

Independent Investment Consulting for 529, 401(a), FARP and 457(b) Plans

401(a), 457(b) & FARP Questions

1. Are there independent investment consultant(s) currently serving the SIC and Treasury Department for each of the plans?

There is a single consulting firm that covers all 401(a), 457(b), FARP and 529 assets and providers.

- a. If yes, who are the investment consultant(s) and when does their contract expire?

The current consultant is Capital Cities, and their contract expires at the end of February 2024.

2. What is the total dollar amount of fees paid to the current or previous consultants for the last two (2) years? Was it a fixed fee or is it the percentage of assets?

During the RFP process, we generally do not disclose the fees associated with a particular service as we seek the best service provision and desire an unbiased fee proposal from each respondent.

3. Can you tell us why the RFP is being issued – is it renewal or other reasons? Please explain.

The contract term of the current consultant is expiring.

4. When does each of the current recordkeepers' contracts expire?

The recordkeeper and providers for the 401(a), 457(b) and FARP plans were selected via an RFP process in 2023 and final contracts are currently being negotiated. It is anticipated that the contracts shall have a minimum of a 3-year initial term with a potential for annual extensions.

5. In what year of the selected investment advisor contract term is the next recordkeeper RFPs and/or fiduciary standard benchmarking anticipated?

We do not believe an RFP for administrator(s)/recordkeeper(s) or investment manager(s) in the 401(a), 457(b) or FARP plans shall be necessary within the next 5 years. Despite these expectations, it is always possible that events could require an RFP for any of these services should any of the current relationships be terminated.

- a. Should we include the price of our recordkeeper RFP-related vendor search/negotiation service allocated equally across the three-year annual contract fee, or price it separately as a one-time project fee in the year performed?

Responses to this RFP should be priced inclusive of any RFP-related services that could be required. Whether this element of the service is incorporated within an overall fee quotation or entails a separate pricing and fee structure, should be clearly communicated in your response.

6. Is the State seeking 3(21) co-fiduciary advisory services or 3(38) discretionary?

The State is seeking a 3(21) co-fiduciary relationship where the State Investment Commission retains final decision-making authority over the investment options.

7. Has the State considered 3(38) discretionary services to further help mitigate their fiduciary liability related to sponsoring the plan?

To our knowledge, this has not been discussed within the State Investment Commission and it is unknown if that body would consider such an option.

8. Would the State be willing to consider 3(38) discretionary services to further help mitigate their fiduciary liability? If yes, will the State accept and consider contracting 3(38) as an optional service with associated costs?

Please see response to question #7. This is not an option the State is interested in considering at this time due to the unexplored questions regarding whether such an action, and its associated expense, would constitute any real mitigation of fiduciary responsibility.

9. Are advisory services or managed accounts offered to 401(a) and 457(b) plans participants now?

Within the 401(a) and 457(b) plans, participants may speak with representatives of the various providers – TIAA (401(a) & 457(b)), Voya (457(b) only) and Fidelity (457(b) only) – to assist them with general participation questions. Within the 457(b) plans, managed account services are available. See page 47 of the Annual DC & Deferred Comp Program Review available at the link below:

[2023-12 State Investment Commission Report and Materials - December 2023 - Annual DC & Deferred Comp Program Review Presentation Dec 2023 - Office of the General Treasurer Data Portal](#)

- a. If the service isn't offered in any of the plans now, has it been proposed for consideration in all plans on a go-forward basis?

Managed account services have not been offered in the 401(a) plan as this is a compulsory plan for most state and some municipal employees and the State Investment Commission has not desired to make this group a marketing target for managed account services from a single provider. Within the voluntary 457(b) plans, managed accounts are available.

10. Is there anything you would like the new investment advisor to do differently, improve and/or provide additional services?

We have no specific requests but are open to evaluating additional services.

11. Can you please identify the amount of plan assets in risk-based/managed account portfolios?

For managed account information in the 457(b) plan, please see page 47 of the "Annual DC & Deferred Comp Program Review" at the link below:

[2023-12 State Investment Commission Report and Materials - December 2023 - Annual DC & Deferred Comp Program Review Presentation Dec 2023 - Office of the General Treasurer Data Portal](#)

12. Does the State have an investment policy statement for the 401(a) and 457(b) plans?

Yes. The most recent review was completed in December 2023 and the documents titled "Restated RI 401a IPS Last Reviewed Dec 2023" and "Restated RI 457b IPS Last Reviewed Dec 2023" are available at the link below.

[2023-12 State Investment Commission Report and Materials - December 2023 - Datasets - Office of the General Treasurer Data Portal](#)

- a. If yes, can you please provide a copy?

Please see above.

- b. When was IPS last updated?

