savings program. The Program must be provided with the information.** |
| **17** | 2.1.1.5 | 16 | Is the expectation that the Program Administrator or the Department will pay the annual cost of hiring the independent auditor? | **This is expected to be a cost to the Program Administrator.** |
| **18** | 2.1.1.10 Program Administration Services Requirements | 17 | What is the State referring to when saying “but are not limited to”? Can we see a list of all insurance coverage requirements? | **In its response to Section 4.1.1.3, Bidder should provide information for all insurance that would be maintained in connection with providing the PA Services to the Program. If one or more of the listed coverage types is not proposed to be provided, provide the rationale for not including that coverage.**  **See Amendment #1.** |
| **19** | 2.1.2.1. Recordkeeping | 17 | Starter K Plans cannot be funded with outside physical checks or rollovers from other Roth IRAs. Is the State comfortable with that limitation? | **See Answer to Question #4.** |
| **20** | 2.1.2.5. Recordkeeping | 18 | Starter K Plans cannot be funded with outside physical checks or rollovers from other Roth IRAs. Is the State comfortable with that limitation? | **See Answer to Question #4.** |
| **21** | 2.1.2.10 | 19 | Currently, the state programs we administer send fourth quarter statements by paper to all participants but default to electronic delivery for all other quarters. Does the Department expect the Program Administrator to send all four quarterly statements by paper unless a saver has opted-in to electronic delivery? | **Yes.** |
| **22** | 2.1.3.1. Customer Service | 19 | We are staffed from 9a-7p ET (see Help Center Article). Does this disqualify us? | **See Amendment #1.**  **Note: The submitted Question included a link to an article on the Potential Bidder’s website. The link has been removed.** |
| **23** | 2.1.3.1 | 19 | We can staff a call center with live representatives available from 8:00 a.m. through 6:00 p.m.ET (Monday through Friday, not including New York Stock Exchange holidays) instead of the 8am-9pmET listed in the RFP. | **See Amendment #1.** |
| **24** | 2.1.3.2. Customer Service | 20 | Is there any flexibility on this language requirement? If so, what are the mandatory languages? | **No.** |
| **25** | 2.1.3  Customer Service  (2.1.3.3.) | 20 | Would a bid submitted with a different benchmark than the referenced 85% of calls answered within 45 seconds on a monthly basis be considered non-compliant? | **The Program clarifies that the performance measures listed in 2.1.3.3 are optimal targets. In response to Section 4.2.3.3, Bidders should propose what they will provide, getting as close to the optimal target as achievable. The technical evaluation will take into consideration the performance measures proposed.** |
| **26** | 2.1.3.3 | 20 | As part of our standard SLA’s for state administered auto-IRA programs, we offer a 45 second monthly average speed of answer, with the exception of months that include an employer deadline during the initial program launch. | **See Answer to Question #25.** |
| **27** | 2.1.3.6. Customer Service | 21 | Are we obligated to make these recordings available to the Program upon request?  What would be a qualifying reason for requesting these recordings?  What is the definition of “regularly review”? | **Yes.**  **There are any number of reasons the Program might request access to customer service call recordings and/or correspondence exchanged between its Contractor and Program participants.**  **Regular review means reviewing on a periodic basis to be determined by Program in consultation with the Contractor or upon Program’s request.** |
| **28** | 2.1.4.1.1. Program Informational Materials | 22 | As a fiduciary we are not allowed to make financial recommendations. Is this a requirement that [Potential Bidder] has to fulfill or could we potentially partner with a 3rd party to fulfill this requirement? | **No, the Program Administrator is not expected to make financial recommendations. The Program Informational Materials are prescribed by section 1309 of the Act and do not involve making financial recommendations.** |
| **29** | 2.1.4.1.3  Program Informational Materials | 22 | Is it a requirement of the State that our public facing website is also available in Spanish? Is there any flexibility in the timing of meeting this requirement? | **The Program expects all Informational Materials posted to the public facing website to be made available in, at a minimum, English and Spanish.** |
