

Appendix H: Scope of Services

TRS seeks to contract with a Third-Party Administrator (“TPA”) who can offer full-service recordkeeping, administration, and possible custodial services to the TRS Supplemental Savings Plan (also referred to as the “Plan”). The engagement requires that the TPA commence working with TRS upon the effective date of the engagement agreement (at execution), expected to occur by January 1, 2020 or earlier. TRS expects that during the initial phase of the engagement – beginning on the engagement’s effective date through July 1, 2020 (referred to herein as the “Implementation Period”) - all work will be completed to allow the Plan to be fully operational on July 1, 2020 (“Operational Date”). Thereafter, the TPA will provide on-going, recordkeeping and administrative services for the Plan.

The successful Offeror will be expected to provide the following services to the Plan:

1. Implementation of Services
2. Full Plan Administration and Recordkeeping
3. Communication and Education
4. Regulatory Compliance
5. Investment Services

Additional details around each of the services are outlined below:

I. Implementation of Services

The TPA must assign a transition team to work with TRS and other parties designated by TRS to complete the implementation of the Plan no later than July 1, 2020. The implementation of the Plan will depend on TRS’ implementation of a new system to provide for employer reporting on a pay period basis. In the event that the per pay period reporting cannot be launched on July 1, 2020, TRS anticipates a delay of the launch of the Plan to Fall 2020.

The TPA will be required to provide services before the commencement of actual recordkeeping services. The TPA will not receive any fees under this contract until the Operational Date.

The TPA must accomplish the following tasks at appropriate times during the Implementation Period to achieve the successful completion for the purposes of the engagement:

- Assign a Project or Transition Manager(s) to manage all aspects of the implementation and transition and coordinate both with TRS and with the TPA’s staff.
- Assign a team of individuals, including a Relationship Manager, a Plan Manager and Field Service Representative(s) who will work closely with TRS during the Implementation Period and thereafter throughout the duration of the contract.
- Provide an implementation plan that outlines specifics on how the implementation process will be completed, including key milestones, responsibility of each party and identifying possible areas of risk.

- Work with TRS to provide internal staff and Employers (as used herein, “Employer” means each school entity in the State of Illinois whose employees are eligible to participate in the Plan) training on all aspects of the recordkeeping system and ensure that all necessary administrative procedures have been addressed and documented.
- Collaborate with TRS to identify and develop the required automated interfaces between the Employers and the System to ensure the efficient transfer of contributions and data between the Employers and TRS.
- Collaborate with TRS to identify required automated interfaces between the System and the TPA and coordinate the development of requirements, system design, development, and testing of those interfaces with TRS.
- Collaborate with TRS to identify, develop and test any required automated interfaces between the TPA and the Employers to transmit data related to the Plan.
- Assist TRS in developing and implementing a custom brand for the Plan that will accurately describe and positively promote the Plan, and will identify TRS as an accessible, comprehensive, and easy-to-use resource for retirement information, education, and tools. The TPA will coordinate with TRS and any outside providers selected by TRS to assist in developing ideas for the brand. TRS will own all materials developed.
- Be readily available during the Implementation Period to provide assurance to TRS that requirements have been appropriately determined, systems have been designed to meet requirements, and adequate testing has been completed to ensure the systems handle data appropriately.
- Extend the Implementation Period beyond the Operational Date to address system and business issues that were not anticipated previously, if necessary.
- Additional details are outlined below:
 - Establish contacts with appropriate TRS staff and departments.
 - Hire appropriate staff needed to provide services to TRS.
 - Collaborate with TRS, employers and payroll providers to develop data feeds and file layouts to electronically transmit information from the employers to TRS and TRS to the TPA. Data transmissions may also include associated defined benefit information that will be incorporated into an annual statement and into the communication and education program to be discussed in greater detail below.
 - Set up interfaces with all investment fund managers and the selected custodian.
 - Establish administrative rules for operation of the Plan in accordance with any applicable business rules adopted by TRS as may be required, and prepare an administrative manual identifying tasks and procedures for use by TRS and a separate manual to be used by Employers.
 - Establish in collaboration with TRS written and actual procedures for handling all participant activities including, but not limited to, enrollment, employee contributions, rollovers, beneficiary designations, and separation from service.

