



OFFICE OF THE ILLINOIS STATE TREASURER  
**MICHAEL W. FRERICHS**

**Request for Proposals**  
**ABLE Program Management Services**  
**370-200-20-012**

December 1, 2020

Proposals due by 2 pm CT on January 25, 2021

Ms. Maria Oldani  
Chief Procurement Officer  
Office of the Illinois State Treasurer  
Illinois Business Center  
1 East Old State Capitol Plaza  
Springfield, IL 62701

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Office of the Illinois State Treasurer  
Request for Proposals  
**ABLE Program Management Services**

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## **I. OVERVIEW**

The Office of the Illinois State Treasurer (“Treasurer”) is issuing this Request for Proposals (“RFP”) for Achieving a Better Life Experience (“ABLE”) services for the benefit of a multi-state ABLE consortium, the National ABLE Alliance (the “Alliance”). The Alliance currently consists of 18 member states: Alaska, Arkansas, Colorado, Connecticut, Delaware, Illinois, Indiana, Iowa, Kansas, Minnesota, Mississippi, Montana, Nevada, New Jersey, North Carolina, Pennsylvania, Rhode Island, and Washington D.C. (the “Members”). Additional states may be added in the future.

The Alliance seeks proposals to provide services using common program elements in order to achieve efficiencies and economies of scale. This RFP seeks the following ABLE services: 1) investment management, 2) administrative and recordkeeping services, 3) customer service, 4) user experience optimization and program advancement, and, 5) if different from the current provider, conversion services (collectively, the “Services”) for the Alliance’s ABLE program (“Program”). The Alliance welcomes proposals that model best-practice plan design and services available in the ABLE market.

The contract with the current provider, Ascensus College Savings Recordkeeping Services, LLC (“Ascensus”), will expire on December 6, 2021. The Treasurer acts as the lead entity on this procurement and contracting process on behalf of the Alliance. The Treasurer, in consultation with the Alliance, intends to execute a new master agreement (“New Master Agreement”) for an initial term of six years with the option to extend the New Master Agreement for additional periods, provided that the initial term and the exercised renewals may not exceed ten years.

Entities that respond to this RFP (“Respondents”) shall submit their responses (“Proposal”) by 2 pm CT on January 25, 2021.

The successful Respondent (“Contractor”) shall enter into a New Master Agreement with the Treasurer, implementing agreements with each of the Members (each referred to as an “Implementing Agreement”), including Illinois as a Member, and an agreement of trust with each of the Members and a Trustee (as defined herein, the “Trust,”). Respondents may propose an alternative structure, which would require appropriate agreements among the Contractor, Members and an entity representing the alternative structure.

This procurement is being conducted pursuant to Illinois law, and the Alliance has approved this RFP.

## **II. BACKGROUND**

This Section discusses the ABLE Act, the National ABLE Alliance, and program manager engagement, including agreements that the Contractor will be expected to enter into with the Treasurer and each Member.

### **A. The ABLE Act**

The Stephen Beck Jr. Achieving a Better Life Experience Act of 2014 was enacted on December 19, 2014, as part of The Tax Increase Prevention Act of 2014, P.L. 113-295 and codified as Section 529A of the Internal Revenue Code of 1986, as amended (“ABLE Act” or “529A”). The federal government acknowledged that the purpose behind the ABLE Act is to address the difficulties people with blindness

or a disability may have in being able to afford the additional expenses incurred as a result of their blindness or disability. As a result, the ABLÉ Act permits states to establish a tax-advantaged savings program that would assist persons with blindness or disability in saving for disability-related expenses without jeopardizing their federal means-tested benefits. States must pass their own legislation to establish an ABLÉ program. In December 2017, the ABLÉ Financial Planning Act was enacted, which amended the Internal Revenue Code to allow tax-free rollovers from 529 qualified tuition accounts into ABLÉ accounts. Additionally, in December 2017, the ABLÉ to Work Act was enacted, allowing ABLÉ-eligible individuals to save additional amounts in an ABLÉ account above the annual maximum contribution if they work and earn income.

The Department of Treasury issued final regulations, effective November 19, 2020 (United States, Internal Revenue Service. "Guidance Under Section 529A: Qualified ABLÉ Program," 85 Fed. Reg. 74010 (Nov. 19, 2020)) ("Final Treasury Regulations").

In order to open an ABLÉ account, eligible individuals must have a disability, which is defined as follows: (1) being entitled to benefits based on blindness or disability under Title II or XVI of the Social Security Act or having a "disability certification" signed by a licensed physician and (2) acquiring the disability before the age of 26. ABLÉ funds may be used for a wide range of qualified expenditures, so long as they relate to the individual with a disability who is identified as the designated beneficiary on an ABLÉ account ("Beneficiary"). This Beneficiary is also referred to as an "Account Owner" in this RFP. According to Section 529A, qualified disability expenses include expenses for education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, and funeral and burial expenses.

The Beneficiary or Account Owner may designate an authorized legal representative ("Authorized Individual") who is authorized to act on his or her behalf. This Authorized Individual may be a person, organization, or entity. The Account Owner or Authorized Individual may designate a portion of its responsibilities with regard to the ABLÉ Account to an agent ("Authorized Agent").

## **B. The National ABLÉ Alliance**

The National ABLÉ Alliance strives to provide Members with efficiencies and economies of scale through its structure, and to offer people with disabilities nationwide a low-cost, best-in-class ABLÉ Program.

For this purpose, on January 15, 2016, the states of Illinois, Iowa, Kansas, Minnesota, Nevada, and Pennsylvania entered into the ABLÉ Interstate Agreement ("Interstate Agreement"), which established the Alliance. Subsequent amendments to the Interstate Agreement have since added twelve (12) additional Members, including Alaska, Arkansas, Colorado, Connecticut, Delaware, Indiana, Mississippi, Montana, New Jersey, North Carolina, Rhode Island, and Washington D.C. As of the date of this RFP, the Alliance includes eighteen (18) Members.

On June 8, 2016, in accordance with the Interstate Agreement, the Treasurer issued a Request for Proposals as the facilitating state for the Alliance for ABLÉ services seeking investment management, administrative services, customer service, and outreach material services.

After a competitive bidding process, the Illinois Treasurer entered into a Master Agreement (“2016 Master Agreement”) with Ascensus on December 7, 2016. Subsequently, each Member individually entered into an Implementing Agreement with Ascensus. The 2016 Master Agreement and each Implementing Agreement set forth the current Services provided by Ascensus and its subcontractors.

Additionally, on December 7, 2016, the Members, Ascensus, and the Delaware Trust Company as Trustee entered into a Trust Agreement that is coterminous with the 2016 Master Agreement. The Trust holds the assets of each Member Plan (“Member Plan”) and facilitates the recordkeeping and administration of Member Plan assets through separate series in the Trust (“Series”). All assets relating to a Member Plan are held in each Member’s Series as assets belonging to that Member Plan. Subsequent amendments to the Trust have since added new Members. Ascensus also engaged Fifth Third Bank to provide a checking account option insured by the Federal Deposit Insurance Corporation (“FDIC”).

Table 1 provides a Census Bureau estimate of a total Alliance Member state or district population of 86,221,648, and a National Disability Institute estimate of the ABLE-eligible Member population of 2,112,590.

**TABLE 1. POPULATION ESTIMATES**

<b>State</b>	<b>Population</b>	<b>Eligible Population</b>
<b>AK</b>	731,545	11,609
<b>AR</b>	3,017,804	123,168
<b>CO</b>	5,758,736	86,006
<b>CT</b>	3,565,287	75,531
<b>DC</b>	705,749	18,688
<b>DE</b>	973,764	23,454
<b>IA</b>	3,155,070	68,390
<b>IL</b>	12,671,821	277,152
<b>IN</b>	6,732,219	178,669
<b>KS</b>	2,913,314	63,679
<b>MN</b>	5,639,632	111,521
<b>MS</b>	2,976,149	119,483
<b>MT</b>	1,068,778	22,927
<b>NC</b>	10,488,084	278,526
<b>NJ</b>	8,882,190	176,227
<b>NV</b>	3,080,156	54,454
<b>PA</b>	12,801,989	388,859
<b>RI</b>	1,059,361	34,248
<b>TOTAL</b>	<b>86,221,648</b>	<b>2,112,590</b>

Sources: U.S. Census Bureau, July 1, 2019; National Disability Institute’s calculation of ABLE-Eligible State Population, based upon Social Security Administration data (December 2017 SSDI data and December 2018 SSI data)

Table 2 shows assets and accounts as of September 30, 2020 for each of the Members:

**TABLE 2. ALLIANCE ASSETS AND ACCOUNTS**

<b>Alliance Program Data</b>		
<b>State</b>	<b>Assets</b>	<b>Accounts</b>
<b>AK</b>	\$3,551,057	500
<b>AR</b>	\$1,087,662	463
<b>CO</b>	\$8,824,220	1,166
<b>CT*</b>	0	0
<b>DC</b>	\$1,069,065	128
<b>DE</b>	\$905,404	101
<b>IA</b>	\$6,337,792	822
<b>IL</b>	\$13,302,927	1,672
<b>IN</b>	\$4,493,662	679
<b>KS</b>	\$5,116,971	702
<b>MN</b>	\$13,811,042	1,684
<b>MS</b>	\$436,856	90
<b>MT</b>	\$2,537,797	395
<b>NC</b>	\$8,272,503	1,063
<b>NJ</b>	\$5,130,483	687
<b>NV</b>	\$5,284,040	868
<b>PA</b>	\$35,409,047	3,765
<b>RI</b>	\$1,463,380	214
<b>TOTAL</b>	<b>\$117,033,906</b>	<b>14,999</b>

\*Connecticut (CT) launched its ABL Plan in October 2020.

Table 3 provides a snapshot of the allocations of aggregate assets across the Program's investment options as of September 30, 2020:

**TABLE 3. ALLIANCE INVESTMENT OPTIONS & CHECKING ACCOUNT OPTION ALLOCATIONS**

<b>Investment Option</b>	<b>Asset Breakdown</b>	<b>Percentage of Total</b>
<b>Aggressive</b>	\$14,411,894	12%
<b>Moderately Aggressive</b>	\$13,255,966	11%
<b>Growth</b>	\$16,440,883	14%
<b>Moderate</b>	\$12,464,942	11%
<b>Moderately Conservative</b>	\$9,995,109	9%
<b>Conservative</b>	\$17,104,680	15%
<b>Checking Account Option</b>	\$33,360,433	29%
<b>TOTAL</b>	<b>\$117,033,906</b>	<b>100%</b>

### **C. Program Manager Engagement**

The 2016 Master Agreement, each Member's Implementing Agreement, and the Trust Agreement will all expire on December 6, 2021. The termination dates may be extended if necessary, for purposes of accomplishing a conversion to a new Contractor, if any.

Once a Contractor is selected under this RFP, the Contractor shall enter into a New Master Agreement with the Treasurer that sets forth the Services described herein, and the contract terms and conditions.

Each Member shall enter into its own Implementing Agreement with the Contractor to establish and/or continue its Member Plan. The Implementing Agreement will contain details specific to each Member Plan, including but not limited to the Member's terms and conditions. Depending on the Member, terms and conditions may be subject to change or negotiation between the Member and the Contractor prior to execution of the Member's Implementing Agreement.

Under the 2016 Master Agreement, Alliance Member Pennsylvania operates its own customer service for its ABLE Plan. Pennsylvania intends to continue to do so under any New Master Agreement. For purposes of this RFP, Pennsylvania should be considered by Respondents to be planning to provide its own customer service under a New Master Agreement. While it is not anticipated under a New Master Agreement, other Members may choose to provide their own customer service in the future.

Under the terms of the 2016 Master Agreement, Alliance Members Colorado, Illinois, Iowa and Pennsylvania host their own Member Plan websites. Additionally, Pennsylvania produces its own Plan Disclosure Statement ("Plan Disclosure Statement"). While it is not anticipated, under a New Master Agreement, other Members may choose to develop and host their own Member Plan websites or to produce their own Plan Disclosure Statements. Under a New Master Agreement, a Member will not be penalized or rewarded by the Contractor with a different fee arrangement for hosting its own Member Plan website or producing its own Plan Disclosure Statement.

A Member shall only be responsible for the obligations that arise pursuant to the New Master Agreement and its respective Member Implementing Agreement. Members shall have no obligations or responsibilities related to an Implementing Agreement entered into by a different Member. The Contractor shall honor any Implementing Agreement entered into through, and including, the last day of the 2016 Master Agreement, unless otherwise specified in the Implementing Agreement.

The Contractor will establish a Trust or alternative solution, via an agreement among the Contractor, each Member, and another entity that results in segregation of Member Plan assets such that the accounts and assets held in the Trust or alternative structure, will belong to the Member Plan in which the account was opened and shall be identified and labeled as assets of the Member Plan. In the event that a Member terminates its Implementing Agreement or exits the Alliance, that Member will retain custody of the accounts and assets attributed to its Member Plan.

Illinois law and rules shall govern the New Master Agreement resulting from this RFP. However, the terms and conditions in an Implementing Agreement established between a Member and the Contractor shall only apply to such Implementing Agreement and shall not be applied to the New Master Agreement.



With the consent of the Alliance, other states may become Members any time before the New Master Agreement is executed. Additional Members may also be added at the Alliance’s discretion after the New Master Agreement is executed. A Member may leave the Alliance at any time before signing an Implementing Agreement with the Contractor or in accordance with the expiration of its Implementing Agreement.

**III. RFP SCHEDULE AND PROCESS**

This Section provides the schedule and process for this RFP.

**A. RFP Schedule**

The following schedule applies to this RFP:

**TABLE 4. RFP SCHEDULE**

Date	Event
December 1, 2020	RFP published on the Treasurer’s website
December 7, 2020	Notice by interested parties of intent to participate in Bidder’s Teleconference due via email to <a href="mailto:moldani@illinoistreasurer.gov">moldani@illinoistreasurer.gov</a> by 2:00 p.m. CT
December 9, 2020	Bidder’s Teleconference at 2 p.m. CT (optional attendance)
December 14, 2020	All Respondent questions due by 2:00 p.m. CT
December 30, 2020	Responses to all questions posted on the Treasurer’s website by 4:00 p.m. CT
January 25, 2021	Proposals due at 2:00 p.m. CT
Week of March 1, 2021	Interviews, if any, with final candidates
Week of March 15, 2021	Notification of award and begin negotiation of Master Agreement

These dates are subject to change at the Treasurer’s discretion.

**B. Contact Information**

The Treasurer’s Chief Procurement Officer (“CPO”), Ms. Maria Oldani, is the sole point of contact concerning this RFP.

Ms. Maria Oldani  
 Chief Procurement Officer  
 Office of the Illinois State Treasurer  
 Illinois Business Center  
 1 East Old State Capitol Plaza  
 Springfield, IL 62701  
 217.782.9598  
 email: [moldani@illinoistreasurer.gov](mailto:moldani@illinoistreasurer.gov)

Respondents may submit questions about the intent or content of this RFP and request clarification of any and all procedures used for this procurement. Respondents must submit their questions in writing by e-mail to the CPO at [moldani@illinoistreasurer.gov](mailto:moldani@illinoistreasurer.gov) by 2:00 p.m. CT on December 14, 2020.

### **C. Bidder's Teleconference (Optional Attendance)**

The Bidder's Teleconference shall be on December 9, 2020 at 2pm CT. Attendance at the Teleconference is optional. If a Respondent intends to participate, Respondent must e-mail the CPO notice of intent to participate by 2 pm CT on December 7, 2020.

### **D. Proposal Submission**

All Proposals must be submitted either in hard copy form or electronically via ShareBase by January 25, 2021, at 2:00 p.m. CT.

1. Packet submission in hard copy form

Proposals submitted in hard copy form must be submitted in a sealed envelope or package with "ABLE Program Management Services 370-200-20-012 for the Office of the Illinois State Treasurer" shown in the front of the envelope or package, along with Respondent's name and address. Specifics regarding the Proposal Format (i.e., number of copies) are found in Section IV.E. entitled "Proposal Format" of this RFP.

If confidentiality of any information is asserted, please include an electronic Redacted Copy.

Packet must be mailed to:

Ms. Maria Oldani  
Chief Procurement Officer  
Office of the Illinois State Treasurer  
Illinois Business Center  
1 East Old State Capitol Plaza  
Springfield, IL 62701

2. Packet submission via electronic form

To start the proposal submission process for a Proposal submitted electronically, please e-mail the following to [ABLEServicesRFP@illinoistreasurer.gov](mailto:ABLEServicesRFP@illinoistreasurer.gov):

- a. name of contact person
- b. business name and business address
- c. e-mail address and telephone number

3. ShareBase instructions for electronic submission

Upon timely receipt of Respondent's e-mail, the Treasurer will promptly e-mail Respondent indicating a secure folder has been shared with him/her. This folder will be used to transmit the files for the Proposal. A second email containing an access code will be sent when Respondent clicks on the shared folder name. Please copy this access code to the login screen and the folder will open. Click and drag files into the folder. The folder will appear empty after uploads. It is crucial that Respondent emails a complete checklist of the files that s/he uploaded to ShareBase to [ABLEServicesRFP@illinoistreasurer.gov](mailto:ABLEServicesRFP@illinoistreasurer.gov) – DO NOT ATTACH

DOCUMENTS TO THIS EMAIL. For assistance uploading to ShareBase, please send an email to [ShareBaseSupport@illinoistreasurer.gov](mailto:ShareBaseSupport@illinoistreasurer.gov).

4. Use of electronic version of this RFP

This RFP is electronically available. If Respondent electronically accepts the RFP, s/he acknowledges and accepts full responsibility to ensure that no changes are made to the RFP. Should a conflict arise between a version of the RFP in Respondent's possession and the Treasurer's version, the Treasurer's version shall prevail.

**E. RFP Process**

1. RFP Contact

The Treasurer's CPO is the sole point of contact concerning this RFP. Respondents should submit questions about the intent or content of this RFP and request clarification of any and all procedures used for this procurement prior to the submission of a response.

2. Internet/E-mail Communications

The Treasurer may communicate with Respondents via e-mail. Each Respondent should provide an e-mail address with its response for ease of communication throughout this RFP process.

3. Oral Communications

Any oral communication from the Treasurer, its contractors, or any other Member concerning this RFP is not binding on the Treasurer, and shall in no way alter a specification, term or condition of this RFP.

4. Amendments to the RFP

If it is necessary to amend this RFP, the Treasurer will post any amendments on its website at [www.illinoistreasurer.gov](http://www.illinoistreasurer.gov).

5. Respondent's Costs

The cost of developing a Proposal is each Respondent's responsibility and shall not be charged to the Treasurer or any other Member, individually or collectively.

6. Withdrawal of Proposal

Respondent may withdraw its Proposal at any time prior to the deadline for receipt of Proposals. The Respondent must submit a written withdrawal request, addressed to the CPO and signed by the Respondent's duly authorized representative.

7. Modification of Proposal

A Respondent may submit an amended Proposal before the deadline for receipt of Proposals. Such amended Proposal must be a complete replacement for the previously submitted Proposal and must be clearly identified as such in the transmittal letter to the CPO.

8. Proposal is a firm offer

A Proposal submitted in response to this RFP is a firm and binding offer, valid for 180 days after the due date for Proposals or the due date for the receipt of a best and final offer, whichever falls later.

9. Proposal is State Property

On the Proposal due date, all Proposals and related material submitted in response to this RFP become the property of the State of Illinois.

10. Proposal is Part of a Public Procurement File

All Proposals received by the Treasurer will be open to the public, though a Respondent may request that the Treasurer treat certain information as confidential in accordance with 44 Ill. Admin. Code §1400.2505. If Respondent requests confidential treatment of any information it considers to be exempt from public disclosure under FOIA or other applicable laws and rules, Respondent should submit a Redacted Copy, which copy shall be clearly identified as the “Redacted Copy.” In a separate attachment to the Redacted Copy, Respondent shall supply a listing of the provisions of the Proposal, identified by section number, for which it seeks confidential treatment, identify the basis of each claimed exemption and show how that basis applies to the request for exemption in accordance with 44 Ill. Admin. Code §1400.2505(1). The Redacted Copy must retain as much of the Proposal as possible.

A request for confidential treatment will not supersede the Treasurer’s legal obligations under FOIA. The Treasurer will not honor requests to keep an entire Proposal confidential and will in any event disclose the successful Respondent’s name, the substance of the Response, and the price. In responding to a request under FOIA, the Treasurer reserves the right to rely on Respondent’s decision whether to submit a Redacted Copy with its Proposal, and the Treasurer is under no obligation to notify vendor prior to providing a complete and unredacted Proposal, with any attachments, if Respondent does not elect to provide a Redacted Copy with its Proposal as described in this Section.

