PURCHASING
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STAUNTON VIRGINIA

DEPARTMENT OF FINANCE

FINANCE & RISK MANAGEMENT
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To: All Potential Offerors
Date: February 4, 2021
Subject: Questions & Answers to RFP A00121
Title: Employee Retirement Plan Services
Due: February 18, 2021

This addendum is issued to address the following **Questions & Answers** and to offer supplementary documents to illustrate the scope of work:

Supplementary documents include five (5) PDF files:

- **2020 Q3 Information**
- **51174 002 Basic Plan Doc 401a 2017**
- **DC IPS February 2020**
- **Staunton City 457 Plan**
- **Answer in Response to Question # 30**

QUESTIONS & ANSWERS

1. **Will the City consider a recordkeeping platform that offers mutual funds, asset allocation models, and fixed annuities, for the plans?**
   - Yes
2. **Does the City intend to transfer the inactive annuities currently held at AIG Retirement Services to a new recordkeeper if awarded?**
   - Inactive annuities held at AIG are individual contracts held primarily by terminated employees. Transferring would be challenging as it requires individual consent.
3. **Are the assets held in annuities with AIG Retirement Services in group contracts (at the plan level) or individual contracts (at the participant level)?**
   - Individual contracts.
4. **What surrender charges exist on currently held annuities at AIG Retirement Services?**
   - Unknown, but unlikely to exist, given the number of years these contracts have existed.

5. **How many days of employee educational meetings at each of the 25 school locations are currently provided to the City?**
   - Current arrangement does not call for any specific number of days.
6. **How many days of employee educational meetings at each of the school locations are requested by the City?**
   - We do not anticipate a specific number of days to be required, but would like to see a full complement of in-person, virtual, webinar, and other educational opportunities for our employees.
7. **Is the 403(b) plan Non-ERISA?**
   - It is Non-ERISA; however, we do follow ERISA guidelines.
8. **Does the 457(b) Governmental Plan have a loan provision and are there outstanding loans?**
   - The 457(b) does not allow loans. The 403(b) does allow loans and has three outstanding loans totaling approximately $9,000.
9. **Are all three plans actively receiving contributions?**
   - Yes
10. **Will your advisors, CapTrust, be providing 3(38) services going forward?**
    - Yes
11. **Will the City consider a recordkeeping platform that offers individual fixed annuity contracts to participants alongside mutual funds with asset allocation, and group annuities?**
    - No
12. **Would you be willing to hire 2 agencies to fulfill this RFP?**
    - No. We expect a single vendor to be able to provide the education services as well as the administrative services and access to an "open architecture" mutual fund investment menu.
13. **If no to the prior question, would you be able to provide our information to the agency selected to fulfill this RFP?**
    - No, but you are free to re-visit our procurement page after the RFP is awarded to find out who the selected vendor is and then provide your contact information to them yourself.

      https://www.ci.staunton.va.us/departments/finance/procurement

14. Due to the current COVID-19 environment and the necessity for personnel to work remotely, will the City of Staunton and Staunton City School Board consider accepting electronic proposals via email and/or USB, in lieu of hard copies?

- No, we are not able to accept proposals electronically. Proposals must be submitted as outlined in the RFP. Please refer to pages 1 & 2 of the RFP for submission guidelines.

15. Regarding the Scope of Services item #21, does the City wish for performance reporting on the portion of the plan's assets that would not be transferred from AIG, if an alternate vendor was awarded the contract?

- No.

a. And if so, will AIG provide a data feed to the new vendor with performance data for those contracts to the new vendor to facilitate performance tracking by the new vendor?

- **N/A**

16. Please define "commingled fund access" listed in item #2 of the evaluation criteria on page 8 of the RFP. Does this refer to group unallocated annuity or fixed account access or something else?

- Fixed account or separate account information

17. What is the stable value allocation for each plan?

- See investment listings for each Plan.

18. Aside from the non-mappable inactive annuity assets, are there any other restrictions on the assets?

- No.

19. Are the participants in the inactive annuity also active participants in the 403b/457b?

- There may be minimal overlap, but no more than 10 participants.

20. Please confirm that contributions for the 457b are only $277.

- That number is $277,000, between 10/1 /2019 and 9/30/2020.

21. Due to the current impacts and business limitations resulting from the COVID-19 pandemic, would the City be willing to accept an electronic proposal in lieu of a print submission?

- No, we are not able to accept proposals electronically except as outlined in the RFP. Please refer to pages 1 & 2 of the RFP for submission guidelines.

22. Review all employee Salary Reduction Agreements and sign the forms to verify compliance with the Internal Revenue Code and applicable regulations; are you agreeable to completing this electronically?

- Yes

23. **Provide full transition services to transfer funds from non-selected providers, inclusive of contract credits to encourage fund transfers. Does "contract credits" mean breakpoint pricing (i.e. the more assets that arrive the lower the overall costs)?**

   - Contract credits would come into play if there were a MVA or "put" on the VALIC Fixed Interest Option. We are currently exploring whether that would come into plan. If a response is available, we will provide.

24. **Review all employee Salary Reduction Agreements and sign the forms to verify compliance with the Internal Revenue Code and applicable regulations; are you agreeable to completing this electronically?**

   - Yes

25. **Who are the legacy providers (the former vendors that are no longer active with the program)?**

   - Members' contracts with Legacy providers are individual contracts.

26. **Are loans and hardship withdrawals available from these legacy providers?**

   - Legacy providers are all individual contracts with members.

27. **Please provide copies of the relevant plan documents.**

   - Please reference the supplementary documents we have attached with these questions and answers.