| **30** | Request for Proposal Sections 2.2 | 24 – 26 | We have several contracts in place with the State of New York and believe we can work with the State to reach agreement on the final terms.  Given the nature of the Secure Choice program, we are proposing mutual funds. These vehicles are governed by the applicable mutual funds’ registration statements and subject to the Investment Company Act of 1940. What type of agreement does the State propose to use to contract for “investment management services” in this instance if mutual funds are being proposed? Would it be possible to see a form of the proposed agreement? Given that we are proposing mutual funds, we would look to work with the State to ensure that the specific language in the Agreement is in line with the products proposed and consistent with requirements under Federal securities laws. As examples, we note the following items listed in Section 2.2:   * Investment Management Services must be in compliance with the Board-approved Investment Policy Statement   + *Note that the mutual funds proposed are governed by the funds’ respective registration statements and subject to the Investment Company Act of 1940. This cannot be superseded by any contractual terms.*   + *Further, if there is a change to the IPS, who would be responsible for recommending a new investment option for the Program? Would the State RFP for new investment management services?* * IM Services Contractor(s) must inform the Program, within three business days, about significant matters pertaining to the investment of the Program assets, including, but not limited to changes in ownership, organizational structure, investment strategy, portfolio design, or configuration of the investment team   + *Given that we are proposing mutual funds, the funds will provide notice of any material changes that may have an impact on the investment strategy in accordance with disclosure requirements applicable to an investment company registered under the Investment Company Act of 1940* * IM Services Contractor(s) must ensure that the investment options or products may, at the direction of Program personnel, be removed, or replaced with an alternative investment option or product without penalty to Enrollees.   + *Please note that the SEC recently proposed rules to make swing pricing mandatory in mutual funds, if certain conditions are met. Would the application of any mandatory swing pricing as required by the SEC be viewed as a “penalty” to Enrollees?* * Provide requested reports to assist the Program in the evaluations and audits of the investment products and the performance of the Program by providing information, including but not limited to, the following:   + Underlying investment prices over historical periods.   + Underlying investment composition.   + Underlying investment prospectus of each investment   o *Does the reference to the “underlying investment prospectus of each investment” refer to the investment in the mutual funds being proposed, or to the investments in the underlying securities made by the mutual funds?*   * Maintain prudent risk controls regarding operations risk management, trading risk management and compliance monitoring. Upon request, provide the State with records concerning such controls.   *What form would such records concerning the controls take? Would the State and the Investment Manager be able to work together to ensure that the form of records is in a form acceptable to all parties, and does not otherwise compromise the proprietary information of the Investment Manager?*  **[The Program has omitted extraneous material from this submission that did not pose any questions for response.]** | **Any such agreement will be negotiated with the Contractor to ensure it is in line with the products proposed and consistent with requirements under Applicable Law.**  **The Program expects to work with the Investment Manager(s) to ensure investment options offered in the Program are consistent with the IPS.**  **The Program expects the Investment Manager(s) to proactively reach out directly and inform when a significant update has been released.**  **Swing pricing would not be viewed as a penalty to Enrollees.**    **These refer to the investment in the mutual funds being proposed.**  **Yes, the Program and the Investment Manager(s) would work together to ensure such records do not compromise proprietary information.** |
| **31** | 2.2.1 Investment Management Services Requirements | 24 | We are the 3(38) fiduciary on all of our plans and act as the sole investment manager. We would not be able to act on the direction of Program personnel (if this is the state). Is that acceptable to the State? | **No, this is not acceptable. The Board determines which investment options are offered in the Program.** |
| **32** | 3. Qualifying Requirements | 27 | As we haven’t met all requirements, is 5/31/23 a hard deadline?  If there is flexibility, what date would all requirements need to be met? | **Yes, 5/31/23 is a hard deadline.**  **Except as otherwise noted in Section 3.2.2, Bidders must satisfy each applicable Qualifying Requirement as of May 31, 2023.** |
| **33** | 3.1 Program Administration Qualifying Requirements | 27 | We are not a broker dealer or transfer agent - does this disqualify us?  We have not designed and implemented two state-sponsored savings programs or public sector defined contribution plans - does this disqualify us? | **All requirements to be qualified to bid on the PA portion of this RFP are set forth in Section 3.1. Program Administration Qualifying Requirements. If an entity cannot demonstrate that it meets all requirements set forth, then it would not be qualified and should not submit a Proposal.** |
| **34** | 3.2.2. Investment Management Qualifying Requirements | 27 | We currently do not offer TDFs so we do not have a 3-year track record of them. Does this disqualify us? | **The qualifying requirement i****s to “have a 3-year track record as of December 31, 2022 for each proposed investment option.” No Bidder for IM Services is required to submit a Proposal for all investment options. If an entity does propose a Target Date Fund investment option, it must meet the Qualifying Requirements regarding TDFs.** |