11. CPO May Cancel RFP

If the CPO determines that it is in the Treasurer’s best interest, she reserves the right to do any of the following: a) cancel this RFP; b) modify this RFP in writing as needed; or c) reject any or all Proposals received in response to this RFP.

12. Additional Information

The Treasurer reserves the right to request additional information and to meet with representatives of Respondent to discuss their Proposals.

#### **IV. EVALUATION AND PROPOSAL FORMAT**

This Section explains how Proposals will be evaluated.

##### **A. Mandatory Requirements**

Respondents must meet all the following requirements. Failure to do so shall lead to Respondent’s automatic disqualification:

1. Offer all Services, either directly or through subcontractors disclosed in the Proposal, including investment management, administrative and recordkeeping services, customer service, user experience optimization and program advancement, and conversion services (if applicable);

2. Answer all questions listed in Section VI of this RFP;
3. Submit Proposal and accompanying Proposed Pricing Structure by 2:00 p.m. CT on January 25, 2021;
4. Submit the name, physical address, e-mail address, and telephone number of an individual with authority to answer questions or clarify Respondent's responses;
5. Be authorized to transact business in Illinois for all the Services;
6. Be established with all required licenses, bonding, facilities, equipment and trained personnel necessary to perform the work as specified in this RFP at the time of this RFP, or prior to that time, if required by law. The Treasurer reserves the right to require proof of said requirements at any time following the date of receipt of the Respondent's Proposal.

## **B. Evaluation Factors**

Evaluations and scoring of Proposals will be based on ten categories. Evaluation factors considered in scoring are explained below:

1. Background and Experience

Scoring will be based on evaluation of Respondent's background and experience providing similar services. The breadth and depth of similar engagements will be considered. The evaluation will also include reference checks regarding the Respondent's work for previous clients receiving services similar to those in this RFP.

2. Investment Management

Scoring will be based on evaluation of Respondent's approach taken to design of open architecture investment and low-risk options, including breadth of choices that meet the diverse needs of the ABLE-eligible population. The evaluation will consider the quality of underlying funds, asset allocation of target-risk portfolios, processes for monitoring fund and option performance, investment management and investment due diligence, and ability to adhere to the National ABLE Alliance Guiding Principles for Investment Analysis and Due Diligence, dated April 15, 2020 ("NAA Guiding Principles"), attached as Appendix A, and the National ABLE Alliance Investment Policy Statement, dated April 15, 2020 ("NAA IPS"), attached as Appendix B.

3. Administrative and Recordkeeping

Scoring will be based on evaluation of the Respondent's capacity to deliver Administrative and Recordkeeping Services that will ensure an effective and secure operation of the Program and in compliance with all applicable statutes, rules and regulations. The evaluation will include, but not be limited to enrollment and account management services, compliance, security, accounting and audit and reporting.

4. Customer Service

Scoring will be based on evaluation of Respondent's overall approach to customer service and ability to deliver an effective customer service operation for the Program. The evaluation will consider call center management, email and mail correspondence protocols, training of

customer service representatives, and ability to meet the standards set forth in the National ABLE Alliance Customer Service Performance Standards, attached as Appendix C.

5. User Experience Optimization and Program Advancement

Scoring will be based on evaluation of Respondent's experience with, and use of, current technology to support users at all stages of engagement with the Program to effectively promote successful enrollment and account management experiences. The evaluation will consider Respondent's experience and capability responding in a timely way to changes in technological standards and industry best practices. Respondent's experience with outreach to the national disability community and with general marketing strategies will be included in the evaluation.

6. Conversion

Scoring will be based on evaluation of Respondent's proposed Conversion Plan, including experience with conversions of a similar nature and or size to that of the Alliance. The evaluation will consider Respondent's understanding of Trust and Series conversions and will consider estimated conversion timeline and Account Owner communication plans.

7. Proposed Pricing Structure

Respondent's Proposed Pricing Structure score will be based on an evaluation of its effectiveness in minimizing investment, account management and other fees while providing value and quality to Account Owners.

8. Diversity

Scoring will be based on evaluation of Respondent's answers to the Diversity questions in Section VI of this RFP. A higher diversity score will be awarded to Respondents that are female, minority, person with disabilities, or veteran owned or managed. Having a higher percentage of subcontractors that are female, minority, person with disabilities, or veteran owned or managed shall also result in a higher Diversity score.

9. Corporate Responsibility

Scoring will be based on evaluation of Respondent's answers to the Corporate Responsibility questions in Section VI of this RFP.

10. Illinois Presence

Respondent's Illinois presence shall be scored based on the answers Respondent provides to the Illinois Presence questions in Section VI of this RFP. Respondents with a principal place of business in Illinois and a higher percentage of employees in Illinois shall receive higher scores.

### C. Scoring

The following table shows the maximum number of points that can be awarded for each evaluation factor that will be used in scoring Proposals:

**TABLE 5. EVALUATION FACTORS**

<b>Evaluation Factor</b>	<b>Maximum Possible Points</b>	<b>Percentage of Total Score</b>
Background and Experience	100	10%
Investment Management	150	15%
Administrative and Recordkeeping	175	17.5%
Customer Service	125	12.5%
User Experience Optimization and Program Advancement	125	12.5%
Conversion	75	7.5%
Proposed Pricing Structure	150	15%
Diversity	50	5%
Corporate Responsibility	25	2.5%
Illinois Presence	25	2.5%
<b>TOTAL</b>	<b>1000</b>	<b>100%</b>

### D. Evaluation Process

All Proposals will be reviewed for compliance with the RFP requirements. Proposals deemed non-responsive will be eliminated from further consideration. The Chief Procurement Officer may contact the Respondent for clarification of the Proposal. Publicly available information to may be used in the evaluation process. Respondents may be invited for an interview, after which a best and final offer may be requested. Finally, a notification of the award will be made.

### E. Proposal Format

The Respondent's Proposal will be evaluated based upon the following required items. Each item must be labeled and provided in the order listed below.

1. Cover Page

The cover page shall provide the name, physical address, e-mail address, and telephone number of the person(s) available for contact regarding the Proposal. Such person(s) must be authorized to make representations on behalf of the Respondent.

2. Table of Contents

Please list the Sections in your Proposal and their corresponding page numbers.

3. Cover Letter

The Cover letter should include affirmation that the Respondent can meet each of the Mandatory Requirements listed in Section IV.A and is able to provide each of the Services described in Section V. If a Respondent is unwilling to provide a Service, or offers an alternative to the Service, an explanation and information shall be provided in the “Responses to Questions to be Addressed” Section VI of the Respondent’s Proposal. The Cover Letter will identify key Respondent contacts regarding the Proposal and any proposed affiliates, subsidiaries, and subcontractors.

4. Executive Summary

Respondent shall provide an Executive Summary describing the conceptual approach Respondent would take in providing the Services and any other information Respondent believes is relevant. This Executive Summary should be between 3-8 pages. Emphasis should be on clarity, brevity and completeness of information.

5. Responses to Questions to be Addressed

Respondent must respond to each question presented in Section VI of this RFP. Respondent’s answers must include the headings provided (e.g. “Background”) and be numbered in the order provided in Section VI.

6. Affiliates, Subsidiaries and Subcontractors

Identify all entities, including affiliates, subsidiaries, subcontractors, and other entities that Respondent will use to provide the Services to meet the requirements of this engagement. Describe the general type of work to be performed by each entity and explain why the function cannot be performed by the Respondent. Any subcontractor that provides a Service that falls within this RFP is subject to review and approval by the Alliance.

7. State Certifications and Disclosures

Respondent and any subcontractor(s) must submit the following three (3) fully executed documents as provided in Appendix D: Illinois State Treasurer Certifications, Disclosures Financial Interest and Potential Conflicts of Interest (Disclosure Form A), and the Disclosures Other Contract and Procurement Related Information (Disclosure Form B).

8. Proposed Pricing Structure

Respondent will include a completed Proposed Pricing Structure (“Proposed Pricing Structure”) as provided in Appendix E. The Proposed Pricing Structure must be attached as a separate file from the other parts of the Proposal but included within the e-mail submission.

Proposals submitted in hard copy must be submitted in a sealed envelope or package bearing the title “ABLE Program Management Services” and the Respondent’s name and address. The package must include one (1) original and ten (10) copies of the Proposal. A separate envelope must contain one (1) original and ten (10) copies of the Proposed Pricing Structure. If confidentiality of any information is asserted, one (1) redacted copy of the Proposal should be provided in an additional separate envelope. In addition, please provide ten (10) electronic copies of the Proposal, ten (10) separate electronic copies of the Proposed Pricing Structure, and, if confidentiality of any information is asserted, one (1) electronic



redacted copy. Each electronic Proposal copy, each electronic Proposed Pricing Structure copy and, if submitted, the redacted copy shall be on a separate thumb drive.

## V. SERVICES

The Contractor will provide the following Services in compliance with all federal and state laws and regulations.

### A. Investment Management

The Contractor will provide and manage investment options and a liquid, low-risk option in accordance with the NAA Guiding Principles provided in Appendix A and in compliance with all applicable state and federal laws and regulations. Contractor's investment duties shall include, but not be limited to the following:

1. Investment Options – Provide an investment framework and associated investment options, constructed by combining underlying funds into model portfolios. Utilize an open architecture design that allows for the use of investment options and managers that are not proprietary to the Contractor. Investment options offered will meet the diverse needs of the ABLE-eligible population by offering best-in-class managers, increased flexibility when choosing underlying strategies, and the ability to obtain the lowest fees for underlying investment funds. Except for the low-risk option, Contractor will determine the Net Asset Value on each business day when the New York Stock Exchange is open for trading. Low-Risk Option – Provide a liquid, low-risk option that would be used for transactional purposes (e.g., a FDIC-insured checking account option, pre-paid option etc.).
2. Process – Establish a process to make recommendations to the Alliance on the Program's investment options, portfolio structure, optimization techniques, asset classes, completion strategies, and the composition of target risk asset allocations.
3. Custody and Management – Provide custody, cash management, and recordkeeping services related to the investment options and the low-risk option to effectuate the directions of Account Owners.
4. Aggregation – Provide a structure for aggregation of funds via a trust or other arrangement acceptable to the Treasurer that identifies each Member's Series.
5. Performance Benchmarks – Establish applicable investment benchmarks and measure the performance of underlying funds and portfolios against said benchmarks, and review benchmarks on at least an annual basis to ensure accuracy and relevance.
6. Performance Monitoring – Monitor the performance of all investment funds and track diversification of invested assets and amounts invested by underlying funds.
7. Investment Reporting to Members – Provide reports as set forth in National ABLE Alliance Reporting Requirements provided in Appendix F and in accordance with procedures outlined in the NAA Guiding Principles provided in Appendix A.
8. Meetings – Meet at least quarterly with the Alliance to review fund performance as compared to applicable benchmarks and peer-group performance.

9. Fund Due Diligence – Undergo fund manager due diligence at least annually in coordination with the Alliance. Due diligence includes, but is not limited to, research, financial analysis, legal, business continuity, accounting, and background investigations of fund managers. Fund due diligence shall be conducted in-person or via video conference.
10. Program Manager Due Diligence – Conduct an annual due diligence meeting with the Alliance.
11. Fee Study – Conduct a fee study at least annually to assess the fees charged by fund managers.
12. Investment Policy Statement – Abide by the terms of the NAA IPS as provided in Appendix B. The NAA IPS is reviewed and updated, as needed, and at least annually.

## **B. Administrative and Recordkeeping Services**

The Contractor will provide Administrative and Recordkeeping Services needed to ensure the effective and secure operation of the Program, in accordance with all applicable federal and Member state or district laws and regulations, and with the cooperation and approval of the Alliance. Functionality will be optimized for use on computers, tablets, and mobile devices, using all major operating systems. Services shall include, but not be limited to, the following:

1. Secure Account Enrollment – Provide and maintain a secure, online enrollment platform, in compliance with the latest federal and state web accessibility guidelines including, but not limited to, the Americans with Disabilities Act of 1990 and all subsequent amendments (“ADA,” 42 U.S.C.S. §§ 12101 et seq.), Section 508 of the Rehabilitation Act of 1973 (29 U.S.C.S. § 749d), and the Illinois Information Technology Accessibility Act (30 ILCS 587). The enrollment platform shall have content that can be shared among all Member Plans while also allowing Member Plans to include their logo and Member-specific information. The platform shall be structured to facilitate and ease the enrollment process in a way that increases the likelihood of enrollment completion. Additionally, a paper enrollment, or alternative secure enrollment option must be available for Account Owners who do not, or who cannot use the Internet, which incorporates the above enrollment functions. The platform shall include, but not be limited to the following:
  - a. A certification process, under penalty of perjury, of the eligibility of an Account Owner in that he or she is:
    - i. Entitled to benefits based on blindness or disability under Title II of the Social Security Act;
    - ii. Entitled to benefits based on blindness or disability under Title XVI of the Social Security Act; or
    - iii. Meets the requirements of a disability certification under §529A(e)(1) and (2) of the ABL Act.
  - b. The diagnostic code applicable to the Account Owner, taken from instructions in IRS form 5498-QA;
  - c. The certification that no other ABL account exists for the Account Owner;
  - d. A process to confirm the legal authority of an Authorized Individual when enrolling a Beneficiary, which allows for differences among Members’ statutory and regulatory requirements;

- e. A web-based process that allows Authorized Individuals to upload documents showing proof of authority to the program manager. This process must accommodate for differing documentation requirements among Members;
  - f. A process for an Account Owner or Authorized Individual to designate an Authorized Agent with various levels of account authority;
  - g. A process to collect ABLER to Work data on accounts;
  - h. A process to collect optional demographic data;
  - i. Quality control protocols to provide the highest possible assurance of the accuracy of information entered into Contractor's database;
  - j. Any other enrollment information required by law or requested by the Alliance that is necessary for the Member to manage its Plan;
  - k. A process to review and ensure that legal documents are in good order. This process must also address those documents that are not in good order in accordance with each Member's individual statutory requirements; and
  - l. A process through which Account Owners and Authorized Individuals are notified about account control once a minor reaches the age of majority. The process shall be in accordance with each Member's individual statutory and regulatory requirements.
2. Account Management – The Contractor shall provide a secure online platform, in compliance with the latest web accessibility guidelines, through which Account Owners and Authorized Individuals can easily access, manage and review their accounts. Additionally, a paper enrollment, or alternative secure enrollment option must be available for Account Owners who do not, or who cannot use the Internet, which incorporates the above enrollment functions. This platform shall include, but not be limited to, the following:
- a. Account Profile – The ability to view and update user profile and information;
  - b. Transactions, Forms and Documents – The ability to transact online;
  - c. Statements and Confirmations – Account Statements and transaction confirmations to be delivered quarterly for all investment options and monthly for all low-risk options;
  - d. Account Closures – The Contractor shall create processes for account closure due to the following:
    - i. Death of Account Owner or Authorized Individual– A process for closing accounts when notified of the death of an Account Owner. This process must include a procedure to name a successor Authorized Individual or Account Owner in the case of incapacity or death;
    - ii. Dormant Account – A procedure for monitoring and closing dormant accounts and distributing proceeds from dormant accounts in compliance with unclaimed property laws of each Member state or district; or
    - iii. Any other reason - A process to close accounts for any reason.
  - e. Recertification – A procedure for annual Account Owner eligibility recertification;
  - f. Limit of ABLER Account – A procedure to notify Account Owners who receive SSI benefits when their accounts are approaching a \$100,000 balance, as well as a procedure that returns contributions that cause the balance of an account to exceed \$100,000 to those Account Owners who receive SSI benefits; and
  - g. Transfer of Ownership – A process through which to transfer Account Ownership to another eligible individual as permitted by the federal ABLER Act and IRS regulations.

3. Contributions – The Contractor shall provide a secure process through which contributions can be made into accounts. This process shall include, but not be limited, to the following:
  - a. A minimum contribution amount at enrollment or thereafter of \$10 (ten dollars);
  - b. Multiple, secure methods for making automatic and one-time electronic distributions, as well as a method for making withdrawals by paper check;
  - c. A process for handling failed contributions, such as checks returned for insufficient funds or failed ACH contributions;
  - d. A gifting platform or method for contributors to make and identify their contributions as a gift;
  - e. A procedure to identify and prohibit contributions to accounts if the Account Owner ceases being ABLE eligible;
  - f. A procedure for returning an account to active status after an Account Owner resumes being ABLE-eligible after having previously ceased to be so;
  - g. A process for Account Owners to certify their eligibility for ABLE to Work and thus to exceed the annual contribution limit;
  - h. A process to reject contributions in excess of the annual contribution limit, and, if erroneously accepted, a method to return the excess contribution and any investment gains therefrom;
  - i. A process by which Member Plans can receive and initiate rollovers to and from other states' ABLE or 529 College Savings programs;
  - j. A process for transferring contributions among investment options; and
  - k. Any other contribution process or information required by law or requested by the Alliance.
  
4. Distributions and funds disbursement – The Contractor shall provide a secure process for account withdrawals or distributions. The process shall include, but not be limited to:
  - a. Multiple, secure methods for making automatic and one-time electronic distributions, as well as a method for making withdrawals by paper check;
  - b. A method of permitting distributions via a debit card or a similar option;
  - c. A process by which to comply with IRS regulations for calculating principal and earnings for purposes of filing IRS Form 1099-QA; and
  - d. If an account holds more than one investment option, the Account Owner must be able designate the option from which a distribution will be taken and, in absence of such designation, a default option that the Contractor will follow.
  
5. Regulatory Compliance and Reporting to Government Agencies - Ensure Program compliance with all related federal and state banking, tax and security laws and regulations. Such compliance and reporting steps shall include but not be limited to the following:
  - a. Monitoring changes in federal and state laws and regulations that might impact the Program and providing the Alliance prompt written notice of changes;
  - b. Changing and implementing new procedures within required time frames;
  - c. Exchanging files and filing reports and forms electronically with all federal and/or state agencies as required, and making copies of reports available to Members;
  - d. Providing individual account data to the Social Security Administration (“SSA”) in file formats specified by the SSA;
  - e. Providing individual account contribution data to the IRS on Form 5498-QA in file formats specified by the IRS;
  - f. Reporting to Members on account closure; and
  - g. Providing individual account income data to the IRS on Form 1099.

6. Accounting and Audit – The Contractor shall establish processes by which to provide information required by Members for accounting and audit. Each Alliance Member has its own audit standards that will be laid out in its Implementing Agreement with the Contractor. Contractor’s process will include, but not be limited to:
  - a. Providing and reconciling Contractor reports to meet the accounting requirements of each Member;
  - b. Engaging an outside audit firm to provide annual audited financial statements to the Alliance, with Member assets accounted for separately;
  - c. Providing data and reports to Members, upon request, for their financial audits; and
  - d. Including in Contractor’s annual Control 1 Report (“SOC 1 Report”) Contractor controls over all Subcontractors and related transactions.
  
7. Reporting to Members – The Contractor shall work closely with Members regarding the need to ensure that both are meeting their fiduciary responsibilities to all ABLE Beneficiaries. At a minimum, Contractor shall be expected to:
  - a. Provide reports to Alliance members via a secure, web-based system on a regularly specified timeline, and on an ad hoc basis as set forth in National ABLE Alliance Reporting Requirements in Appendix F;
  - b. Hold regular program status meetings with the Alliance, no less than monthly, on a mutually agreed upon day of the month;
  - c. Hold individual meetings with Members on a mutually agreed upon schedule and as requested by the Member; and
  - d. Ensure that subpoenas, court orders, and all other legal documentation including but not limited to, notices of lawsuits or other legal actions, be forwarded to applicable Member(s) as soon as they are received in order for those Members to respond in accordance with Member state law and as required by the Member. Examples of legal documents may include trust, testamentary, guardianship and conservatorship documents.
  
