



REQUEST FOR PROPOSALS

For

THIRD PARTY ADMINISTRATOR FOR TAX SHELTERED ANNUITIES

Request for Proposals Issued: September 14, 2012

Deadline for Submittal of Proposals: October 15, 2012

Request for Proposals for Third Party Administrator for Tax Sheltered Annuities

I. BACKGROUND

The Sacramento City Unified School District (“District”) is an urban district with an enrollment exceeding 45,000 students in 49 elementary schools, five K-8 schools, nine middle schools, one 7-12 school, seven high schools, and K-12 independent/alternative/charter study programs. Additional students participate in adult education classes.

II. INTRODUCTION

The Sacramento City Unified School District, hereinafter referred to as “District” is seeking a firm to provide Third Party Administrator (TPA) for Tax Sheltered Annuities (TSA) services. The purpose of this agreement pertains to professional review, administrative and IRS tax-compliance services for the District’s 457 and 403(b) tax-deferred investment program, which is funded exclusively from voluntary salary reductions agreements made by the District’s employees.

III. GENERAL INSTRUCTIONS

Interested firms are invited to submit one original signed (by authorized representative) un-bound proposal, and four (4) copies. The response shall be made in the format provided and the complete response, together with any and all additional materials, shall be enclosed in a sealed envelope addressed and delivered no later than 4:30 p.m. on Monday, October 15, 2012 to the following address:

Sacramento City Unified School District
Contracts Office
5735 47th Avenue
Sacramento, CA 95824

The sealed envelope shall be marked on the outside lower left corner with the words “RFP for Third Party Administrator for TSA”. It is the firm’s sole responsibility to ensure that their response is received prior to the scheduled closing time for receipt of Proposals. No corrected or resubmitted Proposals will be accepted after the deadline.

This Request for Proposal does not commit the Sacramento City Unified School District to award a contract or pay any costs incurred in the preparation of a response to this request. The District reserves the right to accept all or part of any responses or to cancel in part or in its entirety this Request for Proposals. The District further reserves the right to accept the response that it considers to be in the best interest of the District.

All requirements must be addressed in your proposal. Non-responsive proposals will not be considered. All responses, whether selected or rejected, shall become the property of the District. Firms are responsible for checking the website periodically for any updates or revisions to the RFP.

Requests for Information

Questions related to this RFP should be submitted in writing to Kimberly Teague, Contract Specialist, at kimt@scusd.edu no later than Wednesday, September 26, 2012. Specify "RFP for Third Party Administrator for TSA" in the subject line. Responses to all questions received will be posted on the Districts website.

IV. CONTENTS FOR RESPONSES

In order for responses to be considered, said response must be clear, concise, complete, well organized and demonstrate firm's ability to follow instructions. The quality of answers, not length of responses or visual exhibits is important.

The response shall be organized in the format listed below. Respondents shall read each item carefully and answer each of the following items accurately to ensure compliance with District requirements.

V. TECHNICAL REQUIREMENTS/SCOPE OF WORK

1. Organization and History (include all entities if multi-party):

- a) Company name, address, telephone number, fax number, and e-mail address.
- b) Identify who is authorized to sign agreements and represent your firm in matters related to this Request for Proposals.
- c) Third Party Administrator License Number.
- d) Please describe any relevant parent/subsidiary/affiliate relationships.

2. Span of Services

- a) Please indicate the number of 403(b) plans you currently service. Provide key contact, title and phone number for three (3) California sponsors you currently service.
- b) Describe what makes your services unique to any other 403(b) service provider in the industry.
- c) Explain your implementation/conversion process, including time frame.
- d) What specific involvement will be required from the District during the implementation process?

3. Client Services & Quality Assurance

- a) What checks and balances and other quality control systems do you have in place to ensure transactional integrity? Do you maintain a SAS70 covering your administrative operations? Cash handling processes? Technology?
- b) Do you have a formal quality control process in place to measure and monitor for errors?

4. Business Processing & Metrics

- a) How many payrolls do you process each month?
- b) How many participant accounts do you process each month?
- c) What are your time standards for:
 - 1. Receipt of and processing out of loans
 - 2. Receipt of and processing out of transfers
 - 3. Receipt of and processing out of hardship requests
- d) What percentage do you meet the time standards identified above?
 - 1. Loans
 - 2. Transfers
 - 3. Hardship requests
- e) Does your common remitter service receive and send funds and data using electronic media? Please describe your preferred (or required and indicate such) method of sending/receiving funds and data.