| **35** | 3.2.3. Investment Management Qualifying Requirements | 27 | We do not have at least 5 public-sector defined contribution, defined benefit or state-sponsored savings plans under our investment management. Does this automatically disqualify us? | **All requirements to be qualified to bid on the IM portion of this RFP are set forth in Section 3.2. Investment Management Qualifying Requirements. If an entity cannot demonstrate that it meets the qualifying requirements set forth in Section 3.2, then it would not be qualified and should not submit a Proposal.** |
| **36** | 3.2.5.2. Investment Management Qualifying Requirements | 28 | We don’t currently have at least $1B in assets under management in the proposed Target Retirement Date Strategy. Will the State accept us if we can show we meet this amount after we revise our fund lineup and have a target retirement date option? | **All requirements to be qualified to bid on the IM portion of this RFP are set forth in Section 3.2. Investment Management Qualifying Requirements. If an entity cannot demonstrate that it meets the qualifying requirements set forth in Section 3.2, then it would not be qualified and should not submit a Proposal.** |
| **37** | 3.2.5.3. Investment Management Qualifying Requirements | 28 | We do not as yet have a Target Retirement Date Option so we don’t have portfolios separated by 5 yr. increments. Will the fact that we don’t yet have the Target Retirement Date Option disqualify us? | **See Answer to Question #34.** |
| **38** | 3.2.6.2. Investment Management Qualifying Requirements | 28 | Starter K is a new product that does not yet exist so we can’t meet this requirement. Does that automatically disqualify us? | **See Answer to Questions #4 and #36.** |
| **39** | 4.2.1.1. Program Administration Services | 33 | Does the State have an ideal timeframe for this implementation timeline and project plan? | **See Answer to Question #5.** |
| **40** | 4.2.1.3. Program Administration Services | 33 | What does the State consider “design elements” Do investments fall under plan design elements? | **See Answer to Question #13.** |
| **41** | 4.2.1.7. | 33 | We don’t have past experience in providing informational materials in these foreign languages. What will the State accept in lieu of this, if anything? | **See Answer to Question #15.**  **Besides past experience, a Bidder should discuss its action plan for providing the Informational Materials in a foreign language(s).** |
| **42** | 4.2.2.9 Recordkeeping | 35 | Can we waive the State’s required target date option? | **Bidder should discuss any such exceptions or restrictions in its response to Section 4.2.2.9.** |
| **43** | 4.2.2.5 | 35 | [Potential Bidder] does not support a paper enrollment process (for employers or employees). How is the Department expecting that employers will be able to register and add employees through a paper process? | **Bidder should describe its proposed enrollment process in its response to Section 4.2.2.5.** |
| **44** | 4.2.2.13. Recordkeeping | 35 – 36 | This functionality is not available w/ a Starter K. Will the State accept that? | **See Answer to Question #4.** |
| **45** | 4.2.2.19. Recordkeeping | 36 | What falls under program websites? Just the public-facing websites or user-system sites? Does the State expect system sites to be translated as well? Can the State provide a list of all sites that would be expected to be translated? | **See Answer to Question #29.** |
| **46** | 4.2.4.2. Marketing and Outreach | 39 | Will blogs suffice? Are there specific types of materials the State is expecting to see? | **Bidder should refer to the requested description in Section 4.2.4.2. Proposals will be scored accordingly.** |
| **47** | 4.3.1.9. Overall Management | 40 | Would the State consider our model portfolios for this? | **Responses to Section 4.3.1.9 should use the format provided.**  **Note: The submitted Question included a link to the Potential Bidder’s website. The link has been removed.** |
| **48** | Request for Proposal Sections 4.3 | 41 | In the Proposed Investments section (4.3.2), it mentions the Bidder should state whether there has been a time when any of the Bidder’s proposed product(s) significantly underperformed its benchmark over a consecutive three-quarter period.  Are there any parameters for how “significantly underperformed?” is measured? | **The Program would be interested to understand where notable disparity of returns is present. Bidder should include in its response to Section 4.3.2.7 how the instances identified, if any, were selected.** |
| **49** | 4.3.5. Active Strategies | 42 – 43 | RFP Section 4.3.5. states that bidders may submit active investment management strategies for Lot 2, Lot 3, and/or Lot 4. In the Investment Options and Evaluation section of the Draft Investment Policy Statement (Exhibit B), the description of the Growth Fund and the Growth and Income Fund states “The investment option will be a passively invested strategy.” Will active investment strategies be considered for Lot 2 (Growth Fund), and Lot 3 (Growth and Income Fund)? If so, will the Draft Investment Policy Statement be revised? | **While the Board prefers passive investment strategies for Lot 2 and Lot 3 as described in the draft Investment Policy Statement (Exhibit B), Bidders can propose passive and/or active investment strategies for these Lots. See Amendment #1.**    **The IPS will be amended (as needed) and approved by the Board once the PA and IM(s) are onboarded.** |
