

**Department of Materials Management
Procurement Unit
MONTGOMERY COUNTY PUBLIC SCHOOLS
45 W. Gude Drive, Suite 3100
Rockville, Maryland 20850**

November 24, 2014

NOTICE TO BIDDERS

**The following are questions and responses regarding
RFP No. 1143.5, Montgomery County Public Schools Voluntary
Defined Contribution Programs**

Questions Related to Portability/Mapping

1. Of the \$1.3B in assets, how much will move at the Employer's direction (mappable)?
2. I would appreciate if you would be good enough to provide some information on what you anticipate will happen to their accumulated 403B and or 457 voluntary savings account assets, namely:
 - a. Will their ongoing payroll deduction contribution after January 1, 2016 only continue with the new provider?
 - b. Will their accumulated assets in their voluntary savings accounts be forced to move to the new provider?
3. Are there any transfer restrictions or charges (deferred sales charges, market value adjustments) that will apply upon termination of the existing Investment Providers' contracts? If so, please describe.
4. Can assets from the existing Investment Providers' contracts be mapped to the new provider?
5. How will assets be mapped to the exclusive vendor? How much is employer directed? How much is employee directed? By plan and vendor.
6. Are there any restrictions or surrender charges on the existing assets?
7. Is MCPS planning to move assets, under their existing group contracts, to the new sole record keeper?
8. How much of the 403b assets are mappable at the plan sponsor discretion?
9. How much of the 457 assets are mappable at the plan sponsor discretion?

10. Are there any encumbrances or surrender charges on any plan assets with the current vendors?
11. Is MCPS looking to merge all of the providers in to one going forward, so that there is one provider accepting payrolls from all of the locations and schools? If so, what assets are “plan level” and what assets are “participant level” so that we can estimate what a newly consolidated plan would look like? How many different payrolls are there? Frequency?
12. Please provide the current fund line-up by vendor. Please include what funds are eligible to be mapped to the new fund lineup effective 01/01/2016.
13. How many terminated participants will have mappable assets in group contracts?
14. Please provide by vendor the assets that are currently in individual contracts vs. group contracts?
15. Please provide total assets and breakdown of assets by investment option (specifically the percentage in fixed/stable value) for each existing investment Provider.
16. Please provide the number of total active participants and total inactive participants for each existing Investment Provider.
17. Please confirm the number of participants (both actively contributing and inactive with account balances) by plan and vendor.
18. Please confirm the total assets by plan and vendor, in addition to the total contributions and distributions by vendor and by plan.
19. Please provide the current asset allocation by plan and vendor (particularly the allocation to fixed or stable value accounts).
20. Is MCPS planning to limit contribution remittance to only the new record keeper starting January 2016? If yes, are common remitter services necessary?
21. What are the total plan assets (including legacy or pre-2010 assets for your 403b plan)?
22. What are the total plan assets (including legacy or pre-2010 assets for your 457 plan)?
23. What are the active and in active participants in the 403b plan?
24. What are the active and in active participants in the 457 plan?
25. What are the annual contributions in the 403b plan?

- 26. What are the annual contributions in the 457 plan?
- 27. Can you provide an estimated amount of assets that would initially transfer into each asset class within the plan?
- 28. Can you please provide the assets by investment fund offered by each of the current providers?

Answer: Questions (1-28) — MCPS intends to move as many assets as possible to the new recordkeeper. The breakdown of what MCPS believes is portable and at its discretion is shown below. Estimated annual contributions are provided in Part A under Item 2: Background. There will be one recordkeeper for all contributions made after January 1, 2016. MCPS expects that the successful bidder will be able to manage legacy assets to the extent described in the RFP. MCPS has one payroll with a biweekly payroll schedule. Assets and investment line-up by vendor is not available at this time. Detail about active versus inactive participants is also not available at this time. Please estimate the split between the 403b and 457b assets by using the same split used in Appendix C. The 403b plan is assumed to have 80.5% of the participants (9,500/11,800) with the remainder in the 457b.

