CRSA

Ensuring Retirement Security for Small Business Employees

Connecticut Retirement Security Authority
Request for Proposals for
Plan Administration and Management Services
RFP Issuance Date – April 26, 2019

Following is a summary of questions sent to CRSA in response to the RFP:

1. Fees as described on Page 24 (G.) and throughout the RFP:
   a. For program administration: Will a Proposer's response be considered non-responsive if total fees on Program assets could exceed 75 basis points at any point during the administration contract?
      i. **Answer:** Beginning in the 4th calendar year that the program becomes effective, all in fees are capped at 75 bps. Earlier years could be higher (or lower)
   b. Please advise if an account fee and/or activity-based fees in addition to asset-based fees are considered as part of the 75 basis point threshold.
      i. **Answer:** Yes, the 75 bps is an all in cap, including a separate account or activity based fee.
   c. Please confirm if total fees on assets are intended to include a rebated amount to be paid to the Connecticut Retirement Security Authority (CRSA) to offset its own program administration expenses. If so, what would that amount be and when would payment begin? In addition, please confirm if the total fees on Program assets are intended to include underlying fund expenses and any fees paid to the Investment Manager, if applicable.
      i. **Answer:** The 75 bps cap is an all in fee beginning in the 4th calendar year that the program becomes effective. It would, if there was a rebate, include that as well. The all in fee of 75 bps to be capped beginning in the 4th calendar year that the program becomes effective include administrative fees, investment management fees, investment consultant fees, and all fees to CRSA for it's administrative fee. We expect these fees to begin from dollar 1 invested in the program, with the cap beginning in the 4th calendar year that the program becomes effective.
   d. Connecticut expects assets to exceed $1 billion by year 4, and presumably before all-in costs are required to decline to 75 basis points. Will a Proposer's response be non-responsive if a bid proposes fees above 75 basis points after year 4, if assets are meaningfully below forecast?
      i. **Answer:** Our legislation is fairly prescriptive; it states that all in fees are capped at 75 bps in beginning in the 4th calendar year that the program becomes effective. It is possible the legislation could be revised if forecasts are not met. The possibility of changing the legislation is not a guarantee.
2. Please clarify the following statement: "The CRSA is directed to minimize fees and on and after completion of the fourth calendar year following the first date on which the Program becomes effective." "effective" is defined as the first date the program is open for contributions on a state-wide basis, following any possible pilot periods.

i. **Answer:** That is correct. We envision a "pilot period", not yet defined. The time period of the pilot will be determined as the time it takes to work out all "kinks" in the system so that the employer and employee have a smooth, easy, and exceed expectations experience. Then the "official" launch/rollout will begin, which will determine the effective date. Four years after the effective date, the 75 bps cap will be instituted.
    1. For example, the program conducts a pilot in 2019-2020 and opens on a state-wide basis July 1, 2020. Would the fee transition date be January 2025? (Considering 2021-2022-2023-2024 as the four intervening calendar years).

ii. **Answer:** That is correct. Beginning in the 4th calendar year that the program becomes effective, the 75 bps. Cap must be met. That would be January 1, 2025.

iii. "effective" is defined differently (please explain the difference in definition and provide an example).

iv. **Answer:** Effective date equals the date the CRSA declares the official launch, whereby employers can offer the program to their employees. Ideally, we will have a targeted, firm specific rollout, but companies can come in voluntarily after the official "effective date". Example: We start our pilot January 1, 2020. We plan the pilot to have 250 employers be signed up, have their employees signed up for payroll deduction, and at least one payroll cycle run through the system (as designed). We then monitor the results. The pilot could take anywhere from 3-18 months. If it takes 18 months, this would put the pilot period from January, 2020 through June 30, 2021. We would launch the program officially for all eligible employees January 1, 2023. The 75 bps cap would be required January 1, 2027.

3. Please describe the expected process for identifying and contacting employers required to facilitate the Connecticut Retirement Security Program. Does the CRSA have the authority and/or an agreement to take data from other Connecticut agencies such as the Department of Labor, Secretary of State, or the Department of Revenue in order to facilitate this process?

i. **Answer:** This work is still in process. We anticipate having state provided data.

4. Employer data: please provide data on the expected number of employers required to facilitate the Connecticut Retirement Savings Program. If there is also a breakdown of covered employers by size, that would be particularly useful. Please advise if the State's data includes employer email addresses, and if so, for approximately what percentage of employers.

i. **Answer**: This work is still in process. We anticipate having state provided data.

5. RFP response submission: Is there a physical address that hardcopy RFP responses can be delivered to via certified mail?

i. **Answer**: Yes, there is:
    1. Connecticut Retirement Security Authority
    2. 102 LaSalle Road
    3. Suite 270684

4. West Hartford, CT 06127

1. **Reference page 20, first paragraph**: What is the base term of the contract? Are there any option years?
    i. **Answer**: The initial term is 10 years from signing the contract.
2. **Reference page 19**: What is the Connecticut Retirement Security Authority's estimate of the amount of assets and the number of accounts by year over the term of the contract (see page 19)?
    i. **Answer**: Our feasibility study predicts assets (in $Billions) of 0.3 in year 1, 0.6 in year 2, 0.9 in year 3, and $1.2B by year 4.
    ii. **Answer**: Accounts are projected at, (in $thousands) 246 in year 1, 252 in year 2, 257 in year 3, 261 in year 4
3. **Reference page 9, Service / Quality Assurance, Item 4**: May a vendor provide an electronic version or URL for our audited financials due to the size of our financial statements (will exceed 400 pages)?
    i. **Answer**: Yes, electronic or URL is acceptable.