8. Disclosure Statements – The Contractor shall provide the following disclosure statement Services:
  - a. Plan Disclosure Statement – Prepare and distribute a Plan Disclosure Statement, subject to approval by the Alliance, containing information common to all Member Plans to allow a prospective Account Owner to make an informed decision regarding whether to open an account in a Member Plan. The Plan Disclosure Statement will be updated as necessary to comply with federal securities laws but in any event no less than every other year, or as otherwise mutually agreed upon between the Contractor and the Alliance. The Contractor shall ensure the legal accuracy and compliance of the Plan Disclosure Statement;
  - b. Addenda – Prepare a Member Plan Addendum (“Member Plan Addendum”) for each Member, subject to approval by that Member. The Member Plan Addendum shall contain Member-specific information such as state tax and other benefits and any Member-specific additional information that will allow a prospective Account Owner to make an informed decision about whether to open an account in the Member’s Plan. Frequency and timing of each Member Plan Addendum update will be determined by the Member. The Contractor shall ensure the legal accuracy and compliance of each Member Plan Addendum;
  - c. Supplements– Provide any interim disclosures in a timely manner as Supplements (“Supplements”) to the Plan Disclosure Statement or a Member Plan Addendum upon receiving a request by the Alliance or the Member Plan; and

- d. Support - The Contractor shall provide support to Member Plans that choose to develop their own Plan Disclosure Statements and Supplements. Support shall include but not be limited to, providing investment performance and cost data for inclusion in the Member's Plan Disclosure Statement, individual investment option descriptions, and disclosure language specific to the low-risk option, if applicable.
9. **Security and Risk** – The Contractor shall implement ongoing data security controls, monitoring and testing to ensure network and systems security across the Program. Such controls shall include but not be limited to the following:
    - a. Security procedures – Create IT infrastructure and security procedures, including cybersecurity procedures, consistent with current industry practice, and designed to prevent fraud and protect Account Owner information, and that are consistent with current industry practice;
    - b. Privacy policy – Post each Member's privacy policy on Member Plan websites that are hosted by Contractor;
    - c. Account access records – Monitor and record Account Owner and Authorized Individual access to secure websites. Provide in the account records the IP address from which the account is accessed as well as the date and time;
    - d. Documentation of protocols – Prepare written documentation and notification protocols by Contractor and Subcontractors, to be approved by the Alliance, for material events, including but not limited to suspected or actual privacy breaches, suspected or actual data breaches, suspected or actual unauthorized disclosure of Account Owners' nonpublic personal information and fraud investigations pertaining to the Alliance or the Program;
    - e. Data backup – Maintain procedures and capabilities to ensure timely and accurate backup and recovery for all computers and data storage systems; and
    - f. Due diligence – Include security and risk reporting as part of annual due diligence reporting, immediately after any occurrence and at the request of a Member.

### **C. Customer Service**

The Contractor will provide all customer service needed for the effective operation of the Program. Customer service will include assisting eligible individuals or their representative through the enrollment process, resolving items that are not in good order, and any other issues requiring interaction with an Account Owner, Authorized Individual, or Authorized Agents.

Contractor will be required to comply with all applicable laws and maintain all required registrations and licenses necessary to perform the Customer Service duties required by this RFP.

For the Pennsylvania Plan, the Contractor will provide web-based access to the Contractor's recordkeeping system for purposes of its Customer Service.

Customer service will include, but not be limited to the following:

1. **Customer Service Call Center**
  - a. Member Plan toll-free phone numbers– Provide a separate toll-free phone number for each Member Plan with a greeting that identifies the Member Plan during optimal service hours for each Member's time zone, at a minimum Monday through Friday, 8:00 am- 5:00 pm in each Member's time zone, except for holidays and periods of pre-scheduled system maintenance.

- b. Responsive assistance – Call center representatives will engage in responsive communication that includes, but is not limited to providing Plan-specific information, answering questions about Plan benefits and eligibility, impact on public benefits, investment and low-risk options, assisting with enrollment, account management, and resolution of account issues. Script support may be used, as needed, but must be approved in advance the Alliance.
  - c. Customer complaint and call escalation protocol – Establish and implement a protocol, approved by the Alliance, for responding to and resolving complaints and for escalating calls to supervisors and to Members.
  - d. Back-up phone system - Provide a back-up system to take calls in the event the primary call center is unable to take calls.
  - e. Caller authentication – Verify the identity of Account Owners, Authorized Individuals or Authorized Agents according to industry standards and as approved by the Alliance.
  - f. Call center integration – If investment and low-cost options are managed by separate entities, provide integrated call center service or an alternative method that provides the caller with a seamless experience.
  - g. Call routing – Provide call routing and tracking, live representative selection and functionality and the ability to leave voicemails for return calls.
  - h. Performance standards – Adhere to the performance standards specified in National ABLE Alliance Customer Service Performance Standards as provided in Appendix C; provide monthly reports on Customer Service performance.
  - i. Foreign language – Provide foreign language translation services for calls.
  - j. Accessibility – provide ADA compliant call center access for individuals who are deaf or hard of hearing.
  - k. Customer satisfaction surveys – Implement post-call satisfaction surveys and report results regularly to Members, no less than monthly.
  - l. Record calls – Record all in-bound and out-bound calls and retain such recordings for the period set forth in the Members’ Implementing Agreements. Such recordings shall be made available for review by the Member through remote access.
  - m. Call logs – Maintain customer service call logs and summaries of communications in the account record of the subject account in accordance with the Member’s Implementing Agreement.
2. Record Retention – Retain customer service e-mails and paper correspondence in the account record of the Account Owner in accordance with the Member’s Implementing Agreement. Make correspondence and the responses thereto available for review by the applicable Member through remote access.
  3. Email and Mail Correspondence - Answer in-bound emails and paper correspondence within the performance standards specified in National ABLE Alliance Customer Service Performance Standards as provided in Appendix C to this RFP.
  4. Customer Service Reports – Provide customer service data and performance as set forth in the National ABLE Alliance Reporting Requirements in Appendix F attached to this RFP

## **D. User Experience Optimization and Program Advancement**

1. User Experience Optimization - Monitor, improve, and update the engagement process for the Program's end users to build and grow enrollment. Strategies may include, but are not limited to the following:
  - a. Capturing relevant identifying information, such as email address and phone number, to re-engage users along a multi-step journey from first awareness of ABLE, to engagement with a Member Plan, to enrollment and funding, and finally to managing their ABLE accounts. Make data available to Members for use in marketing and outreach efforts.
  - b. Providing reports with data and analysis on user traffic to Member websites and throughout the enrollment platform. Reports will be provided no less than monthly or as requested by Member.
  - c. Integrating analytics into Program management to measure engagement by the Program's end users, then establishing a clear and timely process in collaboration with the Alliance for system updates and rollouts that will improve the enrollment and account management process.
  - d. Collaborating with the Alliance to include responsive, actionable surveys that inform ongoing Program development and that result in timely improvements to the user experience and improved outreach to the Program's end users. Survey schedule will be approved by the Alliance and conducted no less than quarterly.
  - e. Optimizing Program platforms for use on computers, tablets, and mobile devices, using all major operating systems.
  - f. Adapting the enrollment process to meet the distinct needs of the ABLE-eligible population.
  - g. Monitoring and incorporating web accessibility guidelines and best practices to ensure ongoing accessibility of all web-based content.
  - h. Incorporating existing Member Plan brands in collaboration with each Member.
    - i. Developing, building, hosting and updating customer-facing Member Plan websites (except those Members that opt out of this Service). The sites may utilize shared design and content yet must be individually branded with Member Plan logo and Member-specific information. At a minimum, the websites should have sections for the following topics: Member Plan information, links to enrollment, investment and low-risk options, Plan FAQs, informational materials, eligibility quiz, and links to resources and customer service.
  - i. Providing a seamless transition from Member Plan websites to the enrollment site, regardless of whether Member Plan website is hosted by Member or by Contractor.
2. Program Advancement –
  - a. Engage in outreach on behalf of the Alliance Program to national disability advocacy, rights and service organizations, including seeking and funding national conference and event sponsorship opportunities that will build broad consumer awareness of the Alliance Member Plans.
  - b. Provide ADA-compliant promotional material templates on a shared platform that can be downloaded, customized and printed by Members for use with their own plans.
  - c. Update content at least bi-annually or when changes in statute or rules require it.
  - d. Support Member outreach by supplying printed brochures to Members based upon Member usage and need.
  - e. Assign a marketing expert, either on staff or through a subcontractor, to advise and assist Members in their individual Plan marketing and/or outreach, including:



- i. Resources on best practices with Google ads, keywords, and search engine optimization related to the ABLE industry;
- ii. Conduct regular strategic reviews of the Alliance position in the industry, market trends, technological innovations, environmental factors, successes, challenges and available resources;
- iii. Provide updates and report on Alliance position at quarterly meetings;
- iv. Define appropriate market segments and create customer profiles for the Alliance, including those for new target audiences, that can be used by individual Member Plans;
- v. Develop a marketing strategy based on Alliance goals and objectives that Members can adapt for their individual Plans;
- vi. Assist Members to set measurable targets for Plan growth and enrollment.

## **E. Conversion Services**

If applicable, the Contractor will provide conversion services, at its own cost, to ensure a seamless conversion of Member Assets and Account Owner information by the expected conversion date of December 6, 2021, including but not limited to the following:

1. Conversion Plan – Perform services necessary for a seamless conversion based on a detailed timeline for converting accounts, assets, data, information, images and any other essential elements to your platforms, including migration of Member Plan websites and redirecting pages, as needed to a new platform.
2. Communication Plan – Provide a proposed communications plan to ensure timely communications of conversion issues and news to existing Account Owners during the conversion period.
3. Conversion Agreement – Enter into a Conversion Agreement with the current Contractor and the Treasurer detailing how the Contractor and current Contractor will cooperate to complete the Conversion Plan.

## **VI. QUESTIONS TO BE ADDRESSED**

Please address each of the Questions in this Section. Any references to "you" and "your" mean all the following as applicable to each question: 1) the Respondent and 2) any entity with which the Respondent is partnering or subcontracting, to provide any of the Services.

### **A. Background and Experience**

1. Provide a brief overview of your organization. Describe your organization's corporate structure, including holding companies, parents, subsidiaries and affiliates, year established, number of clients and size.
2. Explicitly identify the entity that will enter into the Agreement with the Treasurer. If an entity other than the parent company will enter into the Agreement, will the parent company provide a performance guarantee? If the parent company cannot provide a guarantee, please propose a suitable alternative to demonstrate that the contract party will have sufficient resources to meet its obligations throughout the term of its engagement.

3. Provide your organization’s primary location(s) as well as the location(s) of any facility or office located outside of the primary location(s) that will be used to provide the Services.
4. Provide an organizational chart and include the names, positions, and a brief biography of all management and other key staff who would be involved in providing the services.
5. Provide a list of any states (or the District of Columbia) from which you are prohibited from doing business and explain why.
6. Describe any changes in your ownership or management structure since January 1, 2015. Will these changes have any impact on your ability to provide the services?
7. Are you considering a merger with or acquisition of another entity, or any change in ownership or management structure of your organization? If so, please describe the effect that this will have on your ability to provide the services.
8. Provide contact information for three client references. References must be entities for which you have provided services similar to the services of this RFP. For each reference, please provide the following:

**TABLE 6. REFERENCES**

	<b>Reference 1</b>	<b>Reference 2</b>	<b>Reference 3</b>
<b>Client Name</b>			
<b>Client Size</b>			
<b>Services Provided</b>			
<b>Length of Relationship</b>			
<b>Individual Reference Name</b>			
<b>Title</b>			
<b>E-mail Address</b>			
<b>Office Phone</b>			

9. Identify any and all internal controls that are in place and external testing that is conducted to ensure accuracy and security of operational data within your organization and specifically with regard to ABLE plans that you currently manage. If you produce a Service Organization Control (“SOC”) 1 or 2, please provide. List any substantive issues identified in the SOC 1 and/or SOC 2, along with steps taken to address said issues. If you do not produce these reports, please show the controls and testing in place to provide assurance of the accuracy and security of operational data.
10. What controls are in place and testing conducted to ensure accuracy and security of your Subcontractors? If the Subcontractors have produced SOC 1 or SOC 2 reports, please provide the most recent versions.
11. Are there any consent orders, penalties or other findings of fault as a result of any publicly disclosed enforcement action or other regulatory proceeding by any government entity,

regulatory agency, or self-regulatory organization including but not limited to: the Securities and Exchange Commission, FINRA, Department of Justice (including any United States Attorneys' Office), Consumer Financial Protection Bureau, Department of Labor, U.S. Department of the Treasury, Federal Deposit Insurance Corporation, any State Attorney General, or the Federal Reserve System in which your firm, its officers, or principals have been involved from January 1, 2016 to present? If so, provide a detailed explanation.

12. List all lawsuits that Respondent, Affiliates, Subsidiaries and/or Subcontractors have been a party to that were filed on or since January 1, 2016 to present. Please provide a detailed explanation.
13. Have you been a party to any actual or threatened data breach, or loss of personal, financial or other data considered private or confidential since January 1, 2016? If so, provide details and what steps were taken to address the issue both in the short term related to the specific breach/loss and in the longer term to prevent such a breach/loss from happening again.
14. Will any services be performed outside of the United States? If work must be performed outside of the United States, provide a detailed explanation of why this is required. If not, provide a statement certifying that services will not be performed outside of the United States.
15. Provide a description of the various types of insurance coverage (carriers, risk coverage, levels, limits, deductibles, expiration dates, etc.) you have in place to protect your clients.
16. Describe all experience you have managing a multi-state ABLE program, or program similar to ABLE.
17. Do you currently have, or have you had since January 1, 2015, an ABLE, or other contract that provides services similar to the Services sought in this RFP with similar size, scope, and complexity? For each contract, provide the following information:

**TABLE 7. CONTRACT LISTING**

		<b>Contract 1</b>	<b>Contract 2</b>	<b>Contract 3</b>
<b>Entity</b>				
<b>Description of Entity</b>				
<b>Number of Accounts as of September 30, 2020</b>				
<b>Assets Under Management as of September 30, 2020</b>				
<b>Description of Services:</b>	<b>Investment Management</b>			
	<b>Administrative Services including recordkeeping and technology</b>			
	<b>Customer Service</b>			
	<b>User Experience Optimization and Program Advancement</b>			
	<b>Other relevant details</b>			

**B. Investment Management Services**

18. Will you meet each Service item listed under Section V.A Investment Management? If you are unable or unwilling to provide a Service, provide an explanation or information on alternatives to the identified Service. Work samples may be included
19. What is your philosophy and approach to designing an ABLE savings and investment program to best meets the needs of current and future ABLE-eligible customers? Include details about your decision-making process and methodology in choosing fund managers, creating investment portfolios, asset allocation, and integrating low-risk options.
20. What is your proposal for an investment framework for the ABLE Program? Your response should provide an outline and include the following details:
  - a. Number and type of investment options, including the asset allocation percentages where applicable;
  - b. Fund vehicle(s) and families;
  - c. Active or passive management;
  - d. Utilization of static or glidepath portfolio options (if applicable); and
  - e. Other relevant details.
21. Based on the investment options specified in the immediately preceding Question, complete the following table for the underlying funds.

**TABLE 8. RECOMMENDED INVESTMENT OPTIONS**

<b>Investment Option</b>	<b>Fund</b>	<b>Ticker</b>	<b>Share Class</b>	<b>Fund Expense Ratio</b>	<b>AUM as of September 30, 2020</b>

22. What vehicle do you propose to provide Account Owners a low-risk, transactional option? Your answer should include details on:
  - a. Type of option (e.g., money market, savings, checking, other)
  - b. Account features (e.g., FDIC Insurance, checkbook availability, associated fees, etc.);
  - c. How funds would be accessed;
  - d. Real-time debit card or preloaded option;
  - e. Hold periods imposed on availability of contributed funds;
  - f. Charges for failed contributions;
  - g. Any minimum balance requirements; and
  - h. Confirmation process including timing from transaction initiated to confirmation issued and types of transactions that trigger confirmations.
23. What mechanisms will you put in place to protect Account Owners from negative balances due to or fees on low balances or negative interest rates?

24. Describe your risk management governance process to evaluate risk across the functions of your organization.
25. How would you communicate with and report to the Alliance, individual Members, and any Member's vendors regarding underlying investments, investment option evaluation and performance?

### **C. Administrative and Recordkeeping Services**

26. Will you meet each Service item listed under Section V.B Administrative and Recordkeeping Services? If you are unable or unwilling to provide a Service, provide an explanation or information on alternatives to the identified Service. Work samples may be included.
27. If you do not offer paper enrollment or paper statements and transaction confirmations, describe how you will assist customers who do not use the Internet to open and manage their accounts.
28. How will you prioritize rollouts of updates and improvements in the recordkeeping and reporting technology you use to provide the Services? Provide examples.
29. How will you ensure compliance with the Final Treasury Regulations that may require systems changes during the process of contract negotiations?
30. Will you offer flexibility to Member Plans to be able to determine their own opening and minimum contribution amount for their Plan Account Owners? If so, describe. If not, please explain.
31. What is your process for receipt, review, authentication and retention of legal documents submitted by Authorized Individuals as proof of authority to open and manage an ABLE account on behalf of an Account Owner?
32. How frequently do you update Plan Disclosure Statements for other programs for which you serve as Program Manager?
33. Describe how your platform will allow the creation and maintenance of separate funds or sub accounts within a single ABLE account ("Master Account/Sub Account").
34. If you provide an Administrative Service that allows for an individual or an organization that serves as Authorized Individual on multiple ABLE accounts to view, manage and/or transact on multiple accounts simultaneously, please describe how this is managed. If you do not offer this service, please explain if you are willing to provide this service and what controls you would need to set up.
35. Describe your certification level and Payment Card Industry Data Security Standard ("PCI DSS") compliance level.
36. What identity verification process and/or fraud protection system would you use to ensure that a distribution request is made by someone who has distribution authority?

37. Describe how you will work within the federal Medicaid and various Member Medicaid recovery statutes to manage deceased Account Owner ABLÉ account assets.
38. Are there any additional reports you would provide that are not requested in National ABLÉ Alliance Reporting Requirements in Appendix F of this RFP? If so, describe and provide samples, if possible.
39. What would be your protocol for evaluating and resolving Administrative Services issues and errors when they arise with the Program?
40. Will you be able or willing to provide a rebate, remuneration or other differentiated pricing structure to Alliance Member Pennsylvania to account for its operating its own ABLÉ customer services? If so, please complete the associated section in Proposed Pricing Structure in Appendix E. If you are unwilling or unable to provide a different pricing structure, please explain why. Please confirm whether this rebate option would also be available to other states if they also began operating their own customer services.
41. What type of reporting system will you use to provide the reports described in National ABLÉ Alliance Reporting Requirements in Appendix F to Members and how will you ensure report accuracy?

#### **D. Customer Service**

42. Will you meet each Service item listed under Section V.C Customer Service? If you are unable or unwilling to provide a Service, provide an explanation or information on alternatives to the identified Service. Work samples may be included
43. How is your call-center customer service structured, and how do you propose to run this Service for the Alliance? Include hours, software used, availability, inclusion and use of customer satisfaction surveys.
44. What training will be provided to call center representatives before they handle incoming calls? Include average number of hours spent in training, type of training materials used and training methods. Do these representatives have professional licenses? Is training offered to call center representatives on a continual basis? With what frequency are representatives given further training?
45. Please indicate how you will satisfy or exceed the performance standards set forth in National ABLÉ Alliance Customer Service Performance Standards provided in Appendix C. Please provide details on all applicable performance standards.
46. Is the customer service you provide under other contracts evaluated or audited by any third-parties? If permissible, provide the last three audits or evaluations.
47. Is the Respondent a broker-dealer registered with the Financial Industry Regulatory Authority (“FINRA”), or any similar applicable licenser? If so, please describe all licenses held by Customer Service representatives.

## **E. User Experience Optimization and Program Advancement**

48. Will you meet each Service item listed under Section V.D User Experience Optimization and Program Advancement? If you are unable or unwilling to provide a Service, provide an explanation or information on alternatives to the identified Service.
49. What is your experience with user experience optimization? Include any specific experience that you have had with the ABLE-eligible population and their support networks.
50. How would your organization structure create websites to seamlessly interface with a secure recordkeeping system to provide Account Owners with personal account access?
51. How will you provide Members the ability to update some or all of the content directly on their Member Plan websites? If so, please describe.
52. What experience does your organization have collaborating with disability advocacy, rights or service organizations to promote ABLE? Provide detail.
53. How do you envision working with Alliance Members to grow state programs through marketing expertise and/or analytics? Provide some examples of unique marketing ideas that Members could utilize to grow their program with minimal expense.
54. Recognizing that Alliance Members possess a spectrum of resources available, what would you recommend as a marketing strategy that Members with various capacity could adapt to grow their state Plans?
55. How will your Program Advancement efforts build consumer awareness and assist Member Plans to reach the ABLE consumer? Provide examples.

## **F. Conversion Services**

56. Will you meet each Service item listed under Section V.E Conversion Services? If you are unable or unwilling to provide a Service, provide an explanation or information on alternatives to the identified Service. Work samples may be included.
57. What is your experience planning, managing, testing and completing conversion of assets, data, images, and any other information to or from you to another record-keeper with a similar size, scope and complexity of that which will be required for the Alliance? Provide details including:
  - a. The entity for which you provided conversion services
  - b. Number of accounts and assets that were converted
  - c. Technology, including platforms and software used to complete the conversion
  - d. Timeline for the conversion
  - e. Unexpected problems that had to be solved and how you solved them
  - f. Other relevant details

58. Provide your timeline to complete the conversion by the current contract termination of December 6, 2021. Please indicate whether and, if so, how the Final Treasury Regulations impact your ability to complete the conversion on schedule. Finally, if you cannot complete the conversion by or before December 6, 2021, please indicate how soon thereafter you expect to be able to do so.
59. Complete the following table to show the mapping of current Investment Option portfolios and new Investment Option portfolios. If you propose that current Investment Option assets will be mapped to multiple new Investment Option Portfolios, please specify the expected percentage of current assets that would be mapped to each new Investment Option portfolio. Add as many rows as necessary.

