

Office of the Illinois State Treasurer  
Michael W. Frerichs

Request for Proposals Illinois Secure Choice Program Manager  
370-200-17-009

Addendum 1  
May 1, 2017

Below are the questions received by the Office of the Illinois State Treasurer (“Treasurer”) and the Treasurer’s responses. Any capitalized terms that are not defined herein have the meaning set forth in the Request for Proposals Illinois Secure Choice Program Manager (370-200-17-009) (“RFP”) published by the Treasurer on April 10, 2017.

1. Will there be a follow up RFP after the program manager RFP just for Investment Management Services/Target Date Funds?

At this time, the Treasurer does not intend to publish an additional RFP solely for the investment management services.

2. If a respondent is not able to provide all of the services listed in the Program Manager RFP, will responses be accepted for partially complete RFPs for only select services?

The Treasurer will accept Proposals that do not provide all of the Services. However, such Proposals will most likely receive lower scores than Proposals that provide all of the Services, pursuant to Section VI.B of the Proposal. The Treasurer strongly encourages Respondents to provide all of the Services either on their own or by subcontracting additional vendors.

3. Will collective trust funds be eligible to use in this program?

As noted in Section III.D.3.f of the RFP, the Board is willing to explore the utilization of separately managed accounts or collective investment trusts to further decrease investment expense ratios, as long as the products themselves are not drafted to exclude IRAs. Please see Section 45 of the Act for the investment option requirements.

4. What is an estimated number of investments that should be considered outside of the target date funds and is there a desire to include both target date and risk-based portfolios in addition to the underlying funds?

The Board wants to select the best investment options from a menu of IRA-compliant investment options provided by the Contractor. The Board intends to offer a limited number of products outside of the desired target-date portfolios, risk-based portfolios, capital preservation fund, and capital appreciation fund. The capital preservation fund will most likely be a government or prime money market fund, and the capital appreciation fund will most likely be a passive stock portfolio benchmarked against the S&P 500. However, the Board will consider other strategies on a case-by-case basis.

5. Page 12 – Item 3 (a) – references “static portfolios”. Define static portfolios; does it mean target risk?

In reference to “static portfolios,” the Board defines these as being portfolios with fixed allocations to equity, fixed income, and money market funds. The term does not specifically refer to target risk, although it may be a component of the Board’s investment option selection process.

6. Will the board be involved in selecting the glide path or will glide path selection be at the investment manager’s discretion?

Pursuant to Section III.D.3 of the RFP, the Contractor shall provide the Board recommendations for all of the Secure Choice investment options, including glide paths and underlying investment funds. At the outset, the Board will use manager-defined glide paths; however, the Board may consider alternative glide paths.

7. Does the total administration fee assume costs for underlying investments?

Yes, the total fee includes the costs for the underlying investments.

8. Question 80 on page 24 – please clarify what is meant by a “government supported capital preservation fund”.

The Board would like to know if the Respondent could offer a government supported capital preservation fund, such as the U.S. Treasury’s Retirement Savings Bond.

9. What metrics will our marketing strategy be measured against?

There are currently no metrics for evaluation of the Contractor’s marketing strategy. However, pursuant to Section III.F.3 of the RFP, the Treasurer will evaluate the marketing strategy through

various methods, including, but not limited to, the following: surveys, Website traffic, digital advertisement click-through-rates, polling, focus groups, social listening, and online search volume/history. The Treasurer will work with the Contractor to develop metrics for evaluating the market strategy.

10. How is the respondent's marketing strategy deemed successful?

Pursuant to Section III.F.2 of the RFP, a successful marketing strategy will increase brand awareness and the visibility of Secure Choice for Employers and Employees in a manner that maximizes participation in Secure Choice.

11. Is the respondent responsible for increasing enrollment?

Pursuant to Section III.B.2 of the RFP, the Contractor shall ensure successful enrollment of Employees. As required by Section III.G.2 of the RFP, if requested by the Board, the Contractor will implement a process for opt-in participation by self-employed workers who are not covered by the Act and employers that are not subject to the Act.

12. Will the respondent be responsible for marketing material production?

Yes, pursuant to Section III.F.1 of the RFP, the Contractor shall develop and provide Secure Choice marketing materials.

13. Do you have an estimated quantity per month? Per Quarter?

While the Treasurer does not have a monthly estimate of the marketing material quantities, Respondents should expect a larger demand for marketing materials and resources during the first two (2) years of Secure Choice. Note that some of the marketing materials may be digital; the Board and Treasurer do not expect all materials to be in paper form.