| **50** | 5.2 Investment Management Services | 44 | Does this allow us to waive the target retirement date option? | **Bidders proposing IM Services are not required to submit a Proposal for all investment options envisioned in the draft IPS.** |
| **51** | 6.4.5. Business Participation Opportunities for MWBEs | 50 | For purposes of this solicitation, the State hereby establishes an overall goal of 0% percent for MWBE participation, 0% percent for New York State-certified Minority-owned Business Enterprise (“MBE”) participation and 0% percent for New York State-certified Women-owned Business Enterprise (“WBE”) participation (based on the current availability of MBEs and WBEs).  Seeking clarification on the term above - is this an actual requirement if the overall goal is 0%? | **For purposes of this solicitation, there is no requirement for MWBE participation.** |
| **52** | 8.2 – Evaluation Process Overview | 61 | Does the Department plan to conduct interviews as part of its evaluation of Proposals and Bidders? If so, would interviews have any impact on the scoring described in 8.2.2? | **No, the Board does not plan to conduct any interviews.** |
| **53** | Appendix A  Request for Proposal Section 6.2 | 3 – 9  48 – 58 | **Section 6.2 and the Standard Clauses for NY State Contracts.** We have several contracts in place with the State of New York and believe we can work with the State to reach agreement on the final terms with the State. Given the nature of the Secure Choice program, we are proposing mutual funds. These vehicles are governed by their respective registration statements and subject to Federal Securities Laws. Does the State believe that all the provisions in the Standard Clauses for NY State Contracts would be applicable, or are there specific provisions that would be deemed out of scope for this proposal? Would we be permitted to negotiate the terms of the proposed agreement?  Given that we are proposing mutual funds, we would look to work with the State to ensure that the specific language in the Agreement is in line with the products proposed and consistent with requirements under Federal securities laws | **By submitting a Proposal, Bidder agrees to all of the terms and conditions of Appendix A.**  **Any such agreement will be negotiated with the IM Contractor(s) to ensure it is in line with the products proposed and consistent with all Applicable Law.** |
| **54** | Exhibit A - Section 1307 – Investment Options | 8 | If the IPS would consider a funding agreement that provided a guaranteed rate of return as an eligible investment option for the lot of conservative principal protection fund, as the funding agreement would have a longer maturity horizon and an objective of guaranteeing a rate of return for that longer period (i.e. 5-years with laddered maturities and periodic composite crediting rate resets). | **No, the expectation is to consider traditional mutual fund investment options.** |
| **55** | Exhibit A - Section 1307 – Investment Options | 8 | If the state is willing to consider a funding agreement with a guarantee of principal and rate of interest within the Conservative Principal Protection Fund “Lot”, do they have stipulations around guaranteed minimum interest rates in such a product, standard non-forfeiture law, and any sort of surrender charge that might apply at the surrender/termination of a participant out of the guaranteed product (i.e. two-way versus one way market based surrender charges). | **See Answer to Question #54.** |
| **56** | Exhibit B | 15 | In the Exhibit document, Exhibit B, page 15, there is a description of the Investment Manager responsibilities in the Draft IPS. It states that the Provider will provide recommendations on investment options, guidelines, and this IPS.  If mutual funds are being proposed, would the State expect the Investment Manager to be a fiduciary to the State or the Secure Choice Program? Is the Investment Manager expected to comment on the guidelines and the IPS or to make recommendations of investment products (i.e., mutual funds) that are consistent with the IPS, as approved by the Board? In addition, if [Potential Bidder] is providing recommendations on the investment options, does the State and/or the Board make the final decisions as fiduciary about which products are ultimately offered as investment options in the Program?  Exhibit B also states that the Investment Manager should manage the portion of the Program’s assets under their control in accordance with the IPS and any applicable management agreement or prospectus.  If mutual funds are being proposed, is the expectation and understanding that a mutual fund shall be governed by its registration statement and subject to the Investment Company Act of 1940? | **The Program expects to work with the Investment Manager(s) in receiving input on guidelines as well as proposed investment products which would be in line with the IPS. Ultimately the final decision on which products are offered in the Program will be decided by the Board. The terms and conditions of the agreement will be set during contract negotiations.**  **Yes.** |