Total plan assets (403b and 457b):	\$1.3 billion
Assets portable at MCPS discretion (without restriction):	~\$0.75 billion

Questions related to Fund Line up/Investment Options

- 29. In Appendix D, it list’s the new fund line up. Will this be the final fund line up? Or is it possible to include the Stable Value investment option in the line-up, given the low interest rate environment?
- 30. Will MCPS consider a proprietary fixed interest product to compliment the line-up provided with the RFP?
- 31. Is the District interested in stable value capabilities as a cash equivalent solution?

Answer: Questions (29-31) —Appendix D contains the lineup selected by the Defined Contribution Investment Committee. No additions or deletions are anticipated to/from the lineup.

Questions related to Investment Advice/Dedicated Representatives

32. Will the new investment option allow advisory fees for professional investment management to be paid from participant account assets or will employees who want this service be able to only write a check?
33. Appendix B Detailed Questionnaire page 22 #15: question about managed accounts: Are asset based fees permitted for managed accounts?
34. Will participants who choose to work with an outside financial advisor be able to pay for investment advice from their pre-tax retirement account as they currently do?
35. Is it the intent of MCPS to have the selected TPA/recordkeeper provide an advice program with a level cost to participants and no commission or payment to the salaried on-site advisors?
36. Will current advisors be given the opportunity to offer independent advice when the new TPA/recordkeeper/institutional fund line-up is implemented on 1/1/2016?
37. Are there any requirements for on-site presence at meetings or regularly scheduled meetings?
38. Will an advisor affiliated with the record keeper be permitted to work with the employees? If so, what is the expected number of service days annually?
39. Can you describe the onsite service education model currently being utilized and what service level changes would be expected or desired?
40. What is the amount and type of participant education and advice services required? How many locations, frequency, group vs. 1 on 1, etc?
41. Are there a desired number of representatives or days for Montgomery County Public Schools?

Answer: Questions (32-41) — Effective January 1, 2016, participants seeking investment advice under the new program will do so through the managed accounts option offered by the sole recordkeeper. If participants choose to use this advice, they will be able to pay for it through a deduction from their plan assets. An asset based fee is acceptable. For participants who would like to use advisors not affiliated with the sole recordkeeper as of January 1, 2016, current practice will remain, i.e., they will have to compensate the advisors directly outside of plan assets. In addition, as described in the instructions for Appendix C, initially, MCPS will rely on the selected vendor to provide broad general education services to plan participants in a group environment. MCPS retains the right to issue an RFP in the future for a separate education procedure. Based on the information provided within this RFP, please indicate the number of dedicated representatives you

recommend. The costs associated for such dedicated representatives should be built into the quoted gross price.

42. Standard procurement protocol has been to hold the pre-bid meeting and allow a few days following for the questions to be submitted. Will there be an opportunity to submit questions after that meeting that may be generated from the information shared at that time?

Answer: No. Per the schedule in Part A of the RFP, responses to vendor questions will be posted on the website on November 24. Any additional answers to questions from the pre-bid conference that are not answered during the conference will be posted to the website on November 25.

43. Given the fact that the Thanksgiving holiday falls a couple days after the pre-bid conference and given the complexity of this bid, would MCPS give consideration to moving the bid due date to allow additional time incorporate MCPS responses into the bid response?

Answer: No.

44. For the Questions about Trustee/Fiduciary Services: Where should the fees for such services be shown?

Answer: It is under Trustee Section, Appendix C.

45. Question 1 under Contracts refers to the AON vendor database. What level of information is required to be shared? Is there a file layout?

Answer: Appendix B contains the AON database questions. Please use the provided Word file to answer these questions.

46. Does MCPS anticipate making any plan document changes in 2015, e.g. adding Roth contribution?

Answer: MCPS does not anticipate making any substantive changes at this time beyond the changes authorized by the Board of Education on September 22, 2014. The documents redlined plan documents approved by the Board are available here: [http://www.boarddocs.com/mabe/mcpsmd/Board.nsf/files/9NYSMD729B78/\\$file/7.1%20Governance%20Mtrs%20403b%20457b.pdf](http://www.boarddocs.com/mabe/mcpsmd/Board.nsf/files/9NYSMD729B78/$file/7.1%20Governance%20Mtrs%20403b%20457b.pdf)

47. Does MCPS expect the new sole record keeper to limit the number of loans available to a participant?

Answer: To be determined.

