

Request for Proposal

403(b) Third Party Administration Services (TPA)

Trinity County Superintendent of Schools, on behalf of Trinity County School Districts (the “Plan Sponsor”) is soliciting Third Party Administration organizations (“TPA”) that are qualified to provide administrative, compliance and communication services for the Plan Sponsor’s 403(b) Plan that is exempt from the requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

I. OBJECTIVES

The Plan Sponsor is soliciting proposals from TPAs for the 403(b) Plan. The Plan Sponsor intends to select one TPA from responding organizations. While the services of the selected TPA may be subject to annual review, it is expected that services to the Plan Sponsor will continue for a period of at least three (3) years or until further notice, if later.

II. SCOPE OF WORK

The Plan Sponsor is intending to transfer 100% of the administrative and compliance responsibilities of the tax deferred annuity/custodial 403(b) Plan to a TPA.

If awarded a contract, the selected TPA will collaborate with the Plan Sponsor’s existing 403(b) vendors/providers and agree to provide the following services in a satisfactory, timely, and professional manner, subject to any limitations imposed by the Plan Sponsor.

Provide detailed responses to the requirements listed below:

Legal/Regulatory:

- Create and maintain an IRS qualified 403(b) Plan Document and modifications in compliance with federal and state regulations.
- Assume responsibility for maintaining the compliance of all agreements, forms, documents and procedures.
- Provide strict oversight of all plan activities to ensure compliance with federal and state regulations.
- Provide representation for any IRS audit.
- Manage all employee options authorized by the Plan Sponsor’s 403(b) Plan.
- Certify that employee transactions comply with all laws and regulations, e.g. account/contract transfers, plan to plan transfers, loans, hardship withdrawals, qualified domestic relations order (QDRO), etc.

□ **Employee/Employer Account Administration**

- Monitor employer and employee contributions to 403(b) and Roth 403(b) defined contribution plans, advise and assist the district in taking appropriate corrective action if excess 415(c) and 402(g) contributions occur including requirements that the providers hold certain excesses in segregated 403(c) accounts.
- Establish & monitor maximum allowable contribution (MAC) limits for all employees and all vendors/providers including basic and catch-up limits.
- Manage all “grand-fathered” account activity for compliance with Federal and State laws and regulations, to the extent required in regulations and any subsequent guidance.
- Manage excess 415(c) contributions and the redistribution of excess contributions to 403(c) accounts.
- Audit individual vendor/provider activity to ensure contributions are distributed to employee accounts in a timely manner when received consistent with the final 403(b) regulations.
- Audit for Federal and State legal compliance for all post-employment plan contributions.

□ **Common Remittance**

- Provide centralized clearinghouse services for contribution collection and disbursements in compliance with federal and state regulations and Plan Sponsor requirements.

□ **Salary Reduction Agreements**

- Create customized Salary Reduction Agreement (“SRA”).
- Process all Salary Reduction Agreements (“SRA”) for regulatory compliance and completeness, i.e. MAC limits, Catch-up contribution co-ordination, etc.
- Communicate SRA payroll changes to the Plan Sponsor.

□ **Point of Contact/Accountability**

- Serve as the primary contact for all investment vendors/providers, employees and financial representatives.

❑ **Communication /Education**

- Provide regular scheduled information meetings with the Plan Sponsor on latest legal & legislative requirements and any pending legislation.
- Conduct generic employee information meetings on a schedule to be determined by the Plan sponsor and agree not to promote any product or investment option for any type of plan sponsored by the Plan sponsor in those meetings.
- Provide communications to meet compliance requirements of the Universal Availability Rule, and work with Plan Sponsor on distribution of those communications in a manner designed to comply with the meaningful notice requirements of the final 403(b) regulations.

❑ **Customer Service Response**

- Provide timely Customer service response to parties to the 403(b) Plan, including employees regarding questions and activities.

❑ **Data Security**

- Maintain confidentiality of employee database information.
- Agree not to utilize confidential employee data to promote or engage in the sale of any 403(b) product or investment.

III. **QUESTIONS FOR TPAS**

TPAs must respond to each question below.

▪ **Background & Organizational Information Schedules**

- a. Briefly furnish your organization's history, legal form (sole proprietorship, partnership, corporation and State of incorporation), number and location of offices, number of employees, days/hours of operation and other pertinent data.
- b. Disclose any conditions (e.g. bankruptcy or other financial problems, pending litigation, planned office closures, impending merger) that may affect your organization's ability to perform contractually.
- c. Certify that your organization is not debarred, suspended or otherwise declared ineligible to contract by any federal, state or local public agency.
- d. Verify that your organization is properly licensed.