| **57** | Exhibit B | 17 | In the Draft IPS, Exhibit B, there is a stated requirement for the Growth and Growth & Income Funds to be passively implemented. However, there is not a stated requirement for the Target Date option to be passively implemented. Is there a preference for that option to be passively implement (i.e. the glidepath populated with index building blocks)? Are there preferences around fees and/or a maximum fee (which is inclusive of all fees, including, but not limited, administrative and total annual fund operating expenses associated with the investment options)? | **Bidder should propose a target date option(s) it believes best complies with the Act.**  **There is no maximum fee cap within the Act. Bidder-proposed fees will be evaluated on the financial evaluation.** |
| **58** | Exhibit B  Request for Proposal, Section 4.3.5 | 17  42 | The Draft IPS Statement, Exhibit B, indicates that the Growth Option and the Growth & Income Option are to be Passively Managed. However, page 42 of the Body of the RFP, 4.3.5, has a section delineated as Active Strategies for Lot 2: Growth Option and Lot 3: Growth & Income Option. Are you considering Actively managed strategies for these categories?  Would you offer an actively managed and passively managed strategy in the plan at the launch?  Are there preferences around fees and/or a maximum fee (which is inclusive of all fees, including, but not limited to, administrative and total annual fund operating expenses associated with the investment options)? | **See Answer to Question #49.**  **No.**  **There is no maximum fee cap within the Act. Bidder-proposed fees will be evaluated on the financial evaluation.** |
| **59** | Exhibit C, D, E & F | 22 – 31 | Do the Exhibit C (substitute Form W-9), Exhibit D (Minority and Women-Owned Business Enterprises – Equal Employment Opportunity Policy Statement), Exhibit E (Contractor Sales Tax Certification Forms) and Exhibit F (Workforce Utilization Report) need to be submitted with the RFP, or at a later date or upon award. If required with the RFP, which volume and tab should they be included in?  Could you confirm with respect to Exhibit E the following:   1. Covered agency name 2. Covered agency address 3. Covered agency telephone number 4. Contract number or description 5. Value of contracts (as the plan is new) | **Exhibit C should be submitted with your Proposal.**  **Exhibit D should be submitted with your Proposal if the Bidder does not include a statement of its own that addresses the Equal Employment Opportunity Requirements outlined in Section 6.2.6.**  **Exhibit E:**   * **ST-220-CA does not need to be included with your Proposal. This form will only be requested from the tentative awardee.** * **ST-220-TD does not need to be submitted with your Proposal. This form must be filed with the Department of Taxation and Finance as instructed on the form prior to, or with, the submission of the ST-220-CA.**   **Exhibit F** **does not need to be included with your Proposal. This form will only be requested from the tentative awardee.**  **With respect to Exhibit E:**   1. **Covered agency name: New York State Department of Taxation and Finance** 2. **Covered agency address:**   **New York State Department of Taxation and Finance**  **W. A. Harriman State Office Building Campus**  **Albany, NY 12227**   1. **Covered agency telephone number:**   **518-530-4484**   1. **Contract number or description: C400751** 2. **Value of contracts: To be determined.** |
| **60** | n/a | n/a | In response to the request from the RFP: “**Also, during the Question and Answer period, Bidders should bring forward terms and conditions in the RFP that would prohibit a Bidder from bidding.”:**   * There are significant start-up and ongoing administrative costs associated with state- facilitated, auto-IRA programs, particularly during the early years of a program that is built for scale. These include but are not limited to: marketing and communications; software development; employer onboarding and support; employee outreach; participant servicing; and printing and postage of program materials. These are just some of the larger expenses the RFP expects the provider to cover. It is very difficult to cover these expenses solely with participant fees limited to levels close to those of current peer programs. As such, a 7-year contract could result in a net loss for a provider. The cost proposal in the RFP does not appear to provide for additional revenue sources for a provider. * If the referenced 85% of calls answered within 45 seconds on a monthly basis is non- negotiable, it could preclude us from bidding. * The RFP process does not appear to allow for a bundled proposal, enabling an Investment Manager and Program Administrator to bid together. A bundled proposal could allow a sharing of expenses and responsibilities between multiple parties, which is very common in the 529 space. | **Noted.**  **See Answer to Question #25.**  **Confirmed.** |