**TABLE 9. CURRENT TO NEW INVESTMENT OPTION PORTFOLIO MAP**

<b>Current Investment Option Portfolios</b>	<b>Assets as of September 30, 2020</b>	<b>New Investment Option Portfolios</b>	<b>Percent of Assets</b>
<b>Aggressive</b>	\$14,411,894		
<b>Moderately Aggressive</b>	\$13,255,966		
<b>Growth</b>	\$16,440,883		
<b>Moderate</b>	\$12,464,942		
<b>Moderately Conservative</b>	\$9,995,109		
<b>Conservative</b>	\$17,104,680		
<b>TOTAL</b>	<b>\$83,673,474</b>		

**G. Diversity**

60. If publicly owned, please provide the number and percentage of members of Respondent’s governance board who are female, minority, military veterans, or persons with disabilities. Please cite with supporting data.
61. If privately owned, is Respondent or its affiliates female, minority, persons with disabilities, or veteran-owned or managed? For purposes of this RFP, “female, minority, persons with disabilities, or veteran owned or managed” shall mean being owned or managed by 51% or more of a combination of female, minority, persons with disabilities, or military veteran. Please provide the number and percentage of Respondent’s owners who are female, minority, military veterans, or persons with disabilities. Please cite with supporting data.
62. Please provide the number and percentage of Respondent’s senior executive leaders (i.e. partner, president, COO, managing director, or other senior executives) who are female, minority, military veterans, or persons with disabilities. Please cite with supporting data.



63. Please provide the number and percentage of Respondent's staff (i.e. all full-time and part-time employees) who are female, minority, military veterans, or persons with disabilities. Please cite with supporting data.
64. What is the percentage of Respondent's intended use of subcontractors for this project, if any, that are female, minority, persons with disabilities, or veteran-owned or managed? Please cite with supporting data.

## **H. Corporate Responsibility**

65. Please note any policies, practices, and/or business strategies the Respondent has in place to address long-term environmental risks and opportunities that may impact long-term sustainability.
66. Please highlight any policies, practices, or resources that the Respondent has in place to retain and enhance the human capital at the firm.
67. Please explain how the Respondent fosters a corporate governance structure that mitigates business risks and enhances business operations.
68. Please highlight any activities, projects, or services the Respondent administers to alleviate societal issues and enhance its commitment to corporate social responsibility. Please cite with supporting data.

## **I. Illinois Presence**

69. Is the Respondent incorporated in Illinois? Please provide the physical address and website of the Respondent's headquarters and all Illinois branch offices.
70. Please indicate how many full-time employees are located at the Headquarters and each Illinois branch office.
71. Please describe the Respondent's presence in the State of Illinois. Such "presence" can be demonstrated by noting (a) the number and (b) the percentage of the Respondent's full-time employees who spend more than half their time in Illinois and have physical offices or a principal place of business located in Illinois.
72. Using the definition provided above, what percentage of the Respondent's affiliates, subsidiaries and subcontractors proposed for this Service, if any, have an Illinois presence?
73. Please indicate whether you have any plans to locate staff or hire additional staff in the State of Illinois either in connection with this RFP or otherwise. Please provide supporting data.

## **VII. NEW MASTER AGREEMENT TERMS AND CONDITIONS**

By submitting a Proposal, the Respondent agrees to each of the contractual provisions set forth in this Section.

### **A. Contractual Responsibility**

Contractor will be contractually responsible for all services provided. By responding to the RFP, Contractor expressly agrees to the contractual requirements herein. Contractor shall at all times provide services in a commercially reasonable manner.

### **B. Governing Law**

The Agreement shall be governed in all respects by the laws of the State of Illinois, without regard to conflicts of law principles. Any action by Contractor against the Treasurer can only be brought in the Illinois Court of Claims.

### **C. Term of Agreement**

The initial term of the Agreement will be six (6) years, unless terminated prior to such time in accordance with the terms of the Agreement. The Treasurer may, with the consent of the Contractor, elect to extend the Agreement for additional periods, not to exceed a total term of ten (10) years (including the initial six (6) years).

### **D. Termination**

#### **1. Termination without Cause**

The Treasurer may elect to terminate the Agreement, or any portion of the Services, any time upon thirty (30) calendar days' notice. Upon termination, the Treasurer will pay for work satisfactorily completed prior to the date of termination as determined by the Treasurer in a reasonable manner. Should a portion of the Services be terminated, the parties shall amend the Agreement accordingly to reflect the reduction in Services and compensation.

#### **2. Termination for Cause**

Notwithstanding any language to the contrary, the Agreement may be terminated by the Treasurer under any of the following circumstances:

- a. Contractor fails to furnish satisfactory performance within the time specified;
- b. Contractor fails to perform any of the provisions of the Agreement or so fails to make progress so as to endanger the performance of the Agreement in accordance with its terms;
- c. Any goods or services provided under the Agreement are rejected and are not promptly replaced or corrected by the Contractor or repeatedly rejected even though Contractor offers to correct the goods or services promptly;
- d. There is sufficient evidence to show that fraud, collusion, conspiracy, or other unlawful means were used to obtain the Agreement;

- e. Contractor is guilty of misrepresentation in connection with another contract for services to the State;
- f. Contractor is adjudged bankrupt or enters into a general assignment for the benefit of its creditors or receivership due to insolvency;
- g. Change in federal or State law or rules, or the Contractor's, or Treasurer's policies that would frustrate the purpose of the Agreement;
- h. Contractor disregards or violates any applicable laws, rules, or the Treasurer's instructions, acts in violation of any provision of the Agreement, or the Agreement conflicts with any statutory or constitutional provision of the State of Illinois or the United States; or
- i. Any other breach of contract or unlawful act by Contractor occurs.

Prior to terminating the Agreement for cause, the Treasurer shall issue a written warning that outlines the remedial action necessary to bring the Contractor into conformance with the Agreement. If such remedial action is not completed to the satisfaction of the Treasurer within thirty (30) business days, a second written warning may be issued. If satisfactory action is not taken by Contractor within five (5) business days of the date of the second written warning, the Agreement may be terminated immediately and the Treasurer may recover any and all damages including but not limited to damages involved with the transition to a new vendor including incidental and consequential damages. Failure by the Treasurer to issue a warning or cancel this Agreement does not waive any of the Treasurer's rights to issue subsequent warnings. If the Treasurer determines, in its sole discretion, that the circumstances are such that the Contractor cannot cure by remedial action, the Treasurer may provide notice of cancellation, which shall be effective upon five (5) business days from the date of the notice

In addition, the Treasurer reserves the right to reduce the amount paid to Contractor as compensation for services under the Agreement during any period Contractor fails to perform with reasonable care any of its obligations under the Agreement.

## **E. Work Product**

### **1. Ownership of work product.**

Except as otherwise agreed to in writing, all work product, including, but not limited to, documents, reports, data, information, designs, code, and ideas specially produced, developed, or designed by the Contractor pursuant to the Agreement, whether preliminary or final, will become and remain the property of the Treasurer, including any copyright or service marks developed on behalf of the Treasurer, whether preliminary or final, (collectively, "Work Product") will become and remain the property of the Treasurer. The Treasurer shall have the right to use all such Work Product without restriction or limitation and without further compensation to the Contractor.

### **2. Return of Work Product**

Within thirty (30) days after expiration or termination of the Agreement, the Contractor shall deliver to Treasurer, or to a third party, if so, instructed by the Treasurer, all Work Product in Contractor's possession in the performance of the Agreement. If requested by the Treasurer, the Contractor shall certify in writing that all such Work Product has been delivered to the Treasurer.

#### **F. Standard of Care; Fiduciary Status**

Contractor agrees and acknowledges that it owes fiduciary and related duties to the Treasurer in regard to the services it provides under this Agreement and the investments and accounts related thereto, such duties including but not limited to the duties of care, prudence, loyalty, honesty, candor, impartiality, full disclosure, good faith, fair dealing, and diligence and the duty to account and inform. Accordingly, Contractor agrees to refrain from and avoid any action or activity that would constitute or be likely to create a conflict of interest with respect to its duties to the Treasurer. Contractor further covenants and agrees to comply with and abide by applicable law, rules, and regulations and all policies, procedures, guidelines and governing principles as may be adopted by the Treasurer from time to time; to serve the Treasurer faithfully and to the best of its ability; and to devote that amount of time, attention and effort to the Treasurer which is reasonably necessary in order to satisfy the requirements of the Treasurer.

Contractor further acknowledges that is subject to the requirement to use prudence and care in its dealing with the Treasurer and the Services and the investments relating to the Services, in accordance with applicable law, and all other fiduciary requirements to which it is subject. Contractor accepts its appointment as such fiduciary and specifically agrees that in performing its duties hereunder it will act with the care, skill, prudence, loyalty, honesty, candor, impartiality, full disclosure, good faith, fair dealing and diligence under the circumstances then prevailing, specifically including, but not by way of limitation, the general economic conditions and the anticipated needs of the investments relating to the Services, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims to seek to attain the goals of the Services in accordance with applicable law, rules and policies. Contractor agrees to discharge its duties with respect to the Services solely in the interest of the State.

#### **G. State Furnished Property**

Contractor shall be responsible for the security, protection, and return of all property furnished by the State of Illinois, if any, including but not limited to, items, research materials, photographs, and drawings.

#### **H. Internal Controls**

If applicable and upon request, the Contractor shall provide the Treasurer at no additional cost with a copy of the most recent Annual Report or Form 10-K of itself or its holding company, its most recent audited internal control documents, including but not limited to SOC, SSAE 16, and SSAE 18 reports, all of which shall include the attestation of the company's independent registered accounting firm regarding the company's internal control over financial reporting.

#### **I. Back-up Facilities**

Upon execution of the Agreement, the Contractor and its subcontractor(s), if applicable shall provide the Treasurer a copy of their disaster recovery plan, back-up plan, and results of the annual audit of the disaster recovery plan.

#### **J. Liability**

The Treasurer assumes no liability for the acts or omissions of the Contractor. This liability rests solely with the Contractor. The Contractor shall be liable to the Treasurer for actual and compensatory damages that are available to the Treasurer in law or remedies in equity.

**K. Indemnification**

Contractor shall indemnify and hold the Treasurer harmless from and against any and all losses, including but not limited to, any liabilities; demands; claims; lawsuits; damages; causes of action; settlements; judgments, including costs, attorneys’ and witnesses’ fees and expenses incident thereto; or fines, any of which arise out of or relate to violation of applicable law, breach of the Agreement, the negligent acts or omissions, or willful misconduct by Contractor, its employees, or agents. Contractor has a duty to select, with due diligence, all other entities that shall be necessary to implement the Agreement. Contractor shall establish and enforce reasonable procedures to assure the Treasurer of the performance by all other entities of the services necessary to implement this Agreement.

**L. Subcontractors**

The Contractor may not use subcontractors to perform the Services, unless the subcontractor is approved in advance by the Treasurer. Contractor must disclose the duties to be performed by the subcontractor. The Contractor shall obtain written approval from the Treasurer prior to adding or changing subcontractors. All approved subcontractors must fill out State Certifications and Disclosure Forms and any other documentation required by the Treasurer or State law.

**M. Record Retention and Audit**

Contractor and subcontractors, if any, shall maintain adequate books, records, and supporting documents related to the Agreement, including but not limited to those necessary to support amounts charged to the State under the Agreement, for a minimum of seven (7) years from the last action on the Agreement or after termination of the Agreement, whichever is longer. The Contractor and subcontractors agree to cooperate fully with any audit conducted by the Auditor General or the Treasurer and to provide full access to all relevant materials. If any litigation or claim involving the Agreement has been filed or any audit commenced before the expiration of the seven (7) year period, the Contractor shall maintain the records required by this Section 1) in the case of any litigation or claim, until completion of the action and resolution of all issues that arise from it or until the end of the seven (7) year period, whichever is later and 2) in the case of any audit, until completion of the audit or until the end of the seven (7) year period, whichever is later. Failure to maintain the books, records and supporting documents required by this Section shall establish a presumption in favor of the Treasurer for the recovery of any funds paid by the Treasurer under the Agreement for which adequate books, records, and supporting documentation are not available to support their purported disbursement.

**N. Confidentiality**

This Section shall survive the termination of the Agreement.

1. Confidential Information

Contractor shall be prohibited from using or disclosing information received in the course of fulfilling its obligations pursuant to the Agreement (“Confidential Information”), except in the performance of its internal responsibilities and normal functions and as directed by the Treasurer. Confidential Information includes all information but the following:

- a. Information already known or independently developed by the recipient;
- b. Information required to be released by law;

- c. Information in the public domain through no wrongful act of the recipient; and
  - d. Information received from a third party who was free to disclose it.
2. Use of Confidential Information by Employees and Agents of Contractor  
The requirement of confidentiality under this Agreement also applies to the employees and agents of the Contractor. The Contractor shall use its best efforts to ensure that its employees and agents adhere to the confidentiality requirements set forth herein. Use by and disclosure to employees and agents of Confidential Information to the extent necessary to carry out the terms and purposes of this Agreement is acceptable.
  3. Protection of Confidential Information  
Contractor represents, warrants, and covenants that it has implemented and will maintain an information security program reasonably designed to protect the Confidential Information, including customer information, which program includes administrative, technical, and physical safeguards to ensure the security and confidentiality of all customer information, to protect against anticipated threats or hazards to the security or integrity of such customer information, and to protect against unauthorized access to or use of the Confidential Information.
  4. Privacy Policy  
Contractor will comply with any applicable federal or state laws or regulations, as well as any privacy policy developed by the Treasurer. Contractor further agrees to establish, maintain, and comply with a privacy policy with respect to the Project that meets the requirements of applicable law.

#### **O. Successor and Assignment**

Each term and provision of the Agreement is binding and enforceable against and inures to the benefit of any successors of the Treasurer and any successors of Contractor, but neither the Agreement nor any of the rights or obligations under the Agreement may be transferred or assigned without the Treasurer's prior written consent of the Treasurer shall render the Agreement voidable by the Treasurer. The Treasurer may unilaterally bind any successor of the Contractor to the terms and conditions of the Agreement.

#### **P. Certifications**

The Contractor shall certify the following:

1. That the Contractor has the full legal right, power, and authority to execute and deliver the Agreement and to perform its obligations pursuant to the Agreement with no other corporate action on the part of the Contractor or its stockholders being necessary, and that the Agreement has been duly and validly executed and delivered by the Contractor, thereby constituting a legal, valid, and binding obligation of the Contractor, enforceable against the Contractor in accordance with its terms;
2. That the execution and delivery by the Contractor of the Agreement, the performance by Contractor of its duties and obligations thereunder, and the consummation of the transactions contemplated do not result in any of the following:

- a. Conflict with or result in a violation or breach of any of the terms, conditions, or provisions of the charter or by-laws of Contractor;
  - b. Conflict with or result in a violation or breach of any term or provision of (a) any law, rule, regulation, judgment, decree, order, or injunction applicable to the Contractor or any of its assets and properties or (b) any agreement binding on or affecting the Contractor or any of its properties; or
  - c. Conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under any material agreement to which the Contractor is a party, or any material obligation or responsibility which the Contractor has to any third party.
3. That there is no action, suit, investigation, or proceeding pending or, to the best knowledge of the Contractor, threatened against the Contractor before any court, arbitrator, or administrative or governmental body that might result in any material adverse change in the operations of the Contractor or which might materially and adversely affect the ability of the Contractor to perform the Services or otherwise comply with its obligations under the Agreement.

**Q. Review**

The Treasurer may conduct periodic performance reviews of the Contractor, during which its compliance with all aspects of the Agreement will be reviewed and assessed.

**R. Severability**

If any provision, or portion thereof, of the Agreement is, or becomes, invalid under any applicable statute or rule of law, it is to be deemed stricken and the rest of the Agreement shall remain in full force and effect.

**S. Access to Information**

During the term of this Agreement, and thereafter, for seven (7) years after the termination of this Agreement, the Contractor shall promptly provide the Treasurer, upon request, access to all files, records, documents, data, copies of instruments, reports, and records, and any other information maintained related to this Agreement and the Services provided pursuant to this Agreement, regardless of how that information is stored. The information shall be provided in a form acceptable to the Treasurer.

**T. Change of Law or Policy**

The Contractor shall notify the Treasurer in writing within ten (10) business days of any change or addition applicable to the Contractor in federal or state regulations or laws that would adversely affect either the terms of or the rights granted the Treasurer by the Agreement, and within five (5) business days of any legally required change in or addition to Contractor's internal operational policy that might affect the Contractor's performance of the Services, including but not limited to any policy that relates to management, maintenance, record keeping, safekeeping, custody, or subcontracting.

**U. State Certifications/Disclosures**

The Agreement shall incorporate Contractor's fully executed State Certifications and Disclosure Forms, a copy of which is attached hereto as Appendix D.

**V. No Recourse**

For any obligation or liability arising pursuant to the Agreement, no recourse may be had for such obligation or liability of the Treasurer of the State of Illinois or any employee or official of the Treasurer or the State in his or her personal or individual capacity. Contractor hereby waives all such obligations and liabilities of the Treasurer of the State of Illinois and any such employee or official.

**W. Continuation of Services**

The Contractor shall guarantee performance of the Services and agree to perform all Services in an efficient and professional manner. Notwithstanding anything to the contrary in this Agreement, the Contractor's obligations and responsibilities pursuant to this Agreement shall not be affected in the event of personnel problems, strike by employees, work stoppages, and other employee-related events. The Contractor is responsible for and shall provide commercially reasonable backup systems and shall review the adequacy of those systems with the Treasurer upon request. The prevention of such business interruption shall be the sole responsibility of the Contractor, and the Contractor shall immediately notify the Treasurer in the event such business interruption takes place. The Contractor shall be liable for any losses or damages sustained by the Treasurer due, in whole or in part, to the Contractor's failure to provide reasonable backup systems.

**X. Diversity Data**

Contractor shall respond to requests for data from the Treasurer as deemed necessary by the Treasurer to report on the Treasurer's use of diverse businesses in accordance with Section 30 of the State Treasurer Act, 15 ILCS 505. Contractor shall provide all requested data within thirty days of any request, or within a timeframe otherwise agreed upon by the Treasurer.

**Y. Sovereign Immunity**

Contractor acknowledges that the Treasurer and the State of Illinois reserve all immunities, defenses, rights, or actions arising out of their status as a sovereign state or entity, including those under the Eleventh Amendment to the United States Constitution, and that no waiver of any such immunities, defenses, rights, or actions will be implied or otherwise deemed to exist as a result of the Agreement.

**Z. Notice of Contractor Liability**

The Contractor hereby agrees to give the Treasurer notice if at any point during the term of this Agreement, Contractor or its officer(s) or principal(s), or affiliate(s) acting within the scope of their employment, become subject to a consent order, penalty or receive any other finding of fault as a result of any publicly disclosed enforcement action or other regulatory proceeding by any government entity, regulatory agency, or self-regulatory organization including but not limited to: the Securities and Exchange Commission, Financial Industry Regulatory Authority, Department of Justice (including any United States Attorneys' Office), Consumer Financial Protection Bureau, Department of Labor, U.S. Department of the Treasury, Federal Deposit Insurance Corporation, any State Attorney General, or the Federal Reserve System. The Contractor shall provide the Treasurer such notice within five (5) business days of when the Contractor knows or reasonably should have known of the consent order, penalty, or other finding of fault. The Contractor's delivery of notice pursuant to this Section or failure to provide the required notice shall give the Treasurer reason to terminate this Agreement.



**AA. Effective Notice**

Except as otherwise provided in this Agreement, all inquiries, notices, demands, consents, or other communications hereunder shall be in writing and are effective upon receipt when delivered personally, or sent by e-mail or facsimile, or seven (7) business days after being sent by registered or certified mail, postage prepaid, return receipt requested at the address listed below:

If to the Treasurer:  
JJ Hanley  
Director, Illinois ABLE  
Office of the Illinois State Treasurer  
100 W. Randolph St., Suite 15-600  
Chicago, IL 60601  
jjhanley@illinoistreasurer.gov

**With a copy to**  
Laura J. Duque  
General Counsel  
Office of the Illinois State Treasurer  
100 W. Randolph St., Suite 15-600  
Chicago, IL 60601  
lduque@illinoistreasurer.gov

If to Contractor, include:  
Name  
Title  
Company  
Address  
Address  
E-Mail Address

**BB. Separate Counterparts**

This Agreement may be executed in one or more counterparts, each of which shall be considered to be one and the same agreement, binding on all parties hereto, notwithstanding that all parties are not signatories to the same counterpart. The parties agree that a fax or electronically transmitted valid and authorized original signature shall be deemed an original provided the original copies are promptly delivered.