- e. Profile your organization's most noteworthy qualifications for providing third Party Administration (TPA) services. Specifically highlight qualifications that distinguish your organization from competitors.
- f. How many 403(b) participants does your organization currently service? What percentage of your total clientele are school district employees?
- g. For how many plan sponsors with non-ERISA 403(b) plans do you currently provide third party plan administration services?
- h. Provide a list of six (6) current California school district client references, including County Offices of Education and community colleges to which your firm currently provides similar services. Include entity name, beginning/ending dates of contracts, and contact information (name, title, telephone number and email address) of individuals that can be contacted as references for your organization.
- i. Provide information on whether you or anyone associated with providing the services required in this RFP is affiliated directly or indirectly with an entity that engages in the marketing and sale of 403(b) products or investment options.
 - a) If you have such an affiliation, describe the procedures that you will follow to ensure that any data collected in the course of providing the plan administration services required in this RFP are kept strictly confidential and will not be used in any manner to promote or otherwise engage in the sale of products or investment options.

□ **Administration and Compliance Procedures**

- a. Describe how you will assume the administration and compliance duties, responsibilities and overall activities, thus relieving the Plan Sponsor of meeting its administrative and compliance requirements.
- b. Describe your detailed procedures of how you will resolve administrative and compliance issues that arise, including the communications between the TPA, vendor/provider, the financial broker representative, and the Plan Sponsor.
- c. Describe your procedures for establishing and maintaining Service Provider Agreements (Hold Harmless) ensuring cooperation, information sharing, and compliance with federal and state regulations.
- d. Describe your procedures that ensure that vendors/providers meet their agreed upon duties and responsibilities with the Plan Sponsor's 403(b) Plan.
- e. Describe your procedures for authorizing a new vendor/provider for the Plan Sponsor's 403(b) Plan.
- f. Describe your procedures for preventing excess employee salary deferral and employer contributions.
- g. Describe your procedures for the secure transfer of confidential employee data between the TPA, vendors/providers, and the Plan Sponsor.
- h. Describe in detail your procedures for receiving and processing Salary Reduction Agreements.
- i. Does your organization provide common remitting services for 403(b) contributions? If so, please describe such services in detail along with a description of the safeguards you have in place to assure timely remittance of those contributions to the receiving providers, and

the bonding you have in place to safeguard against any losses due to your errors or omissions.

- j. Describe your procedures to ensure compliance with 403bCompare.com
- k. Describe in detail the procedures you will receive, certify employee qualification, and process employee transactions described below:
 - 1. Account Transfers and Contract Exchanges
 - 2. Plan-to-Plan Transfers
 - 3. Loans
 - 4. Hardship Withdrawals
 - 5. Qualified Domestic Relations Order (QDRO)
 - 6. In-service Distributions
 - 7. Distributions to Correct Excess Contributions
 - 8. Separation From Service Distributions
 - 9. Verification of eligibility for rollovers out of the plan
 - 10. Tax-free transfers under Section 403(b)(13) to purchase years of service in CalSTRS, or PERS
 - 11. The acceptance of rollovers into the plan
 - 12. Verification of employment status for the purposes of required minimum distributions that do not begin at age 70 ½

Please list any other transactions you feel are necessary for compliance under the final 403(b) and related regulations, and the procedures you will follow to ensure compliance:

IV. TPA QUALIFICATION REQUIREMENTS:

Responding organizations must possess the following criteria and qualifications:

a. **TPA EXPERIENCE**

The TPA must, at a minimum, have at least three (3) continuous years of experience in the 403(b) tax sheltered account marketplace.

Preference may be given to TPAs that are members of recognized professional associations, i.e. NTSAA, ASPPA, etc.

b. **SERVICING PROFESSIONALS EXPERIENCE.**

The key individuals providing services to the 403(b) Program must have at least five (5) years of experience servicing 403(b) tax sheltered accounts.

Experience with other types of retirement programs may be considered, but will not be as important as 403(b) marketplace experience.

Preference may be given to TPAs that use servicing professionals with recognized professional designations in the 403(b) marketplace and those taking professional continuing education classes.

Provide the names and biographies of the individuals that will be responsible for delivering the services described in this RFP.

c. **ADMINISTRATIVE/SERVICING EXPERIENCE**

The TPA must have a minimum of ten (10) 403(b) tax sheltered account plans, with a total of at least 750 participants, to which it provides administrative services.