Please see above.

- c. Should we include this IPS creation and/or review update in our scope of work?

Yes.

13. Can you please provide a copy of your current investment advisor’s performance report so we can clearly understand your desired quarterly reporting expectations?

The public performance material for the 401(a) and 457(b) plans is reflected on pages 62 to 104 of the State Investment Commission materials titled “ERSRI SIC Book 11.30.2023” available at the link below.

[2023-12 State Investment Commission Report and Materials - December 2023 - Datasets - Office of the General Treasurer Data Portal](#)

- a. If your current performance reporting format does not meet your needs, can you please identify what modifications, improvements and/or information format/content is desired?

The current materials provide adequate information.

14. Can you please provide us with the ticker symbols/CUSIP and the current market value of each fund option (Including Separate accounts and CITs) in the 401 (a) and 457(B) plan? If ticker symbols/CUSIP are not applicable, can you please provide us the following for each investment option:

- a. manager name?
- b. asset class?
- c. investment objective?
- d. expense ratio of each fund?
- e. market value in each fund strategy?

Information reflective of the above criteria is available in the State Investment Commission material titled “Annual DC & Deferred Comp Program Review” available at the link below.

[2023-12 State Investment Commission Report and Materials - December 2023 - Annual DC & Deferred Comp Program Review Presentation Dec 2023 - Office of the General Treasurer Data Portal](#)

15. Are any of the funds in the Plans’ lineup currently on watch or slated for removal? If yes, which ones?

Please see the “Annual DC & Deferred Comp Program Review” available at the link below to review the status of defined compensation and deferred compensation investment options.

[2023-12 State Investment Commission Report and Materials - December 2023 - Annual DC & Deferred Comp Program Review Presentation Dec 2023 - Office of the General Treasurer Data Portal](#)

16. Do your vendors currently provide the State's committee fiduciary education/training programs?

Any of the State's consulting firms may be requested to provide fiduciary education or training material to the State Investment Commission. Such activity is "ad hoc" in nature and no activity is currently scheduled.

- a. If yes, how often does it occur (annually, quarterly, ad hoc)?

Please see above.

- b. If no, what is the expectation under the new contract?

Please see above.

17. Has the State Committee conducted an in-depth target date fund review that meets DOL standards? If yes, what date was performed?

Yes, this review was carried out as part of the RFP completed in 2023 for the defined compensation and deferred compensation administrator and investment providers. This was also reviewed as part of the annual program reviews presented to the State Investment Commission in December 2023.

18. Has the State conducted a fee benchmarking review? If yes, what date last performed?

Yes, this review was carried out as part of the RFP completed in 2023 for the defined compensation and deferred compensation administrator and investment providers. This was also reviewed as part of the annual program reviews presented to the State Investment Commission in December 2023.

19. Has the State conducted a review and/or a modification of the investment menu?

Yes, this review was carried out as part of the RFP completed in 2023 for the defined compensation and deferred compensation administrator and investment providers. This was also reviewed as part of the annual program reviews presented to the State Investment Commission in December 2023.

- a. If yes, what date it was last performed?

Please see above.

- b. Please provide a brief description of the modifications made to the investment menu.

Please see above.

20. Is there a financial wellness program available for participants today?

TIAA provides this activity for the 401(a) plan. TIAA also coordinates this activity for the 457(b) plan in conjunction with Voya and Fidelity.

- a. If yes, please provide the name of the provider if separate from the current recordkeeper, and a summary of the services provided.

Please see above.

- b. Does the wellness program provide robust employer reporting that captures participant data for plan sponsors and/or recordkeepers' benefit to assist in the delivery of relevant participant financial education topics?

Yes, TIAA (along with Voya and Fidelity) provides extensive information on the utilization of available training and material along with participant statistics regarding program utilization.

- c. Would the State accept and consider contracting a robust financial wellness platform proposal as an optional service?

This has not been discussed with the State Department of Administration or the Employees Retirement System of Rhode Island, the entities which would ultimately be responsible for the administration and costs of such a program.

CollegeBound Saver and 529

21. When does the current investment manager's contract expire?

Investment management is provided as a bundled service within the CollegeBound Program Management Agreement. The contract for Program Management services expires in July 2026.

22. When does the current recordkeepers' contract expire?

Please see above.

23. Can you please provide us with the ticker symbols/CUSIP and the current market value of each fund option (Including Separate accounts and CITs) in the CBS and CB529 plan? If

ticker symbols/CUSIP are not applicable, can you please provide us the following for each investment option:

- a. manager name?
- b. asset class?
- c. investment objective?
- d. expense ratio of each fund?
- e. market value in each fund strategy?