**CC. Entire Agreement**

All exhibits attached hereto are hereby incorporated herein. This Agreement contains the entire agreement of the parties. This Agreement may be changed only by a written amendment signed by both parties.

**APPENDIX A – NATIONAL ABLE ALLIANCE GUIDING PRINCIPLES FOR INVESTMENT  
ANALYSIS AND DUE DILIGENCE  
April 15, 2020**

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**Summary of Guiding Principles**

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This document outlines the due diligence and analytical procedures to be followed for the evaluation of current and prospective external investment fund managers utilized by the National Achieving a Better Life Experience Program Alliance (the “Consortium”) in servicing the externally managed investment program under its stewardship. The Consortium oversees the efficient and effective implementation and maintenance of the National ABLE Alliance Program (“Program”).

The Consortium is responsible for serving as a prudent, vigilant, and accountable investment steward. The Consortium holds itself to the highest investment standards, and as such, it actively seeks to utilize industry best practices for the effective analysis and evaluation of investment fund managers.

This document delineates the processes, practices, and factors by which prospective and current investment managers are evaluated by the Consortium and the Contractor(s) it hires to assist in executing investment management and advisory functions. The Contractor(s) is responsible for administrative services and investment management services.

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**Roles and Responsibilities**

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**CONSORTIUM**

The Consortium is responsible for the direction of investments and administration of the assets of the Program. As such, key roles and responsibilities include, but are not limited to:

- **Fund Manager Approval** – While the Contractor(s) shall have the responsibility and discretion to seek, recruit, screen, evaluate, and recommend funds for investment, the Consortium maintains the authority and responsibility to approve all prospective investments before an agreement with an investment fund manager has been negotiated or executed.
- **Fund Manager Termination** – While the Contractor(s) shall have the responsibility to monitor and recommend for termination funds that are failing to meet the investment objectives of the Consortium, the Consortium maintains the decision-making authority and responsibility to terminate any and all existing investment fund managers.
- **Performance Monitoring** – The Consortium will review the investment performance of each

investment fund at least quarterly.

- **Due Diligence** – The Consortium will participate in investment fund manager due diligence meetings with each investment fund manager in coordination with the Contractor(s) retained to assist in program management.

### **CONTRACTOR(S)**

The Consortium may contract external vendors (“Contractor(s)”) to perform administrative services and investment management services, as authorized by applicable state law and the investment policies of the Consortium. Accordingly, Contractors will be responsible for a number of important investment management duties, including, but not limited to:

- **Identification and Evaluation of Investment Funds** – The Contractor(s) will advise and provide fund recommendations to the Consortium.
- **Due Diligence** – The Contractor(s) are responsible for investment fund manager due diligence, including, but not limited to, research, financial analysis, and legal, accounting, and background investigations of fund managers. The Contractor will undergo due diligence activities in coordination with the Consortium.
- **Fund Monitoring** – The Contractor(s) are responsible for monitoring the performance of investment funds, enforcing Watch List Procedures, tracking the diversification of invested assets and the amounts invested by recipient funds, and facilitating and reconciling all reporting and accounting requirements of recipient funds and the Consortium.
- **Fee Monitoring** - The Contractor(s) are responsible for conducting a fee study at least annually to assess the fees charged by external managers.
- **Benchmarking** – The Contractor(s) are responsible for establishing applicable investment benchmarks, measuring the performance of recipient funds against said benchmarks, and reviewing benchmarks at a minimum on an annual basis to ensure accuracy and relevance.
- **Quarterly Meetings** – The Consortium and the Contractor(s) shall meet at least quarterly to review fund performance as compared to applicable benchmarks and peer-group performance.
- **Reporting** – The Contractor(s) are chiefly responsible for administering all pertinent reporting requirements and recordkeeping duties as set out in its contract

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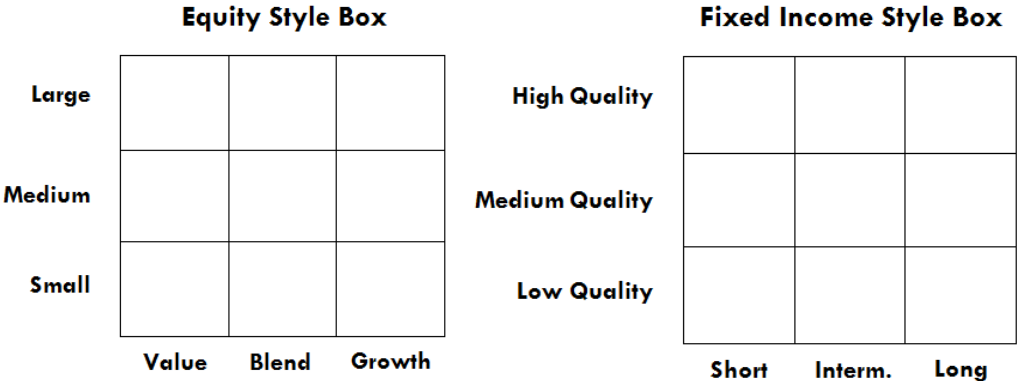
### **Evaluating Prospective Investment Managers**

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Prospective investment managers are evaluated using quantitative and qualitative criteria that align with the analysis, due diligence, and risk management responsibilities derived from the Investment Policy of the Consortium. The due diligence process of the Consortium addresses the quantitative data, which is why this document often refers to a “minimum due diligence process.”

Selected asset classes must be consistent with the portfolio’s time horizon and risk and return objectives as well as with implementation and monitoring constraints. Decisions regarding investment strategies and types of investments are documented and made in accordance with fiduciary obligations of care.

The Equity and Fixed Income Style Boxes below may be utilized by the Consortium in identifying investment fund managers based on fit within the Program’s asset allocation. Style boxes provide a visual representation of the equity and fixed income investment categories.



As the market for index investing has grown rapidly (as evidenced by total assets under management and the vast number and variety of index funds/strategies), it is important to note that index funds are not exempt from the due diligence process. Each index vehicle goes through the same screenings in regard to qualitative and quantitative analysis before being selected as an investment manager.

**MANAGER SELECTION CRITERIA**

To be eligible for consideration, investment fund managers must first satisfy basic manager selection criteria. Eligible investment options must be managed by one of the following entities:

- **National Banking Institution** – Defined as a commercial bank with a charter approved by the U.S. Office of the Comptroller of the Currency (OCC). A national banking institution functions as a member bank of the U.S. Federal Reserve in the capacity of being an investing member of its district Federal Reserve Bank. These banks may facilitate the auction process of U.S. Treasury bonds and must be members of the Federal Deposit Insurance Corporation (FDIC).
- **Registered Investment Advisor** – Defined as any person or firm that for compensation; is engaged in the business of; providing advice, making recommendations, issuing reports, or furnishing analyses on securities, either directly or through publications. A person or firm must

satisfy all these elements in order to be registered under the U.S. Investment Advisers Act of 1940.

- **Registered Investment Company** – Defined as an issuer which (a) is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities; (b) is engaged or proposes to engage in the business of issuing face-amount certificates of the installment type, or has been engaged in such business and has any such certificate outstanding; or (c) is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities, and owns or proposes to acquire investment securities. The Consortium will only retain registered investment companies that offer pooled investment vehicles that comply with the Investment Act of 1940 for externally managed programs, including the following pooled investment vehicles:
  - **Mutual Funds** – An open-ended investment company that is registered with the U.S. Securities and Exchange Commission. These funds pool money from its shareholders, invest in a portfolio of securities, and continuously offer to sell or redeem shares to the public. The company’s portfolio is managed by professional investment advisors to meet specific investment objectives.
  - **Index Funds** – Investment funds that are passively managed strategies that replicate the risk and return characteristics of a respective benchmark.
  - **Exchange-Traded Funds** – Exchange-Traded Funds (ETF) trade on a reputable exchange in the secondary market. Most ETF’s track a particular broad market or style-based index and are considered passively managed products.

## **QUALITATIVE FACTORS**

The Consortium evaluates each prospective investment fund manager by a number of key qualitative factors. These factors are considered during a risk assessment of each prospective investment fund manager performed by the Consortium in coordination with its Contractor(s). The purpose is to identify and estimate the types and levels of risks posed to the Consortium and its account holders by the potential selection of the investment fund manager. Key qualitative factors include:

- **Stability of the Organization** – The investment fund manager or management team associated with the perspective strategy should be in place for a minimum of three years. The Consortium and its Contractor(s) will also consider whether there is previous and/or pending litigation against the firm, applicable regulatory enforcement actions, internal management struggles, recent changes in ownership, a rapid growth or loss of assets under management, other reputational risks, or a combination thereof. Also reviewed is the adequacy of internal controls, trading practices and efficiency, processes, and systems, including segregation of duties throughout the investment management team.
- **Track Record** – The track record of the investment management team shall be assessed based upon inception date of the product(s). To qualify, investment products must have been in

existence for at least three years. Modern portfolio theory measures (i.e. Alpha, Sharpe Ratio and Standard Deviation) require a minimum of three years of data before a meaningful calculation can be made. An exception to this requirement would be suitable for an investment vehicle that is realizing a new share class, such as an institutional share class. In such a case, the use of the inception date of the original share class will be reviewed if it possesses a track record of at least three years.

- **Investment Philosophy** – The Consortium and its Contractor(s) will consider the overall set of principles or strategies that guide the investment fund manager’s security selection. A prospective manager should show no deviation from their written investment philosophy at any point during multiple market cycles. The investment fund manager’s philosophy should maintain an element of risk aversion as well as taking into consideration global as well as domestic perspectives.
- **Investment Process** – An investment fund manager’s investment process should be well-defined and methodical in its approach to analyzing and selecting securities for its portfolio as well as evaluating market sentiments and benchmark performance. A well-defined investment process contributes to a consistent methodology for constructing an optimal portfolio.
- **Portfolio Construction** – An investment fund manager’s portfolio should consist of securities from the broad asset class associated with the product’s peer group. This allows the Consortium and its Contractor(s) to obtain information about the overall investment strategy. The portfolio composition should align with what the investment fund manager has outlined in its prospectus and investment policy statement.
- **Style Consistency** – The style drift of the investment fund manager will be assessed. Style drift is defined as the divergence of a fund from its stated investment style or objective. An investment fund manager’s investment style is defined as a natural grouping of investment disciplines that have a degree of predictive power in explaining the future dispersion in returns across portfolios. The investment fund manager should be able to demonstrate minimum style drift over the given period. The Consortium and its Contractor(s) evaluate a prospective investment fund manager’s style drift over a three- and five-year period based on but not limited to Holdings Based Style Analysis and Returns Based Style Analysis.
  - *Holdings Based Style Analysis* – Determines the investment style of a portfolio by utilizing a bottom-up approach in examining the characteristics of the individual securities in the portfolio. The individual securities are ranked based on their characteristics which are then used to identify the investment style of the portfolio.
  - *Returns Based Style Analysis* – Is a top-down approach that involves estimating a portfolio’s sensitivities to security market indexes representing a range of distinct factors. This analysis should identify the important drivers of return and risk factors for the period analyzed and can be estimated even for complicated strategies. In addition, the process is comparable across managers and through time, and the use of returns data provides an objective style check that is not subject to window dressing. Window

“window dressing” is the act of selling securities near the end of the reporting period that have amassed significant losses and purchasing securities that have significant gains within the period in order to appear that the recently purchased securities have been amongst the fund’s holdings throughout the reporting period.

- **Risk Management** – The Consortium evaluates an investment fund manager’s ability to identify, assess, and prioritize risks. Furthermore, the Consortium evaluates how a Manager deploys its resources to minimize, monitor, and contain the potential impact of adverse events or maximize the realization of opportunities. Evaluating an investment fund manager’s risk management process helps ensure that uncertainty is properly accounted for within the investment fund manager’s investment strategy.
- **Operating Procedures** – The investment fund manager or the organization associated with the perspective strategy should have in place a clearly defined and documented standard operating procedure. The operating procedure should consist of sound policies with regards to risk governance, identification, measurement, and adjustment.
- **Integration of Sustainability Factors** – The Consortium and its Contractor(s) may consider whether and to what extent a prospective manager integrates sustainability risk factors into its portfolio construction and management processes. Prudent integration of material sustainability factors, including, but not limited to (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and innovation factors will allow the Consortium to fulfill its fiduciary duties of financial prudence in keeping with industry best practices. These factors may be considered as components of portfolio construction, investment decision-making, investment analysis, due diligence, prospective value proposition, risk management, and investment ownership, given that these tangible and intangible factors may have material and relevant financial impacts.

Sustainability factors may be implemented within investment manager due diligence predicated on the following:

- Sustainability factors may be implemented within a framework predicated on the integration of material sustainability factors, including, but not limited to (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and innovation, as components of portfolio construction, investment decision-making, investment analysis and due diligence, prospective value proposition, risk management, and investment ownership, given that these tangible and intangible factors may have material and relevant financial impacts.

- Attentive oversight of investment holdings to address sustainability risks and opportunities through direct engagement with entities, such as investment funds, portfolio companies, government bodies, and other organizations.
- Consideration of other relevant factors such as legal, regulatory, and reputational risks that enable an optimal risk management framework and supports long-term investment value.

## **QUANTITATIVE FACTORS**

In addition to qualitative factors, the Consortium and its Contractor(s) evaluate each prospective investment fund manager by a number of quantitative factors to determine suitability. The purpose is to identify and estimate the types and levels of risks posed to the Consortium and its account holders by the potential selection of the investment fund manager. Quantitative factors include:

- **Assets Under Management** –A minimum of at least \$75 million under its management across all asset and sub-asset classes. This criterion may require additional analysis for mutual funds when there is more than one share class (i.e. Class A, Class F, etc.). In such a situation, it is reasonable to add up assets across each share class within the fund to determine whether the \$75 million threshold has been obtained.

The Consortium prefers prospective funds that have been able to gain assets at a steady pace, considering market environments over a full market cycle.

- **Expense Ratio** – The annual fee that all investment fund managers charge participants shall be within the 75<sup>th</sup> percentile in terms of cost. The net expense ratio is expressed as a percentage of assets deducted each fiscal year for fund expenses, 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs. In all cases, the Consortium desires the lowest cost share class, which at times, may be the institutional share class offered by a mutual fund.
- **Risk-Adjusted Performance** – One-, three-, and five-year performance in addition to calendar year performance of investment managers is evaluated. The Consortium and its Contractor(s) shall seek performance numbers that exhibit outperformance or alignment with the appropriate benchmark or category peer funds for the applicable asset class. The Consortium will also evaluate the investment fund manager’s transparency in terms of risk management.

Risk-adjusted ratios are taken into consideration as well:

- **Alpha** – The return on an asset should exceed the asset’s required rate of return or the risk-adjusted return should outperform or equal the product’s peer group on a trailing three-year basis.



- **Sharpe Ratio** – An investment fund manager’s Sharpe Ratio should be evaluated against category peers. The investment fund manager should possess a Sharpe Ratio that exceeds or equals that of category peers.
- **Information Ratio** – The Information Ratio of an investment fund manager will be used to measure and evaluate the skill of the manager in exceeding the benchmarks return. The investment fund manager’s Information Ratio will be compared to that of its peers.
- **Sortino Ratio** – The investment fund manager’s Sortino Ratio will be used to measure the efficiency in which an investment fund manager generates returns by measuring the investment fund manager’s return compared to the downside standard deviation of the investment fund’s returns.
- **Performance Relative to Peers** – The Consortium and its Contractor(s) shall consider the rolling performance of the investment product on a one-, three-, and five-year basis. The performance comparison should be made against the median return of the investment fund manager’s peer group (i.e. a Large Cap Value manager will be measured against peer Large Cap Value managers).
- **Percentile/Quartile Rankings** – In addition to one-, three-, and five-year risk-adjusted performance, the Consortium evaluates percentile/quartile rankings, which compare investment fund managers against their category peers. Quartile rankings are evaluated from third-party service providers including, but not limited to, Morningstar rankings, Preqin rankings, InvestorForce, and eVestment.
- **Third-Party Evaluations** – Other third-party evaluations are also considered in the due diligence process. Third-party evaluations and ratings include independent research on investment fund managers performed by a third-party. The evaluations and ratings compare investment fund managers against category peers as well as relative performance benchmarks. Third-party evaluations and ratings that are considered include, but are not limited to, the Morningstar Medalist and Star Ratings for funds, Morningstar firm stewardship grades, Lipper ratings, or other well-recognized third-party rankings.
- **Beta** – The Consortium and its Contractor(s) will consider the product’s sensitivity to market movements by analyzing the Beta. The product’s Beta figure should be consistent with the applicable peer group based on the investment style of the investment fund manager.
- **Standard Deviation** – Managers should exhibit similar standard deviation measures as compared to category peer groups. As it is the goal of the Consortium to limit volatility in investment returns throughout a market cycle, the investment fund manager shall exhibit the ability to maintain a consistent standard deviation over a three to five-year period.

## **HIERARCHY OF DECISIONS**

The Consortium utilizes a specific hierarchy of decision factors to assess the suitability of investment fund managers and investment products. The sequence follows as such:

- 1. Time Horizon** – First, the Consortium and its Contractor(s) consider the investment time period that is sought to achieve the expected return. This factor is fundamental in determining what investment fund managers and products are appropriate for a given program.
- 2. Appropriate Level of Risk/Return** – With a longer investment period, a higher investment return is expected (as the risk level is generally higher for long-term investments). Alternatively, with a shorter the investment time horizon, a smaller return is expected (as there is generally less risk posed).
- 3. Asset Class** – The Consortium and its Contractor(s) shall consider the need to diversify investments across asset classes.
- 4. Correlation Among Asset Classes** – Asset allocation drives the majority of returns in a given portfolio. When taking this into consideration, the Consortium and its Contractor(s) strive to diversify investments across all traditional asset classes.
- 5. Additional Relevant and Financially Material Factors** – Consideration of other relevant factors such as legal, regulatory, and reputational risks that contribute to an optimal risk management framework and are necessary to create long-term investment value.
- 6. Sub-Asset Classes** – Once an investment strategy is determined and an asset allocation is selected by the Consortium, sub-asset classes are then considered for their suitability within a portfolio.
- 7. Managers/Funds** – Once an investment strategy, risk tolerance, and asset allocation are determined, the screening and selection of investment fund managers and products is executed in an effort to build an optimal portfolio.
- 8. Sustainability Rating** – If a sustainability rating or track record is available, the Consortium may consider this information in its decision-making process in order to optimize the portfolio for long-term returns.

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## **Monitoring Current Investment Fund Managers**

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Once an investment fund manager has been selected and incorporated into the Program under the stewardship of the Consortium, the Consortium and its Contractor(s) will regularly review the investment fund managers to ensure conformance with the investment and risk management objectives of the Consortium.

### **PERFORMANCE**

- **Review Frequency** – The Consortium, in coordination with the External Investment Consultant, will review each fund’s performance on a monthly, quarterly, and annual basis.
- **Benchmark** – The performance of each investment product shall be compared to an appropriate index, peer group, and other performance-related measure as defined in the appropriate Investment Policy Statement. The performance of each investment fund manager is to be compared against the following:
  1. An appropriate “best fit” index or a blended benchmark option;
  2. The average performance of all investment fund managers in the peer group of similar type managers; and/or
  3. The performance objectives that have been established in the appropriate Investment Policy Statement of the Consortium.

### **REPORTING**

The Contractor(s) are responsible for administering all pertinent reporting duties on a monthly, quarterly, and annual basis and supplying the Consortium with monthly reports detailing underlying investment fund performance for the prior month period.

#### **Monthly Reporting – Contractor(s)**

The Contractor(s) are responsible for supplying the Consortium with monthly reports detailing the investment performance of the products in the pertinent externally managed program. The monthly reports contain fund information as well as monthly and year-to-date performance.