28. **Please provide a breakdown of the current value of plan assets by investment option by provider or vendor offered under the plan(s). Please include ticker symbols where applicable.**

   - The Value of Plan assets by investment option are provided in a separate document. Please reference the supplementary documents we have attached with these questions and answers.

29. **Are there any transfer restrictions and/or charges that will apply upon termination of the current provider's contract (e.g., deferred sales charges, market value adjustments)? If so, please describe.**

   - There may be market value adjustment or "put" on the VALIC Fixed Interest Option. We are currently seeking that information and will supply it if available.

30. **The RFP requests provider provide a contract credit (Question 100). Is the City aware of any potential MVA or surrender charges? If yes, please provide the type and amount of the contract credit required.**

   - Please reference the supplementary documents we have attached with these questions and answers.

31. **Are the assets held in mutual funds able to be moved at sponsor direction at the start of the new contract?**

   - Yes, the assets held in mutual funds are able to be moved at the start of the new contract.

32. **Are the assets held on the annuity platform individual contracts that would require individual consent to move to a new provider?**

- Yes, the assets held on the annuity platform are individual contracts that would require individual consent to move to a new provider.

33. **Are the distribution totals listed in the RFP inclusive of both the mutual fund contracts and the annuity platform? Are distributions from the Legacy vendors included in the distribution totals?**

- Totals are inclusive of mutual contracts and annuities. The separation between the two can be found as listed in the RFP. Legacy vendor amounts are not included in the total.

34. **Please provide the total assets held at the legacy providers, and if possible the number of active participants that still hold assets at the legacy providers?**

- We do not have information on the assets remaining in the legacy providers. The Plans moved to a single vendor in 2014, eliminating all previous vendors. The number of active employees with assets in legacy providers therefore would be limited.

35. **What year did the City consolidate to their current provider?**

- 2014

36. **How many local representatives currently service the plan?**

- There is one assigned individual for both the City and Schools.

37. **How often are there new hire orientation meetings at the City and School?**

- Varies. We do not have "group" orientations except during new-hire teacher orientations once a year. So, we could have anywhere from zero to eight or ten orientations per month depending on hiring.

38. **Do the plans allow for loans? If yes, what is the number of outstanding loans and assets?**

- There are 3 loans. The City Plan does not allow for loans

39. **Do the plans offer advisory and managed account services? If yes, how many participants and assets are in this program?**

- Yes, managed accounts are available to employees. There are 17 participants in the Schools Plan and 3 in the City Plan.

40. What is the current interest rate credited to plan assets in the fixed/preservation of capital investment?

- The current interest rate credited to plan assets in the fixed/preservation is 2% as of 6/30/20.

41. **Please provide the number of unique participants (unique SS#) across all plans?**

- See RFP for data (page 3). Schools: 141 participants as of 9/30/20; City: 101 participants as of 9/30/20.

42. **Please provide a complete breakdown of assets by fund including ticker symbols.**

- Please reference the supplementary documents we have attached with these questions and answers.

43. **How much of the assets identified are in a separate participant account(s) and how much of the assets are in the group account in the 401(a), 457(b), and 403(b)?**

- See RFP page 3.

44. **Does the plan currently offer loans? If so, please provide the total number of loans outstanding as well as the total number of loans issued in 2020.**

- Yes, the Schools Plan does have 3 loans, totaling $9,200. The City Plans have 0 Loans.

45. **Please indicate the current process for submitting loan payments. Is it done through a payroll file or directly with a participant bank account (ACH)?**

- It is arranged between member and provider, the employer is not involved.

46. **Please provide recent quarterly investment report showing the breakdown of all funds and assets in each of the 403(b), 401(a), and 457(b) plans.**

- Provided. Please reference the supplementary documents we have attached with these questions and answers.

47. **Please provide information on the fixed or stable value funds in the plan today. What is the current crediting rate? What are the expense ratios? Are there any termination provisions or liquidity restrictions (i.e. MVA, 12 month put, etc.)?**

- VALIC Fixed Interest Option. Credited rate is 2.00% as of 6/30/20. Full provisions not available at this time.

48. **What is the preferred date for transfer of assets? What is the preferred date for contract start date? What is the preferred contract term?**

- Please refer to the RFP, page 5, item 17. Preferred dates will be established after the RFP is awarded.

49. **Please indicate if any of the revenue produced by the fund line-up is kept by the recordkeeper or returned to the plan and or the participants.**

- Revenue produced by the fund line-up is utilized to pay recordkeeper.

50. **Please provide the current plan document.**

- Please reference the supplementary documents we have attached with these questions and answers.

51. **Does the plan prefer a revenue requirement (implicit fee paid through revenue share of the plan) or an explicit per participant fee (asset based or per head) fee structure?**

- Fee paid through revenue share of the Plan.

52. **Does the plan prefer a fee assuming no proprietary funds in the plan? Or would the plan accept a fee assuming proprietary funds?**

- Plan will accept a fee assuming proprietary funds as well as no proprietary funds.

53. **Does the plan currently have managed account programs? If so, please provide the total assets in those programs today.**

- Yes, there is a managed account program. There are 17 participants (School Plan/403(b)); 3 participants/$110,000 (City Plan/457(b).

54. **Does the City have a preference for a fixed option type? Would you prefer a stable value or general account solution?**

- Either is acceptable.

55. **Does the plan currently utilize a self-directed brokerage option? If so, please provide the company being used as well as the total assets in the program today.**

- Yes. AIG is currently being utilized as the self-directed brokerage option. City Plan ($102.00). Schools ($48.00)

56. **Do you currently process payroll in-house or work with an outside payroll provider?**

- In-house.