- In collaboration with TRS, develop an initial and ongoing communication and education plan for both employers and participants (actual and prospective). The initial plan will encompass the following elements:

Employers

- The TPA must collaborate with TRS to design and implement an outreach program to educate employers and their software providers on the requirements for interfacing with the TPA and with TRS, and the timeframe for implementing those requirements, so that employers are ready for the July 1, 2020 implementation date. The TPA must also assist with the coordination of the testing of these interfaces with employers and with software providers, if applicable.
- The TPA must collaborate with TRS to design and implement an initial outreach program to engage and educate employers prior to the launch of the new Plan and the responsibilities and processes around Plan operations. This outreach program may include, but is not limited to, live and recorded webinars, conference calls and onsite meetings at key locations around the state.
- The TPA must prepare materials to be used in education sessions and documentation manuals as well as FAQs that are maintained by the TPA.

Participants

- The TPA must collaborate with TRS to design and implement an education program that provides clear and understandable information for eligible participants of the Plan that clearly describes the benefits of participation and explains how to enroll, select investments and manage the account.
- Although the plan is expected to be operationally effective on July 1, 2020, the TPA will be expected to provide a comprehensive and targeted communication and education campaign to promote the new program in September-November 2020 or at a mutually agreed upon timeframe.

II. Recordkeeping and Administration

The TPA shall perform all services necessary to provide TRS with full third-party administration and recordkeeping for the Plan.

The TPA will engage in discussions with TRS at the start of the Implementation Period to determine, what administrative functions can be outsourced, and which will be retained by TRS. Additionally, the TPA will collaborate with TRS during the Implementation Period to determine the most efficient way establish specific processes required to administer the Plan. The TPA must be able to provide the following administrative functions:

- Online enrollments
- Employee contributions in both percentages and dollars
- Calculation of Special 457(b) 3-year catch-up contribution
- Beneficiary designations
- Rollovers into the Plan

- Withdrawals
 - Approval of Unforeseeable Emergency/Hardship distributions
 - Distribution Payments
 - In-service Distributions
 - Processing Qualified Illinois Domestic Relations Orders (TRS will review court order, determine validity and send the order to TPA. TPA will process the order and divide the account.)
 - Death – notification required to TRS
- Loan administration
- Tracking of all applicable IRC limits, including prompt notification to TRS staff if a limit is reached or exceeded
- Mailing of distribution kits to terminated participants
- Automatic cash out of small account balances per the Plan’s document
- Handling of stale dated checks

As part of the administrative process, the TPA will provide a manual of tasks, rules, and procedures for operation of the Plan, including a description for TPA employees of how all services to be provided will be performed.

The TPA will ensure that TRS has a qualified account service representative available to provide timely and comprehensive assistance with all aspects of the TPA’s services.

A. Account Information

The TPA must maintain records associated with an individual’s account, including, but not limited to: investment balances, contributions (all types), distributions, earnings, administrative fees, address, beneficiary designations, and any other information necessary for the proper administration of a participant’s account (and if applicable, a beneficiary or alternate payee’s account and for purpose of this document, shall be included in the term “participant”). TRS will provide the TPA with demographic data and other relevant information on each eligible participant such that the TPA can establish an account for each participant and provide outreach efforts.

B. Transaction Capabilities

Changes to investment allocations must be made to the participant’s record on the date they are requested. Investment transfers received before the closing of the financial markets must be made on the next business day using the previous day’s NAV or value.

An error committed by the TPA through the Voice Response System (‘VRS’), the participant website, or in regular processing must be corrected and processed as of the effective date of the original transaction.

Any errors made regarding services provided by the TPA must be corrected at the TPA’s sole cost and expense so that the value of the participant’s account is not less than it would have been had the error not occurred.

The TPA must respond to participant questions and complaints. TRS will work closely with the TPA on the proper response to these issues. The TPA will develop a process to identify and track any issues, errors or complaints and ensure they are brought to TRS's attention.

The TPA must provide a proposal for review and approval designed to formally assess participant satisfaction with the TPA's services.

C. Participant Statements

The TPA is required to prepare and distribute, by first-class mail or by email at participant's request, quarterly statements of account activity that will include beginning and ending balances and activity during the period (contributions, withdrawals, and investment returns) and such other information that may be required by applicable law or at the direction of TRS. All information must be provided in both dollars and share/unit value. The statements include year-to-date contributions, comparative charts of asset allocation, and net gain or loss, as well as the various special reporting features, including:

- Contributions
- Distributions
- Corrections
- Default investment
- DB benefit

The TPA must have the capabilities to provide an account statement incorporating the Defined Benefit projections for each participant in conjunction with their Plan contribution as well as projected shortfalls or surpluses in income.