48. Does MCPS expect the new sole record keeper to distribute the annual Universal Availability notice? If yes, in what format, media?

Answer: No.

49. Does MCPS expect the new sole record keeper to distribute the fee disclosure noted in Q32? If yes, in what format, media?

Answer: To be determined.

50. Are the legacy vendors remitting SPARK data to MCPS?

Answer: To be discussed at pre-bid conference.

51. Presently MCPS collects a pro-rata fee from each active vendor to support the MCPS 403(b) website. Will this fee go away? Is it the expectation that the new sole record keeper will provide this type of website?

Answer: MCPS expects that the successful bidder will be able to provide the services described in the RFP, Appendix A, at a minimum.

52. Please provide weightings for the evaluation criteria.

Answer: It is not available at this time.

53. Q8-11 in Organization/Market Focus - should 403(b) governmental plans be included and 457(f) plans removed?

Answer: In your cover letter, please include the data for 403b governmental plans in response to Q8-11.

54. The pricing matrix contains both per head and basis point charges. Can we provide pricing using both scenarios for consideration?

Answer: No, only per head.

55. Can you confirm the asset and participant numbers in the pricing spreadsheet should be used as our day one assumptions?

Answer: Confirmed.

56. Can you provide more specific information on what asset class you would wish to potentially construct a white labeled investment offering?

Answer: The questions related white-labeled funds were for informational purposes. MCPS is inquiring for possible future consideration.

57. What is the definition of an exclusive provider? If we were considering of working with another firm to perform some of the functions listed in the RFP, would that not be acceptable as part of our response?

Answer: Please See Part A, Scope of Work for guidance for bidding with partners.

58. What role as a plan sponsor will MCPS have on an ongoing basis in administering the plan, versus what is expected of the new provider? Is MCPS' new consolidated plan to be an ERISA or non ERISA 403(b) plan?

Answer: Under the new program, MCPS plans will remain not subject to ERISA. Through the redesign process MCPS may adopt best practices in the industry that may be commonly associated with ERISA plans. MCPS seeks to outsource as much of the administration as possible.

59. Are there any plans to add automatic enrollment?

Answer: No.

60. Please confirm who will provide all initial and ongoing plan level investment consulting services? (i.e. Advisor, Consultant, etc.)

Answer: Hewitt Ennis Knupp will provide all initial investment consulting services through the transition. The provider of the ongoing investment consulting services has not been determined.

61. What has been the experience with meeting attendance in the past?

Answer: Not available at this time.

62. How does the current vendor communicate with participants?

Answer: Varies by vendor.

63. What has worked/not worked with employee meetings in the past? What would they like to see going forward?

Answer: Not available at this time.

64. How does the plan sponsor communicate with employees regarding other employee benefits (i.e. healthcare)?

Answer: MCPS uses multiple channels to communicate with employees including email, newsletters, mailings, workshops, etc.

65. Are there any current issues or weaknesses in plan utilization that the plan sponsor would like to see addressed? Low participation? Low contribution levels? Poor diversification?

Answer: To be determined.

66. Would you describe the majority of your employees as: 1) fairly sophisticated investors or; 2) individuals with limited understanding of investing?

Answer: The majority of our employees work in a public education setting.

67. Would most employees have access to e-mail/internet either at home or work? i.e. would a web-based communication approach work?

Answer: Yes.

68. Please provide the total amount of annual withdrawals.

Answer: Not available at this time.

69. Please provide the number of outstanding loans in the plan by vendor.

Answer: Not available at this time.

70. In the RFP, is the 11,800 participant count total plan participants across all vendors? Please provide total number of participants per plan.

Answer: Yes. Participants per plan is not available at this time.

71. Does Montgomery County Public Schools currently provide fee disclosure statements to participants on a regular basis?


Answer: No.

72. Are fees disclosed on a regular basis to participants today and if so, in what method?

Answer: Not available at this time.

73. There is a section on the cost proposal for an asset-based charge. Please confirm only a fixed dollar price is required.

Answer: Confirmed.



Barbara Regalia, CPPB, team leader, Procurement Unit

Please indicate your acceptance of this notice by signing below and returning with your RFP or under separate cover.

Accepted:

Name and Title

Company Name

BR