5. Investment Company Relationships

- a) Attached is a current list of vendors approved by 403(b). Indicate any vendors that you wouldn't be able to work with.
- b) Describe any relationship your company has with any vendor listed on 403(b).
- c) Describe any proprietary product or platform you endorse, offer, support or share revenue with.

6. Documents, Forms & Manuals

- a) Please provide a copy of your standard 403(b) and 457 plan service agreements.
- b) Please provide copies of Plan related forms i.e. transfer requests, loans, hardship withdrawals etc.
- c) Do you have either an on-line or paper based user manual for an employer? If so, please provide a copy.

7. Plan Reporting

- a) Serve as common remitter for the District's 457 and 403(b) program, and as paying agent on behalf of the District to promptly remit all funds to participating vendors provided that the District meets the requirements in Section 16.
- b) Establish a disbursement account on behalf of the District, and provide suitable privileges for the District to transfer funds into the account, and for TPA to transfer funds out of the account as provided in Section 10. Indicate bank to be used.

- c) Obtain fully executed modified Service Provider Agreements from each investment provider conducting business in the District. These modified Service Provider Agreements are ASBO-compliant, IRS, and National Tax Sheltered Annuity Association (NTSAA) compliant, with the exception of not requiring the investment providers to provide and certify Maximum Annual Contribution Limits (MAC's) to the employee or the District. TPA will provide these contribution calculations, and certify to the District and the employee as to the accuracy of these calculations. **Vendors that do not execute the modified Service Provider Agreement will not be permitted to enroll new participants.**
- d) Describe the types and frequency of reports that you provide to the District.
- e) Describe your policy regarding the District's ownership of the 403(b) plan data. How often and in what format is plan data transferred to the District?

8. Plan Compliance

- a) Oversee all aspects of IRS compliance of the District's 457 and 403(b) program by all parties involved. In the event of an IRS audit, TPA will represent the District at the audit.
- b) Describe how you will monitor employees participating in the 403(b) and/or 457 plan(s) to confirm that they are staying within annual contribution limits.
- c) Please explain your procedures for entering into Information Sharing Agreements (ISAs) with various Service Providers that the District has made available through payroll deduction under its 403(b) plan.
- d) Review all employee contributions and perform all necessary calculations to ensure the District's compliance with all IRS regulations pertaining to 457 and 403(b) programs.
- e) Review all contributions to ensure that additions to the 457 and 403(b) program for each participant are within limits prescribed by Section 415 of the Internal Revenue Code.
- f) Conduct an on-site review of Service Providers and employee's records as applicable. Site review shall be conducted with minimal disruption to payroll and business office staff. The review is to ensure that all employee accounts are in compliance with all IRS regulations. The Review is intended to identify any defects in process and procedure and TPA will suggest methods for correction of discovered defects.
- g) Review all employee Salary Reduction Agreements and sign the forms to verify compliance with the Internal Revenue Code and applicable regulations. TPA shall provide a designee who shall receive all new and revised Salary Reduction Agreements. TPA shall complete review of new and revised Salary Reduction Agreements within three business days. Copies of new and revised Salary Reduction Agreements may be faxed or mailed to TPA, and will verify changes by e-mail to District's payroll department.

9. Employee Confidentiality Communication & Education

- a) TPA to maintain and archive all participant 457 and 403(b) files and will ensure strict confidentiality of all employee data, records, and files. **TPA will not make available to any outside vendor or sales/marketing organization, any records or information pertaining to District employees.** All of the rights available under the various annuity

contracts or custodial accounts are enforceable solely by the respective District employees, by the employees' beneficiary, or by an authorized representative of the employees.

- b) Describe your approach and methods to enrolling, advising and educating employees.
- c) Describe any electronic education tools you provide, both software-based and web based.

10. System Capabilities & Hardware

- a) Detail your firm's policies, procedures, data encryption, and technical measures to prevent unauthorized access or alteration, fraud, theft, misuse, or physical damage to hardware, software, communications networks, and data.
- b) Describe your company's system back-up, security and disaster recovery procedures. Are files archived and stored at an off-site location? If so, is the location secured?