# **2. Scope of Services**

The Contractor(s) will be expected to perform the applicable Services necessary to implement the requirements of all Applicable Laws, including among others, the Act. The PA Services Contractor(s), either on their own, or in combination with other service providers providing Program Administration Services, will be expected to perform all of the services listed under **Section 2.1,** ***Program Administration Services Requirements***. The IM Services Contractor(s) providing Investment Management Services will be expected to perform all of the services listed under **Section 2.2, *Investment Management Services Requirements***.



2.1 Program Administration Services Requirements



2.1.1. Administration and Compliance

Throughout the term of the Agreement, the PA Services Contractor(s) must provide the following Administration and Compliance services for the Program within the Continental United States (“CONUS”) and in compliance with the Act, all applicable federal and state laws and regulations, and rules, policies, and guidelines promulgated by the Board with respect to the Program:

2.1.1.1. Provide recommendations on and assistance with implementing Program design elements. Monitor for changes in the legal and regulatory environment that may materially affect the Program and provide recommendations for amendments to the Program processes and offering materials.

2.1.1.2. Provide a key personnel team to serve the Program and notify the Program of any changes to the management or composition of that team. ~~The State reserves the right to screen and approve or deny key personnel, including PA Services Contractor(s) employees and Subcontractor(s), assigned to this engagement.~~ Member(s) of the key personnel team must:

* Attend Board meetings commencing with OSC approval of the Agreement, unless otherwise directed by the Program.
* Respond to the need for telephone consultation within a 24-hour period and be available to the Program between the hours of 8:00 a.m. – 5:00 p.m. ET on Business Days (Monday through Friday, not including New York Stock Exchange holidays).

2.1.1.3. Develop, provide and distribute the following documentation prior to the opening of the Program for enrollment as described in §1309 of the Act (Employer and Enrollee Informational Materials and disclosure forms) upon approval from the Program, including:

* Program Forms – forms and operating documents necessary to administer the Program, including but not limited to, enrollment or application forms, Beneficiary designation forms, opt-out forms, transactional change forms, etc.
* Manuals – complete and fully documented administration and operations manual.

operational disruption. The business continuity and disaster recovery plan must be tested at least twice annually and results must be made available to the Program upon request. The situs of disaster recovery location must be maintained within CONUS.

2.1.1.9. Engage as necessary and work cooperatively with the IM Services Contractor(s). In the event of a dispute or conflict between or among the PA Services Contractor(s) and the IM Services Contractor(s), the PA Services Contractor(s) will notify the Program.