#### **Quarterly Reporting – Contractor(s)**

The Contractor(s) are responsible for supplying the Consortium with quarterly reports that represent a compilation of information obtained from individual Managers as well as information from the Contractor(s)’ internal investment team including but not limited to, a breakdown of fund assets, fund performance with updated monthly, quarterly, trailing 12-month, one-year, three-year, five-year, and since inception numbers, program developments, underlying fee schedules, industry landscape

updates, and portfolio characteristics. Also, the tracking error of a manager's strategy is taken into consideration when monitoring funds on an ongoing basis. The following characteristics are requested for each asset class:

- **Fixed Income Funds** – The following portfolio characteristics are reported as compared to the product's given benchmark include the following, but are not limited to:
  - Yield to maturity
  - Average effective maturity
  - Average duration
  - Average quality
  - Sector exposure
  - Portfolio maturity breakdown
  - Regional breakdown
  - Risk-adjusted returns
  - Performance attribution table
  - Maximum Drawdown
  
- **Equity Funds** – The following portfolio characteristics are reported as compared to the product's given benchmark include the following, but are not limited to:
  - Number of holdings
  - Weighted average market capitalization
  - Median market capitalization
  - Price to earnings
  - Price to book
  - Price to sales
  - Return on equity
  - Beta
  - Alpha
  - Turnover
  - Standard Deviation
  - R-squared
  - Performance attribution table
  - Five-year style drift

## **DUE DILIGENCE MEETINGS**

Due diligence meetings are necessary to enhance program integrity and further mitigate investment, operational, and reputational risks. The meetings provide a forum by which the Consortium can examine the operations, processes, and management systems of Contractor(s) and individual investment fund managers to ensure alignment with contractual terms and investment objectives.

- **Meeting Frequency** – The Consortium conducts investment due diligence meetings with Contractor(s), as well as the individual investment fund managers, on a quarterly basis.
- **Meeting Venue** – Due diligence meetings may occur in-person or via conference call though for Contractor(s), the Consortium is required to hold at least one due diligence meeting per year onsite at the Contractor(s)' headquarters. Investment fund managers may be invited to attend as part of the due diligence.
- **Annual Fee Review** – On an annual basis, the Consortium, with the assistance of the Contractor(s), will conduct a review of all current investment fund managers to assess management fees. Investment manager fees should be competitive as compared to their category peer group. When available, the Consortium shall seek to utilize separately managed accounts and or an institutional share class options when available. The utilization of separately managed accounts and institutional (including R6) share class options for underlying funds often contributes to reduced costs.

## **MONTHLY REVIEWS**

The Consortium will conduct a performance review of all Managers on a monthly basis. This monitoring process enables the Consortium to evaluate the Manager performance and alignment with investment objectives.

On a monthly basis, the Consortium will review the investment performance of Managers to ensure there is no substantial underperformance or material changes to strategy. In the case of the discovery of substantial underperformance or notable style drift, the Consortium retains the right to contact Managers to discuss drivers for underperformance and the outlook for the investment product. After reviewing the monthly report from the Contractor(s), the Consortium shall create a monthly report detailing investment performance as well as changes in market values of the program. This monthly report is created regardless of any underperformance or material changes. The report is utilized for ongoing due diligence.

## **QUARTERLY REVIEWS**

Investment managers are reviewed on a scheduled quarterly basis by the Consortium as well. The quarterly report features a review and recommendation as prepared by members of the Consortium. The recommendation consists of an analysis of the fund's performance, portfolio characteristics, fund

updates, sustainability risk considerations, and any fund developments that occurred within the quarter including, but not limited to, personnel turnover, noticeable redemptions or flows, and parent company announcements. The fund’s status can either remain unchanged, or if applicable, the fund may be put on the Watch List of the Consortium for ongoing monitoring.

**ANNUAL REVIEWS**

This report features a review and recommendation as prepared by members of the Consortium. The recommendation consists of an analysis of the fund’s performance, portfolio characteristics, fund updates, sustainability risk considerations, and any fund developments that occurred within the year including, but not limited to, personnel turnover, noticeable redemptions or flows, and parent company announcements. The fund’s status can either remain unchanged, or if applicable, the fund may be put on the Watch List of the Consortium for ongoing monitoring.

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**Watch List Procedures**

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On a quarterly basis, the Consortium shall review investment fund managers across all externally managed investment programs. The Consortium may designate each investment fund manager as either “In Compliance” or “On Alert.” In the event that an investment manager is put “On Alert,” the manager will be placed on the Watch List.

**“IN COMPLIANCE”**

Managers will be designated “In Compliance” if the investment fund manager acts in accordance with the Consortium investment guidelines and policies as identified by the Investment Policy of the Program.

**“ON ALERT”**

If the Consortium and/or Contractor(s) remain concerned with a manager within the Programs, the Consortium may change the manager’s status from “In Compliance” to a status of “On Alert.” The investment fund manager’s failure to improve the Watch List factor(s) at issue within a given time frame (contingent on the factor(s)) justifies a possible termination from the Program. If an investment fund manager’s status is changed to “On Alert,” the Consortium will promptly notify the investment fund manager in writing.

## **WATCH LIST FACTORS**

The Consortium may place an investment fund manager on the Watch List under any one or combination of the following conditions:

- Tracking error falls below or above the median for the peer group over a one-, three-, or five-year cumulative period.
- Performance falls below median for the peer group over a one-, three-, or five-year cumulative period.
- The manager's assets under management in the given product under the program fall under \$75 million.
- Excessive out-flows/drawdowns from the given product as determined by the Consortium.
- The percentage of securities within the broad asset class falls below 80%.
- Indications of signification style drift as compared to the assigned benchmark.
- Change in the investment management style or philosophy for which the Manager is retained.
- Any regulatory or liability issue affecting the organization, (i.e. SEC regulation rulings against a Manager). This includes any issues that may arise on the parent or product level.
- Any significant change in the organizational structure of the product's management team including, but not limited to, change in portfolio management team and staff turnover within the investment team.
- The manager's three-year risk adjusted return falls below the peer group's median rate.
- Sub-optimal investment risk characteristics, including but not limited to Alpha, Beta, Sharpe ratio, Information ratio, and tracking error as compared to the assigned benchmark over a given period.
- Increased or unexpected volatility in terms of standard deviation when compared to peers and the benchmark.
- Violation of any statutory or contractual requirements defined by the Investment Policy Statement.
- A decrease in the level of service provided by the manager including, but not limited to, quality of responses to requests for information, quality of reports, and overall communication between the Consortium and/or the Contractor(s) and the manager.
- A flagrant instance of non-compliance with respect to sustainability risk factors or best practices that may pose a risk to the performance or suitability of the fund.
- Any extraordinary event occurs that may interfere with the manager's ability to fulfill its duties and responsibilities.

## **NOTIFICATION**

No longer than five business days after an investment fund manager has been placed on the Watch List, the Consortium shall send a written notification to the Contractor(s) that informs them of the manager's change in status and requests additional information, including, but not limited to:

- Detailed performance attribution for the trailing five-year period;
- Explanation of the challenges and shortcomings the strategy has faced over the given time period;
- Summary of current portfolio position and market catalysts expected to improve the fund performance; and
- A brief explanation discussing short-term and long-term performance expectations in the current market environment.

## **MONITORING MANAGERS ON WATCH LIST**

Regardless of the reason for the placement on the Watch List, the investment fund manager shall remain on the Watch List for a minimum of four quarters. Four quarters gives the investment fund manager a full market cycle to improve performance. It also provides sufficient time for management/structural changes to be incorporated into the strategy. After four quarters has elapsed, with the assistance of the Contractor(s), the Consortium may conduct a search within the asset class in which the assigned investment fund manager invests to assess peer managers if the Consortium has not seen significant improvement from the investment fund manager. The assessment will include analyzing both qualitative as well as quantitative data to consider to possibly replace or to retain the manager in the current investment lineup. If the investment fund manager is retained, the manager shall be monitored on a quarterly basis and reevaluated for the possibility of removal from the Watch List.

## **TERMINATION**

If the investment fund manager fails to remedy or alleviate the issue(s) that led to its placement on the Watch List within a timeframe determined by the Consortium, the Consortium has the discretion to terminate the manager. If the Consortium decides to terminate the investment fund manager, the Consortium will promptly notify the investment fund manager in writing and will immediately begin coordinating transition management planning.



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## **Outline for Addition/Replacement of an Investment Fund Manager**

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Once it is determined by the Consortium, in collaboration with the Contractor(s), to replace a current Manager or to add an additional Manager to the current investment lineup, the Consortium may use the steps outlined below as a guide.

### **CONDUCTING A MANAGER SEARCH**

The Consortium alongside the External Investment Consultant, and the Contractor(s) must conduct a search to identify, at minimum, five (5) potential investment fund managers as viable replacements or additions to the investment lineup. The Consortium and the Contractor(s) must utilize characteristics detailed in this document to identify potential managers, specifically the Evaluating Prospective Investment Fund Manager section.

After initial screening is complete the Consortium will collaborate with the Contractor(s) to discuss top candidates. The team will then request 3-4 investment manager firms to participate in the next steps of the investment fund manager search.

### **FINALIST PRESENTATIONS**

Once the finalists have been chosen, the Consortium, alongside its External Investment Consultant and Contractor(s), will conduct finalist interviews with the selected investment fund managers. These interviews may be held in person or via conference call. During the interviews the Consortium's goal is to obtain insights pertaining to, but not limited to, the investment fund managers:

- Senior Investment Team;
- Investment Strategy/Philosophy;
- Risk-Adjusted Performance
- Portfolio Positioning and;
- Sustainability factor integration in security selection

### **MANAGER RECOMMENDATION AND SELECTION**

Once the Consortium and the Contractor(s) have evaluated the finalists, the Investment Policy Subcommittee will draft a memo that outlines the genesis of the search and include the thesis for recommending an investment manager for selection. The Consortium will review the memo and vote to implement the recommendation. If there is simple majority consensus, the Consortium and the Contractor(s) will then begin the implementation of the recommendation.

## APPENDIX B – NATIONAL ABLE ALLIANCE INVESTMENT POLICY STATEMENT

April 15, 2020

### 1.0 Statement of Purpose

The purpose of this Investment Policy Statement (the “Policy”) is to assist contractors retained by the National Achieving a Better Life Experience (“ABLE”) Alliance (the “Consortium”) to provide services related to the management of the ABLE account assets of the owners and beneficiaries of an ABLE account (“Account Owners”), within the Consortium and to assist the Consortium in evaluating the performance of such contractors by:

- Describing the Consortium’s investment philosophy and objectives;
- Providing general guidelines for the investment of assets;
- Describing the roles and responsibilities of employees or contractors and the process of evaluating the performance of employees or contractors that provide investment management services to the Consortium; and
- Specifying the roles and responsibilities of the Consortium and any contractors that provide investment management services to the Consortium.

The Consortium oversees the management and operations of the National ABLE Alliance Program (“Program”).

This is the official Policy of the Consortium, and deviation from this Policy is not permitted without prior approval from the Consortium.

If a member state is restricted from participating or abiding by any portion of the Policy due to applicable individual state law, the member state is responsible for adding, and updating its addendum to the Policy (Exhibit E). The addendum shall include a reference to the applicable state law in conjunction with the section of the Policy that is restricted. Each member state is responsible for ensuring that abiding by any portion of the Policy is not restricted or prohibited within its individual state statutes.

### 2.0 Establishment and Authority of Consortium

The federal 2014 Stephen Beck, Jr. Achieving a Better Life Experience Act (ABLE Act) authorized states to pass enabling legislation to offer tax-favored ABLE plans to people with disabilities. The Consortium was established by an Interstate Agreement dated January 15, 2016 and amended thereafter, to allow its member states to work together to achieve efficiencies and economies of scale by adopting common ABLE Program (Program) elements through a single program manager, and to oversee the efficient and effective implementation and maintenance of the Program.

ABLE accounts encourage and assist individuals and families in saving private funds for the purpose of supporting persons with disabilities in endeavors to maintain health, independence, and quality of life. ABLE accounts provide secure funding for disability-related expenses for Account Owners that will supplement, but not supplant, benefits provided through private insurance, federal and State medical and disability insurance, the Account Owner's employment, and other sources.

### **3.0 Investment Philosophy**

The Consortium has adopted the goal of providing a broad array of investment options to meet the needs of a diverse set of Account Owners. Account Owner time horizons and risk tolerances vary, so a diverse set of Allocation Driven Portfolios (“Portfolios”) ranging from conservative to aggressive is appropriate. In order to achieve the Consortium’s investment objectives, Portfolios shall be diversified to minimize the risk of loss through the utilization of various asset classes. While some asset classes may experience short-term and intermediate-term volatility, their long-term return assumptions justify their inclusion. A long-term focus on investment results as well as prudent diversification across public security markets will be the primary risk control mechanisms.

In its investment strategy, the Consortium has relied on prevailing financial theory, which currently utilizes a long-term diversified asset allocation strategy. A prudently allocated investment program possesses a significant level of diversification, which produces risk reduction. In terms of impact, diversification shall be considered along the following lines: (1) asset classes (stocks, bonds, cash, etc.); (2) geography/country; (3) industry; and (4) maturity.

Account Owners’ contributions will be directed to one or more of the available Portfolios based on the investment selections made by the Account Owners. Each Portfolio is composed of a designated mix of investments funds. The determination of the investment parameters of each Portfolio shall be made by the Consortium and shall consider the financial characteristics of the investments in the Program. The investment parameters will also give due consideration to the fact that the investment horizon for Account Owners will vary from a few months to over 25 years.

The Consortium will review the investment performance of each Portfolio at least quarterly and shall review this Policy at least annually.

The holdings of the Program and the Portfolios are divided into the following broad asset categories:

- Short-Term Investments
- Domestic Fixed Income Investments
- International Fixed Income Investments
- Domestic Equity Investments
- International Equity Investments
- Public Real Estate Investments

The Consortium will establish reasonable Target Portfolio Objectives for each Portfolio, specifying, where applicable, limits on asset and asset class exposures, risk constraints, and investment return objectives. While the investment parameters offered under the Program are developed by the Consortium, Account Owners bear the risk of investment results.

The administration and offering of the Program should not be relied upon as a guarantee to Account Owners. Each Account Owner should seek appropriate advice as he or she deems necessary.

#### **4.0 Checking Account Option**

The Program has included the option of a short-term investment vehicle in the form of a Demand Deposit Account (the “Checking Account Option”) for Account Owners. The Checking Account Option will be an FDIC-Insured bank account whose primary objective is the preservation and safety of the principal and the provision of a stable and low-risk rate of return. This option allows Account Owners the ability to execute recurring transactions with greater ease.

The Checking Account Option Provider will provide monthly account statements following any month in which an account utilizing the Checking Account Option had financial activity. All account statements shall be sent to the respective Account Owner and any authorized agents and may be sent by U.S. postal mail and/or provided via website access electronic delivery, as specified by the Account Owner.

#### **5.0 Investment Objectives**

The overall Program’s investment options and, as applicable, the Portfolios provided to Account Owners shall seek to achieve the following long-term investment objectives:

- A long-term competitive rate of return on investments that is equal to or exceeds a return of the applicable benchmarks shown in Exhibit D hereof; and
- An investment program flexible enough to meet the needs of Account Owners based upon their investment objectives and which provides each individual with the ability to invest in a diversified portfolio to meet his or her long-term investment goals.

#### **6.0 Investment Guidelines**

The Program’s investment options will be governed by a set of investment guidelines consistent with the investment objectives for the Program. The current guidelines are attached as Exhibit A. These guidelines may be modified from time to time by the Consortium to best meet the needs of ABLE Account Owners.

#### **7.0 Roles and Responsibilities**

##### **The Consortium**

The Consortium is responsible for the investments held within the Program and available for selection by Account Owners. This includes investment plan design, model portfolio construction, investment manager selection, ongoing monitoring and, as needed, investment manager replacement.

The Consortium shall have an Investment Policy Sub-Committee (“IPSC”) to facilitate the oversight duties of the Consortium as described in this Policy and the NAA Guiding Principles for Investment Analysis and Due Diligence (the “Guiding Principles,” attached hereto as Exhibit E). The IPSC shall not act independently, but rather bring recommendations to the Consortium for final approval and decision making. Each member state may choose to participate in the IPSC. The lead member of the IPSC shall be a representative of the facilitating state (currently Illinois).

The IPSC will meet on an as-needed basis and will ensure that the Consortium completes its oversight duties as outlined in the Guiding Principles.

### **The Contractor and Investment Advisor**

The Consortium may engage and rely upon a contractor for administrative services and investment management services (the “Contractor”). Among the responsibilities of the Contractor are the implementation of the investment strategy outlined in this Policy and the rebalancing of the Portfolios when market movement and/or cash flows cause an asset class to be outside its policy allocation bands. With the Consortium’s approval, the Contractor may retain an investment advisor to provide it with portfolio design, due diligence, and ongoing monitoring services with respect to the Portfolios and the implementation of the investment strategy outlined in this Policy. The Consortium and the Contractor shall meet quarterly to review portfolio performance as compared to the applicable benchmarks and peer group performance.

In managing the investments of the Portfolios, the Contractor will act:

- With the skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like objectives; and
- For the sole benefit of the Program’s beneficiaries.

### **Investment Consultant**

The Consortium may utilize an external investment consultant for investment advisory services in the fulfillment of its oversight responsibilities. In doing so, the external investment consultant will independently:

- Measure investment performance results, evaluate the investment program, and advise the Consortium as to the performance and continuing appropriateness of each investment manager;
- Monitor investments for fee competitiveness and inform the Consortium on optimal fund structures to minimize fees;
- Conduct an annual review of the investment policies, objectives, guidelines, or management structure;
- Recommend modifications to the investment policies, objectives, guidelines, or management structure as appropriate; and
- Promptly inform the Consortium regarding significant matters pertaining to the investment program.

## **8.0 Guiding Principles for Investment Analysis and Due Diligence**

The performance of external investment managers and Contractors will be governed and monitored by the Guiding Principles. The Guiding Principles may be modified as needed by the Consortium to best adhere to industry best practices.

## **Investment Policy Statement Exhibit A Investment Guidelines**

The investment options shall be constructed and administered to comply with the following guidelines:

**A. Simplicity** – The Program’s Investment Portfolios and underlying asset allocations shall be constructed and administered in a manner that provides a range of clear, easily understood options, defined in terms of expected risk/return, in order to encourage participation and provide opportunities for investment returns for Account Owners. Furthermore, the Program shall be designed and administered in a manner that promotes full transparency of fees and investments.

**B. Low Cost** – The Program’s investment options shall be constructed and administered in a manner that is designed to minimize investment fees to Account Owners, while still providing value to Account Owners and meeting the investment option’s risk and return objectives. The lowest cost index-based investment funds should be viewed as the default standard in evaluating investment management fees.

**C. Investment Horizons and Risk Tolerances** – The Program’s investment options shall account for a diversity of time horizons (e.g., short-term, long-term) and risk tolerances (e.g., aggressive, moderate, conservative) among Account Owners. Portfolios shall also be constructed in a manner that accounts for investment time horizons and risk tolerances through the utilization including but not limited to, pre-mixed dynamic portfolios, static portfolios with varying target allocations, and the Checking Account Option.

**D. Open Architecture** – The Program’s investment framework shall utilize an open architecture plan design which allows the use of investment options and managers that are not proprietary to the Contractor. The open architecture design shall offer Account Owners benefits such as access to best in class managers, increased flexibility when choosing underlying strategies, and the ability to obtain the lowest fees for underlying investment funds.

**E. Non-Proprietary Products** – The Program’s investment options shall consist of non-proprietary funds. The non-proprietary funds shall be issued and managed by firms that are not affiliated with the Contractor, the Contractor’s investment advisor (if any), or the Consortium’s investment consultant (if any).

**F. Passive versus Active Funds** – The Program’s investment options shall consist of passively managed strategies that replicate the risk and return characteristics of their respective benchmarks. In asset classes where passively managed strategies are not prevalent or in asset classes that are deemed to be inefficient, actively managed strategies may be used.

**G. Investment Policy Statement** – The Consortium shall create an Investment Policy Statement that governs the Program’s investment options, which may include asset allocations, glide paths underlying investment funds, and each investment option’s corresponding benchmark. The Consortium shall conduct a review of the Investment Policy Statement at least annually. The Contractor, investment advisor, and the Consortium shall provide each other suggested changes to the Program’s asset allocation strategy, associated glide paths, investment options, and the underlying investment funds in accordance with industry standards and best practices.

**H. Investment Performance Report** – The Contractor shall analyze the performance of the Program’s investment options by comparing their performance to the benchmarks set forth in the Investment Policy Statement.

**I. Revenue Sharing Funds** – The Program shall not utilize any underlying investment funds in an investment option that are considered “revenue sharing funds” (i.e. 12-b) as an investment vehicle.

**J. Separate Accounts/Institutional Share Class Options** – When available and cost-effective, the Program shall utilize separately managed accounts and/or a lowest available share class option (*i.e.*, institutional share class and/or separately managed accounts).

**K. Manager Flexibility** – The Program’s investment framework shall provide the Consortium with the ability to replace existing managers for reasons including, but not limited to, underperformance or investment team personnel turnover.

**L. Annual Benchmark Review** – Annually the Consortium shall determine the impact a potential benchmark’s performance has on an investment and assess whether the assigned benchmark is an accurate representation of market performance.