D. Service Agreements with Investment Managers

The TPA will be required to engage in service arrangements, on TRS's behalf, with investment managers providing services to the Plan. The contractual arrangements may include coordination of applicable administrative procedures and/or obtaining compensatory payment for conducting individual participant account recordkeeping. Any payments negotiated by the TPA, TRS or its representatives would need to be collected by the TPA and used to offset Plan costs on a disclosed basis. The TPA, however, cannot enter into any agreement on behalf of TRS that is binding on TRS, allows recourse to TRS, creates any actual or potential liability on the part of TRS, except as otherwise authorized by TRS, or waives any of TRS's rights, defenses, causes of action, or immunities.

E. Changes to Fund Managers

All decisions regarding the investments offered under the Plan are made by TRS. It is possible that, as a result of TRS's ongoing review, there could be changes to an investment offering at any time. The TPA must assist in implementing any changes to an investment offering, including any required blackout period and reconciliation as well as communicating them to participants.

F. Interface and Coordination with the Plan Custodian

The TPA will perform actions necessary to properly and effectively coordinate its administration and other contracted services with the custodian selected by TRS. The TPA will interface with the custodian and will perform all administrative, recordkeeping, accounting and reporting functions in a manner that coordinates effectively with the trade / settlement processing, custody, daily valuation, performance reporting related to the assets and transactions associated with the Plan, which are performed by the custodian. Coordination may require entering into agreements with the selected institution.

G. Distributions

The TPA will be responsible for distributing assets upon request from a participant who has separated from service and confirmation from TRS that the participant is eligible for a distribution. TRS requires a participant is terminated for 4 months prior to receipt of distribution. Retirees are not subject to this provision.

H. Plan Level Reporting

A listing of the reports expected to be provided by the TPA can be found in Appendix I. TRS may require adjustments to reports or ad hoc reporting, as needed.

I. Online Access

The TPA must provide TRS with a method to access participant demographic and other account information, account balances, transaction history, and withdrawal payout information on the TPA's system. The TPA must be able to provide varying levels of access and transactional capabilities such that TRS may limit staff's ability to make changes to a participant's account.

J. Remittances and Data Feeds

The TPA must be able to accommodate receipt of payroll remittance files on a daily basis from TRS. The TPA will validate all employer payroll remittance files.

The TPA must ensure the secure transmission of data both to and from the TPA via the following methods:

- establishing a secure electronic data feed(s) (FTP and/or RESTful API) based on a format agreed upon by the TPA and TRS;
- provide an Employer/Plan sponsor website that allows TRS to submit data files securely to the TPA.

The TPA must be able to transmit relevant and necessary data elements to TRS or to the Employers to aid in the administration of the Plan. Additionally, the TPA must be able to provide a daily feed that provides participant account balances as of the close of the business day in a mutually agreed upon format.

K. Voice Response System (VRS)

The TPA must maintain a toll-free line with voice response capabilities to provide the required services to the Plan. The VRS access will be available 24 hours a day, except for the time necessary

for normal maintenance of the system and updating of information. The telephone number must be TDD/TTY capable. The VRS must provide the following information and services to the participant from a touch-tone telephone:

- General Plan overview information including how to reach a customer service representative at TRS and other topical information;
- Current account balance, broken down by investment option;
- Current investment returns;
- Current unit values or share prices;
- Daily changes in share prices or unit values;
- Inquiries about current investment election (allocation of investment returns);
- Changes to allocation of future contributions;
- Transfers of existing assets between investment options;
- Ability to access tax information related to plan distributions;
- Requests for the most recent statement, Plan informational brochures and forms.

Inquiry services available through the VRS must use the most current available share prices, unit values and account balances as of the previous day.

L. Customer Call Center

Customer service representatives must be available to answer participant questions during normal business hours each business day. All telephone calls must be recorded and maintained in a retrievable location throughout the duration of the engagement. The TPA must provide access to these recorded calls to specific individuals designated by TRS. The TPA will provide participants initiating transactions via customer service representatives with a confirmation number followed by a written or electronic confirmation at the choice of the participant.

In addition, the TPA must provide TRS with quarterly reports on service center activity including, but not limited to, purpose of calls, call wait time, abandoned calls and voice response system and Internet usage.

The TPA will ensure that the personnel answering the customer service lines are qualified to provide information on the investment offerings under the Plan and to discuss investment concepts and retirement planning considerations. The personnel will also be cross-trained to provide high-level information on the Tier I and Tier II (“System”) pension benefit.

If a participant requires assistance relating to the participation in the System and the TPA’s representative is unable to respond, the representative will initiate a warm hand-off to TRS’s call center staff and will connect with TRS’s staff via email with a request to contact the participant to resolve his/her questions if a transfer cannot be initiated.

The TPA must provide assistance to a participant who desires to cause a distribution from the Plan and advise participants of payment options as well as informing terminated participants of their ability to retain their account in the Plan until a distribution is required by applicable law.