11. Insurance & Legal Issues

Insurance

Selected firm will be asked to provide a certificate of insurance reflecting its comprehensive general liability insurance coverage in a sum not less than \$1,000,000 per occurrence and naming the District as an additional insured.

Legal Issues

Please respond to each of the following questions:

- Is there now pending any legal action alleging violations of the law in a California transaction against the firm or any employee of the firm? If so, please describe such pending action.
- Have there been any settlements or judgments involving such actions within the last five (5) years? Please describe each such settlement or judgment, including the nature of the action and the amount of recovery.
- Are there pending legal or disciplinary matters involving such actions against the firm by any State or Federal regulatory agency? If yes, describe. Include information about any criminal indictments or convictions against the firm or its attorneys. Also include information about any material pending legal action, settlement, or judgment involving a claim of fraud, whether civil or criminal.

12. Term of Contract

The contract period shall be for a term of one year from date of contract execution. At the end of the initial one-year term the contract may be renewed annually, upon mutual agreement of both parties, at prices no greater than 75% of the Consumer Price Index (CPI) for the United States for the twelve-month period ending March. Contract cancellation will be at the discretion of either party with 30 days written notice.

The successful vendor shall execute a contract with the Sacramento City Unified School District in substantial conformance with the RFP and the contractor's proposal.

13. Cost Proposal

- a. Describe all fees that your organization would charge for the plan services described in your response. Identify who would be expected to pay these fees (plan sponsor, participants, vendors, agents, etc.) and how the fees are collected.
- b. Please describe in detail any and all other forms of revenue if applicable that would be anticipated if selected. Include specifically float, marketing allowances, 12b1, sub TA and/or commission splits from the sale of products. If none, please certify as such in your response.
- c. The cost proposal must be an all-inclusive amount for the full range of services required for one year under the contract. The proposal must include items such as set up fees, if any, annual maintenance fees, and payment terms. No additional billing will be allowed for travel expenses, parking, participant materials, or other incidentals.
- d. This cost proposal should be based on approximately 600 active participants in the 457 and 403(b) program, and will be modified either up or down at actual time of installation, based on an accurate census count. The quoted fees must be honored for a period of sixty (60) days from receipt of this proposal.

VI. EVALUATION CRITERIA

A Selection Advisory Committee will select and rank in the order of their qualifications, experience, fees, and overall responsiveness the proposals that meet the criteria set forth in this Request for Proposals.

The Selection Advisory Committee may choose to interview any, all, or none of the respondents as may be in the best interest of the district. If interviews are held, a committee representative will notify those firms selected as to place, time, date, and location of the interview. Your firm's main point of contact as stated in your response to this Request for Proposals must be present at the interview.

The names of all firms submitting proposals and the name of the firm selected will be made available upon request. All firms shall be notified of the results in writing after the conclusion of the selection process.

Current List of Vendors Approved by 403(b)

1. American Fidelity Assurance Company
2. American Funds Distributors, Inc.
3. American United Life (AUL), a OneAmerica Financial Partner
4. Ameriprise Financial, Inc.
5. AXA Equitable Life Insurance Company
6. Fidelity Investments
7. Franklin Templeton Investments
8. FTJ FundChoice, LLC
9. Great American Life Insurance Company (Annuity Investors Life Insurance Co.)
10. Horace Mann Companies
11. Industrial-Alliance Pacific Life Insurance Co. (US Branch)
12. ING – ReliaStar Life Insurance Company
13. Jackson National Life Insurance Company
14. Life Insurance Company of the Southwest
15. Lincoln National Life Insurance Company (Lincoln Financial Group)
16. MassMutual, through its subsidiary C.M. Life Insurance Co.
17. Metropolitan Life Insurance Co. aka MetLife, MetLife Investors, MetLife Resources
18. Midland National
19. Modern Woodmen of America
20. National Health Insurance Company
21. Oppenheimer Funds Distributor, Inc.
22. Pacific Life Insurance Company
23. PFS Investments, Inc.
24. PlanMember Services Corp.
25. Security Benefit
26. Thrivent Investment Management, Inc.
27. TIAA-CREF (Teachers Ins. & Annuity Assoc. of America)
28. VALIC
29. Vanguard Group, The
30. VeritrustA@Financial, LLC
31. Waddell & Reed, Inc.