**M. Annual Asset Allocation Review** – Annually the Consortium shall ensure that the asset allocation of the investment framework aligns with the goals and objectives of the Program set forth in the Investment Policy Statement.

**N. Annual Fee Study** – Annually the Consortium shall assess the fees of underlying investment fund managers of the Program in comparison to that of their peers in order to ensure that the investment framework of the Program consists of high-quality funds at the lowest available cost.



## **Investment Policy Statement Exhibit B Target Portfolio Objectives**

The **Aggressive Target Portfolio** seeks to provide very aggressive capital appreciation and some current income. The fund holds 90% of its assets in stocks allocated among domestic stocks, international stocks, and REITs and 10% in bonds, allocated among domestic and international bonds. Investors with a long-term time horizon who are looking for the most aggressive growth of principal over time and who can accept stock market volatility may wish to consider this Portfolio.

The **Moderately Aggressive Target Portfolio** seeks to provide aggressive capital appreciation and some current income. The fund holds 75% of its assets in stocks allocated among domestic stocks, international stocks, and REITs and 25% in bonds, allocated among domestic and international bonds. Investors with a long-term time horizon who are looking for aggressive growth of principal over time and who can accept stock market volatility may wish to consider this Portfolio.

The **Growth Target Portfolio** seeks to provide capital appreciation and some current income. The fund holds 60% of its assets in stocks allocated among domestic stocks, international stocks, and REITs and 40% in bonds, allocated among domestic and international bonds. Investors with a long-term time horizon who are looking for growth of principal over time and who can accept stock market volatility may wish to consider this Portfolio.

The **Moderate Target Portfolio** seeks to provide moderate capital appreciation and current income. The fund holds 45% of its assets in stocks allocated among domestic stocks, international stocks, and REITs and 55% in bonds, allocated among domestic and international bonds. Investors with a long-term time horizon who are looking for growth of principal over time and who can accept stock market volatility may wish to consider this Portfolio.

The **Moderately Conservative Target Portfolio** seeks to provide conservative capital appreciation and current income. The fund holds 30% of its assets in stocks allocated among domestic stocks, international stocks, and REITs and 70% in bonds, allocated among domestic bonds, international bonds, and short-term investments. Investors with a medium-term time horizon who are looking for conservative growth of principal over time and who can accept some stock market volatility may wish to consider this Portfolio.

The **Conservative Target Portfolio** seeks to provide very conservative capital appreciation and current income. The fund holds 10% of its assets in stocks allocated among domestic stocks, international stocks, and REITs and 90% in bonds, allocated among domestic bonds, international bonds, and short-term investments. Investors with a short-term time horizon who are looking for very conservative growth of principal over time and who can accept limited stock market volatility may wish to consider this Portfolio.

**Investment Policy Statement Exhibit C  
Underlying Investment Products**

<b>Underlying Investment Product</b>	<b>Asset Class</b>	<b>Benchmark</b>
<b>Vanguard Institutional Index Fund</b>	U.S. Large Cap	S & P 500 Index
<b>Vanguard Extended Market Index Fund</b>	U.S. Small & Mid Cap	S & P Completion
<b>iShares Core MSCI EAFE ETF</b>	Non-U.S. Multi Cap	MSCI EAFE
<b>Schwab Emerging Markets Equity ETF</b>	Emerging Markets	FTSE Emerging NR USD
<b>Schwab U.S. REIT ETF</b>	Real Estate	Dow Jones U.S. Select Real Estate Index
<b>Vanguard Total Bond Market Index Fund</b>	U.S. Core Bond	Bloomberg Barclays U.S. Aggregate Bond
<b>Vanguard Short-Term Bond Index Fund</b>	Short-Term Investment Grade	Bloomberg Barclays U.S. Gov't/Credit 1-5yr
<b>Vanguard Short-Term Inflation Protected Securities Index</b>	Short-Term Inflation Protected Bond	Bloomberg Barclays US Treasury TIPS 1-5 Yrs.
<b>iShares Core International Aggregate Bond ETF</b>	International Bond	Bloomberg Barclays Global Aggregate Bond ex-US
<b>Sallie Mae High-Yield FDIC</b>	Cash & Cash Equivalents	3-month T-Bills

## **Investment Policy Statement Exhibit D**

### **Investment Parameters**

Contributions will be invested in one or more of the available Portfolios, each composed of a designated mix of investments which is appropriate for the investment preference of the Account Owner or the investment objective of the Portfolio. Each Portfolio may allocate assets among domestic equity, international equity, real estate, domestic and international fixed-income, and/or cash and cash equivalents. The asset allocation of each Portfolio will be established by the Consortium and managed by the Contractor. The Consortium may adjust the weighting in stocks, bonds, real estate, and cash in each Portfolio and may change the underlying investment funds within the Portfolios consistent with the Investment Policy.

The target asset allocations and benchmarks for the underlying investments within the Target Portfolios are shown in the following table. There is a permissible range of plus or minus 5% of the target allocation for each underlying investment fund. Please refer to Exhibit B for Target Portfolio Objectives and refer to Exhibit C for a list of underlying investment products and their corresponding benchmarks.

Each underlying investment fund's return objective seeks to equal or exceed, over a five-year rolling period, the return of the applicable benchmark net of fees. Volatility, measured by the standard deviation of quarterly returns over that period, is expected to be similar to the benchmark. Each underlying investment fund is also expected to perform favorably relative to its peer group.

To the extent that the assets of a Portfolio are invested in one or more underlying investment funds approved by the Consortium having investment objectives consistent with the above-noted asset allocation categories, the above-noted percentage guidelines shall be deemed satisfied. This shall be the case even if the underlying assets may not be entirely invested in the asset class in which the underlying investment fund has been placed.

Target Portfolios		#1	#2	#3	#4	#5	#6
Asset Class	Benchmark	Aggressive	Moderately Aggressive	Growth	Moderate	Moderately Conservative	Conservative
<b>Domestic Equity</b>	S & P 500 Index	31.50%	26.25%	21.00%	15.75%	10.50%	3.50%
	S & P Completion	27.00%	22.50%	18.00%	13.50%	9.00%	3.00%
<b>Real Estate</b>	Dow Jones U.S. Select Real Estate Index	9.00%	7.50%	6.00%	4.50%	3.00%	1.00%
<b>International Equity</b>	MSCI EAFE	16.20%	13.50%	10.80%	8.10%	5.40%	1.80%
	FTSE Emerging NR USD	6.30%	5.25%	4.20%	3.15%	2.10%	0.70%
<b>Domestic Fixed Income</b>	Bloomberg Barclays US Treasury TIPS 1-5 Yrs.	3.50%	8.75%	14.00%	19.25%	15.75%	10.50%
	Bloomberg Barclays U.S. Aggregate Bond	3.00%	7.50%	12.00%	16.50%	13.50%	9.00%
	Bloomberg Barclays U.S. Gov't/Credit 1-5yr	2.50%	6.25%	10.00%	13.75%	11.25%	7.50%
<b>International Fixed Income</b>	Bloomberg Barclays Global Aggregate Bond ex-US	1.00%	2.50%	4.00%	5.50%	4.50%	3.00%
<b>Short Term Investments</b>	3-month T-Bills	0.00%	0.00%	0.0%	0.00%	25.00%	60.00%

## **Investment Policy Statement Exhibit E Addenda**

### **Illinois**

In addition to the considerations and objectives as set forth in the Investment Policy Statement, the State of Illinois complies with all Illinois state laws and regulations including the Illinois Sustainable Investing Act (30 ILCS 238/1 et seq.) and the State Treasurer Act (15 ILCS 505/1 et seq.). Pursuant to the Illinois Sustainable Investment Act, IL ABLE and the Illinois State Treasurer's Office use sustainability factors in its investment policy. These factors include material, relevant, and decision-useful sustainability factors to be considered as a component of the overall evaluation of investment decisions, including the selection of fund managers. Such factors include but are not limited to 1) corporate governance and leadership factors; 2) environmental factors; 3) social capital factors; 4) human capital factors; and 5) business model and innovation factors. 30 ILCS 238/15(b). IL ABLE and the Illinois State Treasurer's Office integrate sustainability factors into all investment decisions in accordance with state law. Additionally, the State Treasurer Act requires the Illinois State Treasurer to utilize minority-owned businesses, women-owned businesses, and veteran-owned businesses to the greatest extent feasible within the bounds of financial and fiduciary prudence. 15 ILCS 505/30. When procuring services, the State Treasurer is authorized to incorporate preferences for minority-owned, women-owned, a business owned by a person with a disability, and veteran-owned and small businesses and businesses having a record of support for increasing diversity and inclusion in board membership, management, employment, philanthropy, and supplier diversity. 15 ILCS 505/30(d). Per the investment policy statement of Illinois, Illinois shall endeavor to identify and evaluate investment managers that are more than 50% owned and/or managed by minorities, women, military veterans, or disabled persons.

**APPENDIX C – NATIONAL ABLE ALLIANCE CUSTOMER SERVICE  
PERFORMANCE STANDARDS**

<b>Standard</b>	<b>Description</b>
<b>Call Center</b>	The call abandonment rate should be less than 2.00%
	At least 85% of phone calls answered within thirty (30) seconds
<b>Postal Mail Correspondence</b>	99% of all incoming postal mail for account related financial matters answered within two (2) business days of receipt
	99% of all incoming postal mail for non-financial matters answered within five (5) business days of receipt for nonfinancial matters
<b>Email Correspondence</b>	99% of all incoming email for account related financial matters answered within one (1) business day of receipt
	99% of all incoming email for non-financial matters answered within two (2) business days of receipt
<b>General</b>	Member notified within one (1) business day of any call, postal, email or other communication from a Member's legislator, government official, or any other elected official
	99% of requests for Member Plan enrollment or informational materials fulfilled within two (2) business days of receipt
	98% of contributions processed accurately
	98% of contributions process within one (1) business day of receipt, provided all documentation is in good order
	Paper Quarterly account statements within seven (7) business days of the end of the quarter
	98% of all withdrawal requests processed within one (1) business day of receipt, provided all documentation is in proper order, and there are sufficient funds available
	98% of withdrawal requests processed accurately
	98% of all new account openings processed within one (1) business day of receipt of all documentation, provided all documentation is in good order
	98% of all new account openings processed accurately
<b>Complaint Resolution</b>	Contractor acknowledges complaint within twenty-four (24) hours of receipt
	95% of complaints resolved within three (3) business days unless precluded by applicable legal requirements

## APPENDIX D – STATE CERTIFICATIONS AND DISCLOSURES

### Illinois State Treasurer Certifications

\_\_\_\_\_ (“CONTRACTOR”) makes the following certifications:

#### **1.0 ANTI-BRIBERY.**

CONTRACTOR certifies that it is not barred from being awarded a contract or subcontract under Section 50-5 of the Illinois Procurement Code (30 ILCS 500/50-5). Section 50-5 prohibits a contractor from entering into a contract with a State agency if the contractor has been convicted of bribery or attempting to bribe an officer or employee of the State of Illinois, or if the contractor has made an admission of guilt of such conduct with is a matter of record. The contractor further acknowledges that the chief procurement officer may declare the related contract void if this certification is false.

#### **2.0 BID-RIGGING/BID-ROTATING.**

CONTRACTOR certifies that it has not been barred from contracting with a unit of State or local government as a result of a violation of Section 33E-3 or 33E-4 of the Criminal Code of 1961 (720 ILCS 5/33E-3, 33E-4).

#### **3.0 DRUG FREE WORKPLACE.**

This certification is required by Section 3 of the Drug Free Workplace Act (30 ILCS 580/3). The Drug Free Workplace Act, effective January 1, 1992, requires that CONTRACTOR shall not be considered for the purposes of being awarded a contract for the procurement of any services from the State unless CONTRACTOR has certified to the State that CONTRACTOR will provide a drug free workplace. False certification or violation of the certification may result in sanctions including, but not limited to, suspension of contract payments, termination of the contract and debarment of contracting opportunities with the State for at least one (1) year but not more than five (5) years.

CONTRACTOR certifies and agrees that it will provide a drug free workplace by:

- a. Publishing a statement:
  - i. Notifying employees that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance, including cannabis, is prohibited in the grantee’s or contractor’s workplace.
  - ii. Specifying the actions that will be taken against employees for violation of such prohibition.
  - iii. Notifying the employee that, as a condition of employment on such contract or grant, the employee will:
    - a. abide by the terms of the statement; and

- b. notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction.
- b. Establishing a drug free awareness program to inform employees about:
  - i. the dangers of drug abuse in the workplace;
  - ii. CONTRACTOR's policy of maintaining a drug free workplace;
  - iii. any available drug counseling, rehabilitation, and employee assistance programs; and
  - iv. the penalties that may be imposed upon an employee for drug violations.
- c. Providing a copy of the statement required by Section (a) to each employee engaging in the performance of the contract or grant and to post the statement in a prominent place in the workplace.
- d. Notifying the Treasurer's Office within ten (10) days after receiving notice under part (b) of paragraph (iii) of Section (a) above from an employee or otherwise receiving actual notice of such conviction.
- e. Imposing a sanction on, or requiring the satisfactory participation in drug abuse assistance or rehabilitation program by, an employee who is so convicted, as required by Section 5 of the Drug Free Workplace Act.
- f. Assisting employees in selecting a course of action in the event of drug counseling, treatment, and rehabilitation is required and indicating that a trained referral team is in place.
- g. Making a good faith effort to continue to maintain a drug free workplace through implementation of the Drug Free Workplace Act.

#### **4.0 U.S. EXPORT ACT.**

CONTRACTOR certifies that neither CONTRACTOR nor any substantial-owned affiliated company is participating or shall participate in an international boycott in violation of the provisions of the U.S. Export Administration Act of 1979 (50 U.S.C.A. App. § 2401 et seq.) or the regulations of the U.S. Department of Commerce promulgated under that Act.

#### **5.0 NON-DISCRIMINATION.**

CONTRACTOR certifies that it is in compliance with the State and Federal Constitutions, the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, and all applicable rules that prohibit unlawful discrimination in performance of this Agreement and all other activities, including employment and other contracts. As a condition of receiving the Agreement, CONTRACTOR represents or certifies that services, programs and activities provided under the Agreement are and will continue to be in compliance with State and Federal Constitutions, the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, and all applicable laws that prohibit unlawful discrimination.



**6.0 AMERICANS WITH DISABILITIES ACT.**

CONTRACTOR certifies that it is in compliance with the Americans with Disabilities Act (“ADA”) (42 U.S.C. 12101 et seq.) and the regulations thereunder (28 CFR 35.130) prohibit discrimination against persons with disabilities by the Treasurer, whether directly or through contractual arrangements, in the provision of any aid, benefit or service. As a condition of receiving the Agreement, CONTRACTOR represents or certifies that services, programs and activities provided under the Agreement are and will continue to be in compliance with the ADA.

**7.0 ILLINOIS HUMAN RIGHTS ACT.**

CONTRACTOR certifies that it is presently in compliance with all of the terms, conditions and provisions of Section 5/2-105 of the Illinois Human Rights Act (775 ILCS 5/2-105), together with all rules and regulations promulgated and adopted pursuant thereto.

**8.0 FELONY.**

CONTRACTOR certifies that it has not been barred from being awarded a contract under Section 50-10 of the Illinois Procurement Code (30 ILCS 500/50-10). Section 50-10 prohibits a contractor from entering into a contract with a State agency if the contractor has been convicted of a felony and 5 years have not passed from the completion of the sentence for that felony. The contractor further acknowledges that the chief procurement officer may declare the related contract void if this certification is false.

**9.0 FORMER EMPLOYMENT.**

CONTRACTOR has informed the Treasurer’s Office in writing if CONTRACTOR was formerly employed by the Treasurer’s Office and has received an early retirement incentive under Section 14-108.3 or 16-133.3 of the Illinois Pension Code (30 ILCS 105/15a).

**10.0 INDUCEMENT.**

CONTRACTOR has not paid any money or valuable thing to induce any person to refrain from bidding on a State contract, nor has CONTRACTOR accepted any money or other valuable thing, or acted upon the promise of same, for not bidding on a State contract (30 ILCS 500/50-25).

**11.0 REVOLVING DOOR PROHIBITION.**

CONTRACTOR certifies that neither it nor its employees and agents are in violation of section 50-30 of the Illinois Procurement Code (30 ILCS 500/50-30). Section 50-30 prohibits for a period of (2) years after terminating an affected position certain State employees and their designees from engaging in any procurement activity relating to the State agency most recently employing them for a specified period of time.

**12.0 REPORTING ANTICOMPETITIVE PRACTICES.**

CONTRACTOR shall report to the Illinois Attorney General and the Chief Procurement Officer any suspected collusion or other anticompetitive practice among any bidders, offerors, contractors, proposers or employees of the State (30 ILCS 500/50-40, /50-45, /50-50).

**13.0 DISCRIMINATORY CLUB.**

CONTRACTOR agrees not to pay any dues or fees on behalf of its employees or agents or subsidize or otherwise reimburse them for payments of any dues or fees to a discriminating club as prohibited by Section 2 of the Discriminatory Club Act (775 ILCS 25/2).

**14.0 TAXPAYER IDENTIFICATION NUMBER AND LEGAL STATUS OF CONTRACTOR.**

CONTRACTOR shall be in compliance with applicable tax requirements and shall be current payment of such taxes. Under penalty of perjury, CONTRACTOR certifies that # \_\_\_\_\_ is its correct Taxpayer Identification Number and that it is doing business as a (please check one):

- |   |   |
|---|---|
| <input type="checkbox"/> Individual                                     | <input type="checkbox"/> Government Entity    |
| <input type="checkbox"/> Sole Proprietor                                | <input type="checkbox"/> Nonresident alien    |
| <input type="checkbox"/> Partnership/Legal Corporation                  | <input type="checkbox"/> Estate or trust      |
| <input type="checkbox"/> Tax Exempt                                     | <input type="checkbox"/> Pharmacy (Non-Corp.) |
| <input type="checkbox"/> Corporation providing or billing Home/Cemetery | <input type="checkbox"/> Pharmacy/Funeral     |
| medical and/or health care services                                     | <input type="checkbox"/> (Corp.)              |
| <input type="checkbox"/> Corporation NOT providing or billing           | <input type="checkbox"/> Limited Liability    |
| Company (select   |   |
| medical and/or health care services                                     | applicable tax                                |
| classification.)  |   |
| <input type="checkbox"/> Other: _____                                   | <input type="checkbox"/> C = corporation      |
|   | <input type="checkbox"/> P = partnership      |

**15.0 LICENSE; AUTHORIZED BIDDER OR OFFEROR**

CONTRACTOR, directly or through its employees, shall have and maintain any license required by this Agreement. CONTRACTOR further certifies that it is a legal entity authorized to do business in Illinois prior to the submission of the bid, offer, or proposal pursuant to section 20-43 of the Illinois Procurement Code (30 ILCS 500/20-43).

**16.0 APPROPRIATION.**

This Agreement is subject to termination and cancellation in any year for which the General Assembly fails to make an appropriation for payments under the terms of the contract.

**17.0 RECORDS RETENTION; RIGHT TO AUDIT.**

CONTRACTOR agrees to maintain books and records related to the performance of the contract and necessary to support amounts charged to the State under the contract for a minimum of three years from the last action on the contract or after termination of the Agreement, whichever is longer. Contractor further agrees to cooperate fully with any audit and to make the books and records available for review and audit by the Auditor General, chief procurement officers, internal auditor and the Treasurer; CONTRACTOR agrees to cooperate fully with any audit conducted by the Auditor General or the Treasurer and to provide full access to all relevant materials. The three-(3)-year period shall be extended for the duration of any audit in progress during the term. Failure to maintain the books, records and supporting documents required by this Section shall establish a presumption in favor of the State for the recovery of any funds paid by the State under this Agreement for which adequate books, records, and supporting documentation are not available to support their purported disbursement.

**18.0 CONFLICTS OF INTEREST.**

CONTRACTOR has disclosed, and agrees that it is under a continuing obligation to disclose, to the Treasurer financial or other interests (public or private, direct or indirect) that may be a potential conflict of interest that would prohibit CONTRACTOR from entering into or performing the Agreement. Conflicts of interest include, but are not limited to, conflicts under Section 1400.5020 of the Treasurer's Procurement Rules (44 Ill. Adm. Code 1400.5020) and Sections 50-13, 50-20, and 50-35 of the Illinois Procurement Code (30 ILCS 500/50).

**19.0 LATE PAYMENTS.**

Late payment charges, if any, shall not exceed the formula established in the Illinois Prompt Payment Act (30 ILCS 540/1) and the Illinois Administrative Code (74 Ill. Adm. Code 900).

**20.0 LIABILITY.**

The State's liability for damages is expressly limited by and subject to the provisions of the Illinois Court of Claims Act (705 ILCS 505/1) and to the availability of suitable appropriations.