2.1.1.10. Maintain insurance coverage for the nature and scope of PA Services and assets under management. ~~These include, but are not~~ The Program anticipates these will likely include, but need not be limited to: Professional Liability Errors & Omissions; Blanket Bond Coverage plus Computer Crime (covering Employee Dishonesty); Commercial General Liability; Data Breach and Privacy/Cyber Liability; Umbrella. Where it may be provided, the insurance coverage will be extended to cover the Board and the State as named “Additional Insureds”.

2.1.1.11. Upon request by Program personnel, provide the Program with copies (in a format that may be easily used by the Program) of those parts of PA Services Contractor’s and Subcontractors’ SSAE 18 SOC1 and SOC2 Type 2 reports that contain information about systems controls (and audits thereof) that are relevant to the PA Services being provided to the Program.

2.1.2. Recordkeeping

Throughout the term of the Agreement, the PA Services Contractor(s) must provide the following Recordkeeping services for the Program within CONUS and in compliance with the Act, all applicable federal and state laws and regulations:

2.1.2.1. Provide necessary recordkeeping, fund accounting and banking services to ensure efficient operation of a payroll-deduction IRA in accordance with §1310 of the Act. Services include, but are not limited to:

* Enrollment of new Accounts including Beneficiary information.
* Ability to fund the Account from a variety of sources including ACH, EFT, physical checks, payroll direct deposit, and Rollovers from other Roth IRAs or Roth 401(k)s.
* Process additional contributions.
* Make investment option exchanges.
* Make Account information changes.
* Process withdrawals from the Account through a variety of sources including physical checks, ACH, required minimum distributions, and Rollovers to other qualified plans.

The enrollment flow must comply with anti-money laundering laws and requirements.

2.1.2.2. Provide custodial services necessary to support the Program investment options as described in §1308 of the Act, including, but not

* Educational information regarding options available to the Enrollees.
* Account transfer instructions for Enrollees.
* Description of the Program.
* Benefits of retirement saving.
* Provide educational information on Roth IRA accounts including tax implications and Beneficiary designations.
* Include retirement savings education and modelling tools.
* A copy of the periodic reviews of Program services as described in §1304(5) of the Act.

2.1.2.8. All systems, including but not limited to, the core processing platform, imaging, telephone systems and Program websites, must be available and functioning 99.5% of the time per month during 8:00 a.m. – 9:00 p.m. ET (Monday - Friday, not including New York Stock Exchange holidays or scheduled downtime).

2.1.2.9. Scheduled system outages must be communicated to the Program four (4) weeks in advance of the outage. Notification will also be posted on the Program website. Scheduled system outages will occur only after 12:00 a.m. and before 8:00 a.m. ET on weekends. In addition, Program personnel must be promptly notified of unplanned system outages or service disruptions as they are identified, with Program website notification posted as soon as possible.

2.1.2.10. Generate and distribute Roth IRA confirmation and account statements at least quarterly and an annual statement with the fair market value as of December 31 by U.S. postal service or, at a participant’s option, electronically, in accordance with applicable federal and state laws.

2.1.2.11. Generate and distribute IRS Forms (e.g., Forms 1099-R and 5498) in accordance with Applicable Law.

2.1.3. Customer Service

Throughout the term of the Agreement, the PA Services Contractor(s) must provide the following Customer Service services for the Program, all within CONUS and in compliance with Applicable Law and the Act:

2.1.3.1. Provide the following services for the Program:

* Call center services available via a dedicated toll-free telephone number.
* Staffed with live representatives and available for a minimum of ten (10) hours between ~~from at least~~ 8:00 a.m. ~~through~~ and 9:00 p.m. ET (Monday through Friday, not including New York Stock Exchange holidays). Must be available beginning no later than 9:00 a.m. ET.
* Provide a voice messaging system for customer call backs during times that the call center is unavailable.

have the ability to match or beat the respective benchmarks over a full market cycle.

* IM Services Contractor(s) must inform the Program, within three business days, about significant matters pertaining to the investment of the Program assets, including, but not limited to changes in ownership, organizational structure, investment strategy, portfolio design, or configuration of the investment team.
* IM Services Contractor(s) must engage as necessary and work cooperatively with the PA Services Contractor(s), who will provide custodial and banking services necessary to support the Program investment options. In the event of a dispute or conflict between or among the PA Services Contractor(s) and the IM Services Contractor(s), the IM Services Contractor will notify the Program.