The TPA will ensure that any investment information is provided in a manner consistent with the requisite insurance and securities laws, any applicable state law and that all personnel, who provide such information, will be properly licensed with all required regulatory agencies, if applicable.

M. Correction of Contributions

The TPA should provide for a process for reversing or correcting erroneous transactions, the correcting activity is generally a full account back out and reposting. The TPA should identify the type of error and whether the error is a result of the Employer or the TPA and will work closely with TRS when such an event occurs. Incorrect postings due to the TPA's error are corrected and funded by the TPA.

TRS or Employers will electronically transmit adjustments to participant accounts to the TPA. The TPA will be expected to trade all negative and positive transactions on the specified trade date. The TPA reviews the negative transaction created to ensure that there are enough funds to cover an adjustment.

N. Correction of Investment Earnings

If an operational error occurs in the administration of the Plan, the TPA shall have the ability to correct and shall cooperate with TRS and its directions in the correction of such errors. All associated earning penalties requiring payment by the employer will appear on the quarterly cash activity report.

O. Fees

Fees may be collected on either a disclosed or undisclosed basis (netted from returns prior to crediting of returns) or both as directed by TRS. The fee schedule may be a per-participant fee, an asset-based fee or a combination. TRS may also require the TPA to collect fees in a manner that would limit the amount of fees collected on large individual account balances such as a graduated asset fee or may limit the amount collected on a small account balance. Participant fees must be fully disclosed and transparent in enrollment materials and on participant statements.

P. Meetings

The TPA will be expected to participate in periodic meetings with TRS either onsite or via phone. The manner of TPA's participation in each meeting, and the schedule set for each meeting, will be mutually agreed upon by TRS and the TPA. It is expected that the TPA will attend the following meetings:

- Operations and meetings with TRS's staff (Quarterly)
- Communications and education strategy (Quarterly)
- Meetings with TRS partner organizations (as needed)
- Board meetings (as needed)
- Other meetings as requested by TRS or TPA

III. Communication and Education

The TPA will be required to design and lead the development of an ongoing customized educational campaign directed towards eligible and current participants in the Plan. The campaign should be designed to engage the participant in ways that promotes awareness and understanding

of the Plan and its benefits. This campaign will include a combination of tailored communication materials, group and one-on-one meetings and targeted messages.

All campaigns developed should also include recommendations on the method and frequency with which materials will be distributed (e.g., statement stuffers distributed at group educational meetings, left at employment locations, mailed by the TPA, etc.) and how frequently meetings should be held.

A. Communications Requirements

Communications must present an unbiased approach when providing investment information and should educate participants about all aspects of the Plan, including retirement planning, investment options, performance and distribution selections.

The TPA will be responsible for preparing, in consultation with TRS, all Plan communication materials in both printed and HTML format (for posting on TPA's and/or TRS's website). Preparation includes the design, layout HTML formatting, printing, and where necessary, the mailing of all materials.

TRS's communications staff will actively participate in the design, drafting and approval of all communication pieces. TRS will request edits and redrafting of materials as necessary and may require communications materials in alternate formats and languages upon request. In addition, TPA will send finished publication through its internal compliance review process.

All communications, publications and forms must be customized for TRS. All materials produced by the TPA are for the sole use of participants and are the property of TRS. All materials must reflect the branding that will be developed as part of the contract and shall not highlight or otherwise serve as a vehicle to promote the TPA, other relationships or services beyond those offered through the Plan. This custom branding will apply not only to printed materials, but also to the custom website.

B. Participant Education

The TPA, in conjunction with TRS, shall prepare and execute a comprehensive participant education program which may include, but is not limited to the following components:

- Targeted communications developed using data mining that provide pertinent and actionable messaging at various stages of the participant's employment lifecycle including new hires, mid-career and nearing retirement.
- Develop educational materials that focus on the differences between the DB and DC program, including the differences in available investment options and investment management responsibilities.
- Provide group-level and/or one-on-one employee sessions designed to provide a holistic understanding of the System and the Plan benefits and investment offerings. These meetings should be conducted by tenured field representatives (with appropriate licensing) throughout the State of Illinois who have the requisite skills and knowledge of

the Plan. Field representatives must be compensated solely on a non-commission basis and may not cross-sell other products or services.