Preference may be given to organizations with significant experience in the 403(b) plan marketplace.

d. **EDUCATION & COMMUNICATION EXPERIENCE**

The TPA must have a minimum of at least ten (10) 403(b) tax sheltered account plans for which it currently provides investment/retirement education services and/or communication services to participants in 403(b) plans.

e. **RECORDKEEPING EXPERIENCE**

The TPA must have a minimum of three (3) years experience administering and maintaining records on 403(b) plans and must have at least ten (10) 403(b) tax sheltered account plans for which it currently provides recordkeeping services.

If the TPA is using contractors to perform these services, the contractors must be identified and must independently satisfy the requirements of this section.

f. **FINANCIAL STABILITY**

The TPA must provide two (2) years of audited financials.

For organizations that are not subject to regulatory oversight by an agency of the federal government, a fidelity bond of at least \$100,000 that provides protection to participants in the Plan Sponsor's 403(b) Program must be provided.

V. FORMAT FOR RESPONSES

Each TPA's response should provide the following information in the order presented below:

a. **TITLE PAGE**

The title page should indicate:

- ✓ The name, address and telephone number of the TPA.
- ✓ The date of the submission.
- ✓ A statement that the proposal is in response to this RFP.
- ✓ The name, title, telephone number and e-mail address of the contact person responsible for the TPA's response.

b. PROOF OF QUALIFICATIONS

Include all information necessary to respond to all questions and qualification requirements identified in this RFP.

c. SUMMARY STATEMENT

The TPA should provide a summary statement relative to its qualifications in the 403(b) marketplace, as well as a brief description of any special considerations the Plan Sponsor should consider such as:

- ✓ Industry specialties not addressed in this RFP.
- ✓ Unique industry strategies not addressed in this RFP.

d. SIGNATURES

Each proposal must include a certification from an individual authorized to represent the TPA:

- ✓ That the statements made in the TPA's proposal are true and correct.
- ✓ That the terms of the RFP are understood to be included as part of any agreement between the TPA and the Plan Sponsor that relates to the 403(b) Program.

e. QUESTIONS RELATING TO THIS RFP

TPAs that have questions regarding this RFP should submit them in writing to the person at the address set forth in paragraph (f), below.

No questions will be answered after 05/02/2008.

No telephone calls will be accepted relative to this RFP.

f. TRANSMITTAL OF COMPLETED PROPOSALS

TPAs should send three (3) copies of their completed proposal to:

Trinity County Superintendent of Schools, Denise Raggon, Director, Business Services,
P O Box 1256, Weaverville, CA 96093.

All materials must be delivered to the above address no later than 05/16/2008.

Materials sent via facsimile or e-mail will not be considered.

g. **INTERVIEWS**

The Plan Sponsor may elect to interview a select group from all TPAs that submit a proposal, but is not required to do so.

The determination of whether to conduct interviews with the finalists shall be made by the Plan Sponsor based solely on its determination of whether or not interviews would be helpful in evaluating the TPA's proposals.

VI. **SELECTION PROCESS SCHEDULES**

The following chart summarizes the expected schedule to be followed in selecting TPAs through this RFP:

<u>Date</u>	<u>Action</u>
04/08/2008	Release of RFP by Plan Sponsor.
05/02/2008	Any questions on RFP must be submitted.
05/12/2008	Completed Proposals must be received by Plan Sponsor.
05/16/2008	Notification to TPAs/Interview invitations sent. (if applicable)
06/01/2008	Final TPA's are selected and announced.

VII. **HOW PROPOSALS ARE EVALUATED**

Each proposal will be evaluated using the following criteria to determine which TPAs are most capable of implementing the Plan Sponsor's requirements:

- a. TPA's experience with and ability to do the specific tasks and services requested. Significant focus will be placed on the TPA's experience in the 403(b) marketplace.
- b. Quality, comprehensiveness and reasonableness of cost for services and products recommended for the 403(b) Program.
- c. Expertise, experience in the marketplace, industry credentials and availability of individuals presented for servicing to the Plan Sponsor.
- d. Conformity with the requirements of this RFP

VIII. **RIGHTS RESERVED**

The Plan Sponsor reserves the right to award or reject, all or any part of, any submitted proposals.

The Plan Sponsor may also elect to waive any clerical defects, irregularities and omissions if in its judgment, the best interest of the Plan Sponsor and its employees will be served.

IX. INSTRUCTIONS TO TPAS

To be considered by the Plan Sponsor, each proposal must include a response to each question asked.