**2.2.2.** Provide requested reports to assist the Program in the evaluations and audits of the investment products and the performance of the Program by providing information, including but not limited to, the following:

* Underlying investment prices over historical periods.
* Underlying investment composition.
* Underlying investment prospectus of each investment.

**2.2.3.** Maintain prudent risk controls regarding operations risk management, trading risk management and compliance monitoring. Upon request, provide the State with records concerning such controls.

**2.2.4.** Designate a dedicated key person who will notify the Program of any changes to the management or composition of the investment team.

**2.2.5.** Respond to requests for telephone consultation within a 24-hour period and be available to the Program between the hours of 8:00 a.m. – 5:00 p.m. ET (Monday through Friday, not including New York Stock Exchange holidays).

**2.2.6.** Attend at least one Board meeting annually commencing with OSC approval of the Agreement, unless otherwise directed by the Program.

**2.2.7.** Maintain insurance coverage for the nature and scope of IM Services and assets under management. ~~These should~~ The Program anticipates these will likely include, but need not be limited to: Professional Liability Errors & Omissions; Blanket Bond Coverage plus Computer Crime (covering Employee Dishonesty); Commercial General Liability; Data Breach and Privacy/Cyber Liability; Umbrella. Where it may be provided, the insurance coverage will be extended to cover the Board and the State as named “Additional Insureds”.

**2.2.8.** The IM Services Contractor(s) must be a financially stable entity, such that it may initiate and perform all obligations through the duration of the Agreement. The State will conduct a financial stability evaluation on the highest-ranked Bidder. The evaluation will include, but not be limited to, a review of the entity’s equity position, liquidity, profitability trends, and prospects for financial growth. The financial stability evaluation will also include a business background review of the entity’s

4.3.3.3. Bidder should state whether there is any tactical approach used by the Bidder’s target date team. If so, discuss any bands within asset and sub asset class levels. State what frequency tactical changes may be made.

4.3.3.4. Over the past 3, 5, and 10 years beginning January 1, 2013, Bidder should highlight what percentage of the Bidder’s returns have been driven by asset allocation, manager selection, and other factors.

4.3.3.5. Bidder should state the Bidder’s view on the ‘to vs. through’[[1]](#footnote-2) debate. State whether the Bidder’s philosophy has changed over the past 5 years beginning January 1, 2018.

4.3.3.6. Bidder should describe any demographic or participant behavior assumptions used in the Bidder’s modeling that are specific to this Program.

4.3.4. Passive Strategies (Preferred)

Lot 2: Growth Option, Lot 3: Growth and Income Option, and/or Lot 4: Conservative Principal Protection Option

Bidders submitting a Proposal for Investment Management Services that includes passively-managed Non-Target Retirement Date Option(s) (Lot 2: Growth Option, Lot 3: Growth and Income Option, and/or Lot 4: Conservative Principal Protection Option) should provide **all** information requested below under this **Section 4.3.4**.

4.3.4.1. Bidder should state how the Bidder replicates the index – full replication or sampling. If the answer is “sampling,” please provide a detailed explanation of the process.

4.3.4.2. If applicable, Bidder should describe how the proposed product manages index reconstitution.

4.3.4.3. If applicable, Bidder should state whether the performance of the proposed product has been impacted positively or negatively by index reconstitution.

4.3.4.4. Bidder should explain how liquidity is managed for the proposed product. If cash is held, explain how equity exposure is maintained.

4.3.5. Active Strategies

Lot 2: Growth Option, Lot 3: Growth and Income Option, and/or Lot 4: Conservative Principal Protection Option

Bidders submitting a Proposal for Investment Management Services that includes actively-managed Non-Target Retirement Date Option(s) (Lot 2: Growth Option, Lot 3: Growth and Income Option, and/or Lot 4: Conservative Principal Protection Option) should provide **all** information requested below under this **Section 4.3.5**.

4.3.5.1. Bidder should describe the benchmark against which the proposed

1. The ‘to’ glidepath has an asset mix that remains static after retirement age and the ‘through’ glidepath adjusts equity exposure beyond retirement age. [↑](#footnote-ref-2)