Information reflective of the above criteria is available in the State Investment Commission material titled "Annual 529 Program Review Dec 2023" at the link below.

[2023-12 State Investment Commission Report and Materials - December 2023 - Annual 529 Program Review Dec 2023 - Office of the General Treasurer Data Portal](#)

24. Can you please provide a copy of the previous 529 analysis report?

The consultant provided public material consists of the annual program review available at the link below. Additional material is provided to Treasury staff quarterly or on an as needed basis.

[2023-12 State Investment Commission Report and Materials - December 2023 - Annual 529 Program Review Dec 2023 - Office of the General Treasurer Data Portal](#)

- a. Has it met your reporting expectations?

Yes.

- b. What changes/improvement are expected from the new investment consultant?

We have no immediate suggestions.

25. We noted page 8 section 5 References, point 29. "Provide the organization name, address, telephone number, contact name and title for three (3) references. At least two (2) of the references must be from firms/individuals involved with the 529, defined contribution or deferred compensation industry." If we only have one 529 reference, how would that impact our proposal evaluation score?

All responses will be evaluated according to the criteria outlined in the RFP.

26. Assuming we can demonstrate strong capability and experience in the 401 (a) and 457 (b) consulting scope and only have one 529 reference, would our proposal remain viable for serious consideration for selection and contracting?

Please see response to question #25.

27. Would our proposal be better positioned for consideration for contracting if we subcontract a separate company that has two 529 references?

The utilization of a subcontracting relationship for the 529 plan is possible and the RFP contemplates the potential for such a relationship in non-investment activities in Section V. The State is open to such a structure providing full disclosure of the relationship is provided in the RFP response.

General Questions

28. How many hard copies of plan investment fiduciary reports will be required for quarterly delivery?

We prefer electronic distribution of material.

- a. Is there expectation to deliver these copies in advance? If so, how many days?

Any material that would be used for publicly noticed State Investment Commission meeting would need to be delivered a week in advance of such a meeting. The schedule for these meetings is known at least a month in advance. Other material used to facilitate a discussion with staff is generally delivered on a flexible schedule. Quarterly material is typically delivered within a few weeks from quarter end.

29. Can you please disclose the names and title of the proposal evaluation committee?

The evaluation team is still being assembled. At minimum, it will include:

Eric Baggesen – Chief Investment Officer

Justin Maistrow – Deputy Chief Investment Officer

Chris Civittolo – Director of Strategic Planning (past Director of College Savings)

It is possible that the evaluation team may also include representation from other members of the Rhode Island General Treasurer's staff.

30. Will the same proposal evaluation committee be responsible for ongoing plan oversight? If different, please indicate name/title of the State party or parties responsible for ongoing plan oversight.

Plan oversight shall primarily reside with the General Treasurer's staff and the State Investment Commission. The evaluation team will all have a role in the oversight of one or more of these plans.

31. How many times a year would you expect the selected vendor to deliver and/or present reports to the oversight committee?

The consultant will be required to present an annual review to the State Investment Commission. Other presentations may be necessary on an “ad hoc” basis depending on events impacting the plans.

32. Is the meeting schedule for 2024 available? If so, can you please provide it?

State Investment Commission meetings are generally scheduled for the 4th Wednesday of the month. The most up to date iteration of the State Investment Commission’s Annual Calendar can be found at <https://opengov.sos.ri.gov/openmeetings>.

33. Could you please give us a 5-business-day deadline extension after responses to our questions have been released so we can thoroughly evaluate them and submit a fully responsive proposal?

Given the expiration of the existing consultant’s contract at the end of February and the time needed to assess the responses to the RFP, we are unable to extend the deadline for submission beyond the January 12th date.

Additional Questions

34. What are the annual fees paid to the current consultant?

Please see response to question #2.

35. Have additional amounts of fees been paid for services described as “additional non-investment related services” in the RFP? If yes, how much?

Yes, additional fees have been paid. Please see response to question #2.

36. Has there been any appetite to modify the current law requiring three 457 deferred compensation providers?

This has not been discussed or proposed.

37. Are the contracts with TIAA individual or group contracts?

Assuming this question relates to TIAA proprietary items such as Stable Value or TIAA Traditional, the contracts are group contracts.

38. The 529 plans and the defined contribution retirement plans are obviously different types of savings plans. Many consulting firms are likely to be very experienced with one plan

type but less experienced with the other. Would you consider proposals that focus on just the 529 plans or focus just on the defined contribution retirement plans??

We seek an organization capable of providing coverage of all these plans to gain economy of scale and minimize the number of relationships that need to be managed. Consistent with question #27, the State will consider a sub-contracting structure provided one organization has overall responsibility for the delivery of the required services and the structure of any sub-contracting relationship is fully disclosed.