- Develop, design and host scheduling and online registration software for all outreach efforts.
- Conduct webinars on a monthly basis for current and potential plan participants. These webinars will be designed to provide education around the Plan and assist participants in understanding how the plan works and the benefits of participation. Webinars must be made available to be posted on the TPA's or TRS' website.
- Schedule, register participants, host and record periodic live webinars with subject matter experts internally from TRS and externally to provide education on a variety of retirement readiness and investment related topics. Recorded webinars must be reviewed and approved by TRS before they are added as links to the TPA's web site.
- Develop, with the input and approval of TRS, both electronic and hard copy booklets covering the following topics:
 - Welcome packets for new hires providing an overview of the Plan
 - Plan investment information
 - Plan distribution information
 - Understanding the quarterly statement
 - Online account access

The TPA will be expected to connect regularly with TRS to review educational materials, coordinate activities and maintain open lines of communication. TRS' outreach team consisting of 2 coordinators and 1 director will partner with the TPA to attend meetings where possible and provide education on the DB plan.

C. Employer Education

The TPA will work with TRS to develop communications, tools and other resources that can be provided to employers to assist in their understanding of the Plan and associated responsibilities.

The TPA will participate in periodic webinars, live meetings or conference calls to provide employers with training on the systems and remittance processes. The TPA will be asked to provide an annual training conference or webinar that will be offered to all employers.

The TPA will provide employers with technical support relating to the Plan website.

D. Plan Administrative Forms

The TPA, with input and approval from TRS, must prepare all forms required to administer the Plan, including hard copy and web-based forms.

E. Fulfillment Services

Publications and forms must be delivered by the TPA to all employers upon request. TRS intends to maintain a supply of all materials on-site and expects the TPA to be able to restock that supply with two-three weeks' notice.

As determined by TRS, specific, materials will be emailed or mailed directly by the TPA to participants at their address of record. These materials may include, but would not be limited to: confirmation letters, letters announcing new Plan, investment related information and updated brochures.

F. Website

The TPA must develop and maintain a customized website that will house information around the Plan including but not limited to, plan information, available investment options and the current schedule for group-level education meetings and workshops prior to participant log in. The TPA website must:

- Provide the ability to view and print publications and forms and register for educational session online.
- Provide streaming video and interactive communication abilities.
- Provide web-based tools and applications, including but not limited to calculators and gap analysis tools.
- Provide complete Web-based communications opportunities for actual and prospective participants who do not want to receive written materials.
- Provide secured access to participant account information for:
 - Ability to create initial password online to set up account access;
 - Account balance and contribution information and history;
 - Fund transfer and allocation change capability;
 - Ability to view and print quarterly statements online;
 - Ability to request and view personalized statements online for historical periods;
 - Ability to show DB benefit based on periodic feed received from TRS.
- Include customer support capacities to respond to and trouble-shoot participant technical difficulties.

The TPA should expect and plan for periodic changes. The website should be designed with flexibility to re-structure and update content often as well as use responsive web design (RWD). TPA should test site on multiple platforms, including handheld devices.

IV. Regulatory Compliance

The TPA must comply with any changes that may occur as a result of new legislation (either State or Federal) or other applicable law. Additionally, the TPA must provide notification to TRS of any regulatory or legislative changes that may impact the Plan.

A. Tax Withholding and Reporting

The TPA will be responsible for creating and mailing Form 1099-R's to all participants enrolled in the Plan and complying with applicable IRS regulations. The TPA will be responsible for creating and mailing Form 1042-S to beneficiaries who are foreign residents.

The TPA will be solely responsible for any tax penalties and/or interest that may arise due to errors it made in remitting withheld amounts to the appropriate government authorities.

B. IRS Provisions

The TPA must provide monitoring for and compliance by the Plan with applicable IRC provisions, such as IRC Section 415 limits and required minimum distributions.

C. Program Audits

The TPA may cooperate fully in the development and execution of audits of the Plan. These audits will include certain test procedures as directed by TRS, including, but not limited to the following:

- Reconcile between the custodian's plan asset records, TRS's records and the TPA's participant records;
- Confirm assets held in trust/custody with the parties providing the actual investment options;
- Reconcile revenue received by the custodian with the specific revenue of the various investment options;
- Test charges to Plan assets and withdrawals from the Plan to determine compliance with trustee/custodial agreements and Plan provisions;
- Test actual investments held by the third-party financial institution or other party to determine whether they coincide with actual participant records.

V. **Investment Services**

The TPA will be expected to provide the following services as part of the engagement:

- A completely open architecture investment platform that complies with the National Securities Clearing Corporation (NSCC) and other generally accepted trading requirements for defined contribution plans;
- Participant financial advice and guidance;
- Ability to support custom target date funds and/or other custom portfolio model services;
- Ability to support white labeled funds;
- Ability to offer a self-directed brokerage window.