**21.0 DEBT DELINQUENCY.**

CONTRACTOR certifies that it, or any affiliate, is not barred from being awarded a contract or subcontract under section 50-11 of the Illinois Procurement Code (30 ILCS 500/50-11). Section 50-11 prohibits a contractor from entering into a contract with the Treasurer's Office if it knows or should know that it, or any affiliate, is delinquent in the

payment of any debt to the State as defined by the Debt Collection Board. CONTRACTOR further acknowledges that the Treasurer's Office may declare the Agreement void if this certification is false or if CONTRACTOR or any affiliate is determined to be delinquent in payment of any debt during the term of the Agreement.

**22.0 EDUCATIONAL LOAN DEFAULT.**

CONTRACTOR certifies that it is not barred from being awarded a contract under the Educational Loan Default Act (5 ILCS 385). Section 3 of the Educational Loan Default Act prohibits an individual from entering into a contract with the Treasurer's Office if that individual is in default of an educational loan. CONTRACTOR further acknowledges that the Treasurer's Office may declare the Agreement void if this certification is false or if CONTRACTOR is determined to be in default of an educational loan during the term of the Agreement.

**23.0 FORCE MAJEURE.**

Failure by either party to perform its duties and obligations shall be excused by unforeseeable circumstances beyond its reasonable control, including acts of nature, acts of the public enemy, riots, labor or material shortages, labor disputes, fire, flood, explosion, legislation, and governmental regulation.

**24.0 ANTITRUST ASSIGNMENT.**

CONTRACTOR hereby assigns, sells and transfers to the State of Illinois all right, title and interest in and to any claims and causes of action arising under antitrust laws of Illinois or the United States relating to the subject matter of the Agreement.

**25.0 PROHIBITION OF GOODS FROM FORCED LABOR.**

CONTRACTOR certifies that it is not barred from being awarded a contract under the State Prohibition of Goods from Forced Labor Act (30 ILCS 583). Section 10 of the State Prohibition of Goods from Forced Labor Act prohibits a contractor from entering into a contract with the Treasurer's Office if that contractor knew that the foreign-made equipment, materials, or supplies furnished to the State were produced in whole or part by forced labor, convict labor, or indentured labor under penal sanction. CONTRACTOR further acknowledges that the Treasurer's Office may declare the Agreement void if this certification is false or if CONTRACTOR is determined to have known that the foreign-made equipment, materials, or supplies furnished to the State during the term of the Agreement were produced in whole or part by forced labor, convict labor, or indentured labor under penal sanction.

## **26.0 PROHIBITION OF GOODS FROM CHILD LABOR.**

CONTRACTOR certifies in accordance with Public Act 94-0264 that no foreign-made equipment, materials, or supplies furnished to the State under the contract have been produced in whole or in part by the labor of any child under the age of 12.

## **27.0 SARBANES-OXLEY ACT AND ILLINOIS SECURITIES LAW.**

CONTRACTOR certifies that it is not barred from being awarded a contract or subcontract under section 50-10.5 of the Illinois Procurement Code (30 ILCS 500). Section 50-10.5, amongst other things, prohibits a contractor from bidding or entering into a contract or subcontract with the Treasurer's Office if the contractor or any officer, director, partner, or other managerial agent of the contractor has been convicted in the last 5 years of a felony under the Sarbanes-Oxley Act of 2002 or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953 or if the contractor is in violation of Subsection (e). CONTRACTOR further acknowledges that the Treasurer's Office may declare the agreement void if this certification is false or if CONTRACTOR is determined to have been convicted of a felony under the Illinois Sarbanes-Oxley Act of 2002 or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953 during the term of the agreement.

## **28.0 DISPUTES.**

Any claim against the State arising out of this Agreement must be filed exclusively with the Illinois Court of Claims (705 ILCS 505/1). The State shall not enter into binding arbitration to resolve any agreement dispute. The State of Illinois does not waive sovereign immunity by entering into this Agreement. Any provision containing a citation to an Illinois statute (cited "ILCS") may not contain the complete statutory language. The official text, which is incorporated by reference, may be found in the appropriate chapter and section of the Illinois Compiled Statutes. An unofficial version may be viewed at [www.ilga.gov](http://www.ilga.gov).

## **THIRD PARTY PAYMENTS.**

CONTRACTOR certifies that no fee was paid to a third-party in expectation of being awarded a contract by the Treasurer.

## **30.0 MOST FAVORABLE TERMS.**

If more favorable terms are granted by the CONTRACTOR to any similar governmental agency in any state in a contemporaneous agreement let under the same or similar financial terms and circumstances for comparable supplies or services, the more favorable terms will be applicable under the Agreement between the Treasurer's Office and the CONTRACTOR.

### **31.0 BOARD OF ELECTIONS REGISTRATION.**

\_\_\_\_\_ The CONTRACTOR certifies that they are **not required to register** as a business entity with the State Board of Elections pursuant to the Illinois Procurement Code (30 ILCS 500/20-160). Further, the CONTRACTOR acknowledges that all contracts or subcontracts between State agencies and a business entity that do not comply with this Section shall be voidable under Section 50-60 of the Illinois Procurement Code (30 ILCS 500/50-60).

*(or)*

\_\_\_\_\_ The CONTRACTOR certifies that they **have registered** as a business entity with the State Board of Elections and acknowledges a continuing duty to update the registration pursuant to the Illinois Procurement Code (30 ILCS 500/20-160). Further, the CONTRACTOR acknowledges that all contracts or subcontracts between State agencies and a business entity that do not comply with this Section shall be voidable under Section 50-60 of the Illinois Procurement Code (30 ILCS 500/50-60).

### **32.0 COLLECTION AND REMITTANCE OF ILLINOIS USE TAX.**

The CONTRACTOR certifies that it is not barred from being awarded a contract under section 50-12 of the Illinois Procurement Code (30 ILCS 500/50-12). Section 50-12 prohibits a contractor from entering into a contract or subcontract with a State agency if the CONTRACTOR or affiliate has failed to collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with the provisions of the Illinois Use Tax Act. The CONTRACTOR further acknowledges that the contract or subcontract may be voided if this certification is false.

### **33.0 ENVIRONMENTAL PROTECTION ACT VIOLATIONS.**

The CONTRACTOR certifies that it is not barred from being awarded a contract or subcontract under section 50-14 of the Illinois Procurement Code (30 ILCS 500/50-14). Section 50-14 prohibits a CONTRACTOR from entering into a contract or subcontract with a State agency if the CONTRACTOR has been found by a court or the Pollution Control Board to have committed a willful or knowing violation of the Environmental Protection Act within the last (5) years. The CONTRACTOR further acknowledges that the contracting State agency may declare the related contract or subcontract void if this certification is false.

### **34.0 LEAD POISONING PREVENTION ACT VIOLATIONS.**

The CONTRACTOR certifies that it is not barred from entering into a contract or subcontract under section 50-14.5 of the Illinois Procurement Code (30 ILCS 500/50-14.5). Section 50-14.5 prohibits a CONTRACTOR from entering into a contract or subcontract with the State of Illinois or a State agency if the CONTRACTOR, while the owner of a residential building, committed a willful or knowing violation of the Lead Poisoning

Prevention Act. The CONTRACTOR further acknowledges that the Treasurer may declare the related contract or subcontract void if this certification is false.

### **35.0 BOND ISSUANCES.**

The CONTRACTOR certifies that it is not barred from being awarded a contract or subcontract under section 50-21 of the Illinois Procurement Code (30 ILCS 500/50-21). Section 50-21 prohibits State agencies from entering into contracts or subcontracts with respect to the issuances of bonds or other securities by the State or a State agency with any entity that uses an “independent consultant” as defined in section 50-21.

### **36.0 POLITICAL CONTRIBUTIONS.**

The CONTRACTOR certifies that it is not barred from being awarded a contract or subcontract under section 50-37 of the Illinois Procurement Code (30 ILCS 500/50-37). Section 50-37 prohibits business entities whose contracts with State agencies, in the aggregate, annually total more than \$50,000, or whose aggregate pending bids and proposals on State contracts total more than \$50,000, and any affiliated entities or affiliated persons of such business entity, from making any contributions to any political committee established to promote the candidacy of the office holder responsible for awarding the contract on which the business entity has submitted a bid or proposal during the period beginning on the date the invitation for bids or request for proposals are issued and ending on the day after the date the contract is awarded.

### **37.0 LOBBYING RESTRICTIONS.**

The CONTRACTOR certifies that it is not barred from being awarded a contract or subcontract under section 50-38 of the Illinois Procurement Code (30 ILCS 500/50-38). Section 50-38 prohibits a CONTRACTOR from billing the State for any lobbying costs, fees, compensation, reimbursements, or other remuneration provided to any lobbyist who assisted the CONTRACTOR in obtaining the contract or subcontract.

### **38.0 DISCLOSURE OF BUSINESS OPERATIONS WITH IRAN (30 ILCS 500/50-36).**

Each bid, offer, or proposal submitted for a State contract, other than a small purchase defined in Section 20-20 [of the Illinois Procurement Code], shall include a disclosure of whether or not the bidder, offeror, or proposing entity, or any of its corporate parents or subsidiaries, within the 24 months before submission of the bid, offer, or proposal had business operations that involved contracts with or provision of supplies or services to the Government of Iran, companies in which the Government of Iran has any direct or indirect equity share, consortiums or projects commissioned by the Government of Iran and:

(1) more than 10% of the company’s revenues produced in or assets located in Iran involve oil-related activities or mineral-extraction activities; less than 75% of the company’s revenues produced in or assets located in Iran involve contracts with or provision of oil-related or mineral – extraction products or services to the Government of Iran or a project or consortium

created exclusively by that Government; and the company has failed to take substantial action;  
or

(2) the company has, on or after August 5, 1996, made an investment of \$20 million or more, or any combination of investments of at least \$10 million each that in the aggregate equals or exceeds \$20 million in any 12- month period that directly or significantly contributes to the enhancement of Iran's ability to develop petroleum resources of Iran.

You must check one of the following items and if item 2 is checked you must also make the necessary disclosure:

There are no business operations that must be disclosed to comply with the above cited law.

The following business operations are disclosed to comply with the above cited law:

\_\_\_\_\_  
CONTRACTOR

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



**DISCLOSURES**  
**FINANCIAL INTEREST AND POTENTIAL CONFLICTS OF INTEREST**  
*(Disclosure Form A)*

The Treasurer’s Procurement Regulations (44 Ill. Adm. Code 1400.5035) require that contractors/offersors desiring to enter into certain contracts with the State of Illinois must disclose the financial and potential conflicts of interest information as specified below.

Contractor/offersor shall disclose the financial interest and potential conflicts of interest information identified in Sections 1 and 2 below as a condition of receiving an award or contract. Submit this information along with your bid, proposal or offer.

This requirement applies to contracts with an annual value exceeding \$10,000.

A publicly traded entity may submit its 10K disclosure in satisfaction of the disclosure requirements set forth in both Sections 1 and 2 below.

Sec. 1. Disclosure of Financial Interest in the Contractor/Offeror

- a. If any individuals have one of the following financial interests in the contractor/offersor (or its parent), please check all that apply and show their name and address:

Ownership exceeding 5%	( <input type="checkbox"/> )
Ownership value exceeding \$106,447.20	( <input type="checkbox"/> )
Distributive Income Share exceeding 5%	( <input type="checkbox"/> )
Distributive Income Share exceeding \$106,447.20	( <input type="checkbox"/> )

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

- b. For each individual named above, show the type of ownership/distributable income share: sole proprietorship \_\_\_\_\_ stock \_\_\_\_\_ partnership \_\_\_\_\_ other (explain)
- \_\_\_\_\_.

- c. For each individual named above, show the dollar value or proportionate share of the ownership interest in the contractor/offersor (or its parent) as follows:

If the proportionate share of the named individual(s) in the ownership of the contractor/offersor (or its parent) is 5% or less, and if the value of the ownership interest of the named individual(s) is \$106,447.20 or less, check here (  )

If the proportionate share of ownership exceeds 5% or the value of the ownership interest exceeds \$106,447.20, show either.

The percent of ownership \_\_\_\_\_%

or  
The value of the ownership interest    \$ \_\_\_\_\_

Sec. 2. Disclosure of Potential Conflicts of Interest. For each of the individuals having the level of financial interest identified in Section 1 above, check “Yes” or “No” to indicate which, if any, of the following potential conflicts of interest relationships apply. If “Yes,” please describe (use space under applicable section to explain your answers – attach additional pages as necessary).

- |    |  |              |             |
|----|--|--------------|-------------|
| a. | State employment, currently or in the previous 3 years, including contractual employment of services   | Yes<br>_____ | No<br>_____ |
| b. | State employment for spouse, father, mother, son, or daughter, including contractual employment for services in the previous 2 years.  | Yes<br>_____ | No<br>_____ |
| c. | Elective status; the holding of elective office of the State of Illinois, the government of the United States, any unit of local government authorized by the Constitution of the State of Illinois, or the statutes of the State of Illinois currently or in the previous 3 years.  | Yes<br>_____ | No<br>_____ |
| d. | Relationship to anyone holding elective office currently or in the previous 2 years; spouse, father, mother, son, or daughter.   | Yes<br>_____ | No<br>_____ |
| e. | Appointive office; the holding of any appointive government office of the State of Illinois, the United States of America, or any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois, which office entitles the holder to compensation in excess of expenses incurred in the discharge of that office currently or in the previous 3 years. | Yes<br>_____ | No<br>_____ |
| f. | Relationship to anyone holding appointive office currently or in the previous 2 years; spouse, father, mother, son, or daughter.   | Yes<br>_____ | No<br>_____ |
| g. | Employment, currently or in the previous 3 years, as or by any registered lobbyist of the State government.  | Yes<br>_____ | No<br>_____ |
| h. | Relationship to anyone who is or was a registered lobbyist in the previous 2 years; spouse, father, mother, son, or daughter.  | Yes<br>_____ | No<br>_____ |
| i. | Compensated employment, currently or in the previous 3 years, by any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or  | Yes<br>_____ | No<br>_____ |

any political action committee with either the Secretary of State or the Federal Board of Elections.

- |    |  |              |             |
|----|--|--------------|-------------|
| j. | Relationship to anyone; spouse, father, mother, son, or daughter, who is or was a compensated employee in the last 2 years of any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections. | Yes<br>_____ | No<br>_____ |
|----|--|--------------|-------------|

This disclosure is submitted on behalf of

\_\_\_\_\_

(Name of Contractor/Offeror)

Official authorized to sign on behalf of contractor/offeror:

Name (printed) \_\_\_\_\_ Title \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

**DISCLOSURES**  
**OTHER CONTRACT AND PROCUREMENT RELATED INFORMATION**  
*(Disclosure Form B)*

The Treasurer's Procurement Regulations (44 Ill. Adm. Code 1400.5035) require that contractors/offerors desiring to enter into certain contracts with the State of Illinois must disclose the information as specified below.

Contractor/offeror shall disclose the information identified below as a condition of receiving an award or contract.

This requirement is applicable to only those contracts with an annual value exceeding \$10,000.

You must submit this information along with your bid, proposal or offer.

- a. Contractor/offeror shall identify whether it has current contracts (including leases) with other units of State of Illinois government by checking "Yes" \_\_\_\_\_ or "No" \_\_\_\_\_.  
  
If "Yes" is checked, identify each contract by showing agency name and other descriptive information such as purchase order or contract reference number (attach additional pages as necessary).
  
- b. Contractor/offeror shall identify whether it has pending contracts (including leases), bids, proposals, or other ongoing procurement relationships with other units of State of Illinois government by checking "Yes" \_\_\_\_\_ or "No" \_\_\_\_\_.  
  
If "Yes" is checked, identify each such relationship by showing agency name and other descriptive information such as bid or project number (attach additional pages as necessary).

This disclosure is submitted on behalf of \_\_\_\_\_  
(Name of Contractor/Offeror)

Official authorized to sign on behalf of contractor/offeror:

Name (printed) \_\_\_\_\_ Title \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

## APPENDIX E – PROPOSED PRICING STRUCTURE

Using this Appendix E, Respondent must provide all proposed fees for all Services as set forth below. Amounts, fees or charges not included in this Appendix E will not be considered and may result in disqualification of the proposal submitted. Responses to this Appendix E will be used as the basis for comparing and evaluating proposed costs.

1. Please complete the following template to include all applicable fees to be charged to each ABLÉ account. Indicate whether fees differ according to the investment option.

Investment Option	Weighted Average Underlying Fund Expense	Program Management Fee	
		Basis Points	Dollar-based

2. Please indicate whether the fees you have specified above will be reduced as the asset or account base increases and provide the exact breakpoints for those fees.
3. If you are proposing dollar-based fees, please specify any exceptions to the fees. Note: during evaluation, Dollar-based Program Management Fees will be converted to basis points assuming an average account size of \$7,700, which is the average account balance of funded ABLÉ Alliance accounts as of September 30, 2020.
4. Identify any additional fees, expenses or costs associated with your proposal and indicate if these other fees, expenses or costs will decrease as assets or accounts increase. Provide a written description and explanation of each fee if it is not self-explanatory. Any expense or cost not identified in this Appendix E will not be considered.
5. If you intend to include registered mutual funds, Exchange Traded Funds (ETFs) or separately managed accounts in the proposed investment line-up, please provide the fund name, ticker and fund expense ratio as follows (complete for as many funds as applicable):

Fund Name	Ticker	Share Class	Fund Expense Ratio	Investment Option Included In	Additional Fund Expenses, if any

<b>Fund Name</b>	<b>Ticker</b>	<b>Share Class</b>	<b>Fund Expense Ratio</b>	<b>Investment Option Included In</b>	<b>Additional Fund Expenses, if any</b>

6. The Treasurer anticipates executing a six-year New Master Agreement with the option to extend the Agreement for additional periods, not to exceed a total term of ten (10) years. Describe how your fees would change if the length of the contract were extended.
  
7. If applicable to your response to Question 40 of Section VI.Q, please describe the rebate, remuneration or other differentiated pricing structure you will provide to account for Pennsylvania's operation of its own Customer Services.

## **APPENDIX F – NATIONAL ABLE ALLIANCE REPORTING REQUIREMENTS**

The below-listed Alliance and Member Plan reports shall be made available to each Member via a secure, online platform, along with any other ad-hoc reports requested by a Member. Reports shall include percentages of totals and percentage changes (growth/decline) where suitable and will provide filters for more detailed analysis wherever possible. Reports will be posted for daily, weekly, monthly, quarterly, calendar year-end, fiscal year-end and since-program-inception reporting periods. Reports will include but may not be limited to:

### **Investment Management**

In accordance with procedures outlined in the NAA Guiding Principles and as specified in a Member's Implementing Agreement:

- Asset balances by investment option
- Contributions by investment option
- Distributions by investment option
- Underlying fund balances
- Investment option and underlying fund performance and benchmarks

### **Administrative and Recordkeeping**

#### General

- Newly opened accounts
- Newly funded accounts
- Total zero-balance accounts – including reason
- Total NIGO accounts (“Not in Good Order”) – including reason
- Total accounts certified as ABLE to Work
- Total accounts opened and amount by rollover from another state's Plan
- Total amount by rollover from 529 plan
- Total accounts closed – including reason for closure
- Total funded accounts
- Total open accounts
- Number of contributions
- Method of contribution
- Total contributions
- Number of Distributions/withdrawals
- Method of distribution/withdrawal
- Total distributions/withdrawals
- Total assets
- Average account balance

#### Account management and asset-based fees

- Number of accounts assessed a fee
- Number of accounts that are not assessed a fee and reason
- Total account management fees assessed
- Account management fees accrued

- Account management fee due to program manager
- Account management fee due to Member
- Account management fees paid to Member
- Number of accounts assessed asset-based fees
- Total asset-based fees assessed

### **Customer Service**

- Number of calls received
- Number of calls answered
- Abandonment rate
- Average hold time; longest hold time before representative picks up
- Average time to answer
- Average talk time
- Reason for call
- Number of emails
- Number of written correspondences received by mail
- Response times
- Number call, email or mail communications referred to Member
- Reason for correspondence

### ***Administrative and Recordkeeping Report Filters***

- Eligibility
  - Age of disability onset
  - Meets SSA standard for disability
  - Receives SSI and/or SSDI benefits
  - Possesses physician letter
- Disability IRS form 5498-QA diagnosis code;
- In-state county
- Enrollment from another state – break out state name
- Method of enrollment (online vs. paper)
- Method of transaction confirmation and statement delivery (online vs. paper)
- Method of contribution (e.g. check, ACH, payroll deduction gift),
- Account managed by Authorized Individual
- Account managed by Account Owner
- Account Owner age
- Account Owner veteran status
- Account Owner ABLE to Work status