- ✓ Failure to respond to any question(s) may be considered cause for disqualification.
- ✓ Any information believed to be relevant may be submitted by each TPA as an appendix to the proposal, but should not be included in the answers unless responsive to the specific question.
- ✓ *References to supplemental materials should not be included in a response.*
- ✓ *All information necessary to respond to the question should be included in the response.*

Qualifications, Related Experience and References

- a. Indicate who will be servicing the Plan Sponsor's 403(b) program. Identify the lead servicing professional(s). Should contractors be used to provide any services, submit the required information on the contractors and/or individuals acting on their behalf.
- b. Submit profiles of the individual(s) who will be assigned to provide the requested services, including their qualifications and recent related experience providing similar services.
- c. Detail the size of your organization, the size of your firm's governmental staff, the location of the office from which this engagement would be performed, and the number/nature of the staff to be employed in this engagement on a full-time and on a part-time basis.
- d. Is your organization a member of any professional association of 403(b) service providers which require members to adhere to a professional code of ethics and behavior? If yes, please indicate which association.
- e. Describe any quality control procedures that are in place. Detail your organization's backup emergency and disaster recovery system.

Scope of Work Schedules

- a. Describe how your organization would accomplish the work and satisfy the District's objectives outlined in this RFP. Where appropriate, categorize the work or tasks to represent milestones for measuring progress
- b. Discuss your management of Plan Sponsor requirements relative to 403bCompare.com state registry and compliance with California Ed. Code 25100 et seq. administered by CalSTRS

- c. As Third Party Administrator discuss your processing model for relieving the Plan Sponsor's administrative requirements surrounding salary deferral processing
- d. Provide an overview relative to the resolution of payroll issues connected to remittance of salary deferrals
- f. Define your administrative model for the correction of excess deferrals and excess contributions.

Compliance Schedules

- a. Will your organization agree to sign the Service Provider Agreement and to incorporate its terms herein by reference?
- b. How quickly are contributions invested in participant accounts once received in good order by your organization?
- c. Does your organization agree as Third Party Administrator to notify the Plan Sponsor whenever a participant takes a hardship distribution from the 403(b) Program?
- d. Will your organization notify participants when Required Minimum Distributions (RMD) must begin?
- e. Does your organization as Third Party Administrator typically agree to notify the Plan Sponsor if a participant defaults on a loan and further agree to bar future loans to any employee who has previously defaulted on a loan from the 403(b) Program, provided that you have actual knowledge?
- f. Describe your organization's approach towards managing the liaison between TPAs and the employer managing compliant Service Provider Agreements (Hold Harmless Agreements)

Fees

Explain your philosophy on charging fees for the services described in this RFP that you will provide to the Plan sponsor. Provide your fee schedule for the term of this contract as an Exhibit.

Miscellaneous/Summary Statement

Should your organization as Third Party Administrator believe that additional information is beneficial to help the Plan Sponsor evaluate your proposal; such additional information may be provided here.

Do not repeat previously provided information. Any information provided should relate exclusively to your organization's 403(b) products or services, to the services or products indicated in the RFP or to services or products believed by your organization to enhance or compliment the Plan Sponsor's 403(b) program.

It would also be appropriate to present any unique skills, procedures, or similar distinctions related to an ability to support the Plan Sponsor's 403(b) Program.

457(b) Deferred Compensation Plan

If it is your intention to establish a governmental 457(b) Deferred Compensation Plan (457 Plan) as a part of your services you will deliver to the Plan Sponsor, provide responses to the following questions:

- a. Do you enter into a separate services agreement with the Plan Sponsor for the 457 Plan?
- b. Explain in detail how you limit the Plan Sponsor's administration and compliance responsibilities and duties.
- c. Explain in detail the agreements, forms and procedures you employ to maintain the 457 Plan in compliance with federal and applicable state regulations
- d. Do you guarantee federal and state compliance of your Plan Document and Adoption Agreement?
- e. Explain the procedures you have for establishing and monitoring the requirements for the 3-year catch-up rule
- f. Do you establish maximum contribution limits and monitor employee deferrals and contributions? If yes, please explain your procedures.
- g. Describe in detail the procedures you will receive, certify employee qualification, and process employee transactions described below:
 1. Plan-to-Plan Transfers
 2. Loans
 3. Unforeseen Emergency Withdrawals
 4. Qualified Domestic Relations Order (QDRO)
 5. In-service Distributions
 6. Distributions to Correct Excess Contributions
 7. Separation From Service Distributions
 8. Rollovers to CalPERS and CalSTRS
- h. Provide detailed information about the investment options and the selection process
- i. Provide details of the investment option fees, and other additional fees that may apply
- j. Provide details of any front-end or back-end fees, surrender penalties or CDSC charges
- k. Describe how you limit the Plan sponsor's fiduciary liability for the investment options for the 457 Plan
- l. Explain your procedures in meeting the employee education requirements, including 404(c) protocols
- m. Provide in your RFP response a copy of the following documents for the 457 Plan:
 1. Services Agreement
 2. Plan Document
 3. Adoption Agreement