14. Is the respondent responsible for marketing material distribution?

Yes, pursuant to Section III.F.1 of the RFP, the Respondent will be responsible for marketing material distribution, though the Board and Treasurer may choose to assist.

15. Will the Record Keeper directly request materials from the respondent?

In the event that the Contractor subcontracts a recordkeeper, approved by the Treasurer, the recordkeeper would directly request the Contractor to provide any materials the recordkeeping needs.

16. How often will material updates be required?

Marketing materials – both paper and digital – would need to be updated at the request of the Treasurer. Updates for paper materials may be needed on an annual basis, while updates to digital materials could be requested more frequently. In the event that the Respondent would limit the number of updates, the Respondent should provide such limits in its response to Section IV.B.49.

17. Will the State distribute responses to question from other bidders?

Yes, all of the RFP questions received by the Treasurer by the due date set forth in Section V.B of the RFP are provided herein, along with the Treasurer's responses to such questions.

18. If you could kindly provide any information on the attendees of the bidders call we would appreciate it.

The following companies attended the Bidder's Conference on April 17, 2017:

- A. Ascensus: Peg Creonte – peg.creonte@ascensus.com;
- B. Blackrock: Lisa Tyley – lisa.tyley@blackrock.com;
- C. Capital Consulting Services: Tracey Jeffries – tjeffries@capitalconsultingservices.com;
- D. Conduent: Katherin Pekkinen (Shea) – Katherine.shea@conduent.com;
- E. Mesirow Financial: Michelle Holleb – mholleb@mesirowfinancial.com;
- F. Northstar Financial Services Group: Jon Reiners – jon.reiners@nstar-financial.com;
- G. Penserra: Connie Kreutzer - connie.kreutzer@penserra.com; and
- H. PFM Asset Management: Danny Nelson –

nelson@pfm.com.

19. Page 7: B.2. This paragraph notes that the Contractor must “Develop both a paper and web-based registration process [for] ... Employers, Employees, and Participants account onboarding, registration, opt-out, and account maintenance services”. Given the expense associated with paper processes, will the Board consider adequate any responses which provide non-paper alternatives to web-based processes for these services? (This question also applies to Page 9, section B.8.)

Please see the response provided to question 2. In the event that the Respondent would limit the paper registration required by Section III.B.2 of the RFP, the Respondent should provide such limits in its response to Section IV.B.25.

20. Page 8: B.4 and B.5. Please provide examples of what is meant by the term “authorized agents” for both the Employee Portal and the Employer Portal.

In Section III.B.4, the term “authorized agent” refers to the individual(s) that the Participant has authorized to access or have some level of authority over his or her accounts. In Section III.B.5, this term refers to an individual(s) that the Employer has authorized to input information, such as an HR staff person, office manager, or payroll provider.

21. Page 8: B.7. Will the State provide information to assist the Contractor in this task?

The Treasurer will be able to provide the Contractor information about Employers to assist with this task. The Treasurer may also be able to provide contact information for Employers and the exact number of Employees an Employer has.

22. Page 19: Question 26. What is meant by “data validation notices” in this question? Is this intended to mean error reporting or positive confirmation?

The term “data validation notices” refers to alerts that inform Employers that the data they submitted has been received and a) is adequate or b) an error was found that must be addressed.

23. Page 23: Question 73. Is this question to be answered solely with regards to Investment Management products?

Yes, this question should be answered solely with regards to the Respondent’s investment management products.

24. Appendix E. Is it correct to interpret the term “account” within this section as solely applying to contributing Employees?

The term “account” in Appendix E of the RFP refers to the Participant accounts.

25. Appendix H. Is there a spreadsheet version of Appendix H available? The instructions indicate that annual numbers “will automatically populate”.

A Microsoft Excel version of Appendix H Target Date Fund Manager Performance Spreadsheet is being provided as Attachment 1 to this Addendum.

26. Would the state be willing to contract with two separate entities? The first to provide program management services and the second to provide investment management services?

Pursuant to Section I of the RFP, this RFP was published to procure one (1) Contractor to enter into an agreement with the Treasurer. However, the Contractor may subcontract additional companies, subject to the Treasurer’s approval.

27. Can a respondent subcontract the investment management services?

Yes, the Contractor may subcontract the investment management services, subject to the Treasurer’s approval.