

**Teachers' Retirement System
of the State of Illinois**



**REQUEST FOR PROPOSALS FOR THIRD PARTY ADMINISTRATOR
TO PROVIDE RECORDKEEPING AND ADMINISTRATIVE SERVICES
FOR THE TRS SUPPLEMENTAL SAVINGS PLAN**

Issued August 15, 2019

Responses due September 16, 2019 by 2:00 pm CST

Table of Contents

| | |
|--|-----------|
| I. Introduction | 3 |
| II. Summary Description of TRS..... | 3 |
| III. Optional Supplemental Defined Contribution Plan..... | 4 |
| IV. Services Required | 4 |
| V. Proposal Content..... | 5 |
| VI. Submission of Proposals | 7 |
| VII. Evaluation Process | 8 |
| VIII. Anticipated Timeline..... | 9 |
| IX. General Conditions..... | 10 |

Attachments:

Appendix A: Reference Authorization Letter

Appendix B: Minimum Qualifications

Appendix C: Questionnaire

Appendix D: Service Level Agreements

Appendix E: Fee Proposal

Appendix F: Vendor Type Verification Form

Appendix G: Sample Agreement

Appendix H: Scope of Services

Appendix I: Financial and Management Reports

Appendix J: Plan Summary and Specifications

Appendix K: Draft TRS Supplemental Savings Plan Document

Appendix L: Active Members Map

I. Introduction

The Teachers' Retirement System of the State of Illinois ("TRS" or "the System") is requesting proposals for third-party recordkeeping, administrative, and possible custodial services to the TRS Supplemental Savings Plan. The objective of this Request for Proposal is to solicit competitive proposals from qualified vendors in sufficient detail to permit objective evaluation of all proposals which may result in a contract to provide full-service recordkeeping and administrative services for a new optional supplemental defined contribution plan.

TRS is committed to increasing racial, ethnic, and gender diversity in all aspects of its utilization of vendors to provide goods and services to the System, to the greatest extent feasible, and within the bounds of financial and fiduciary prudence. To that end, the System strongly encourages qualified minority, female, disabled, and veteran-owned vendors to submit proposals to this RFP.

A proposer's preparation and submittal of a proposal or subsequent participation in presentations or contract negotiations creates no obligation on the System to award a contract or to pay any associated costs. All proposals and related materials will be retained by the System and will be subject to disclosure as required in accordance with the Illinois Freedom of Information Act.

II. Summary Description of TRS

The General Assembly created the Teachers' Retirement System of the State of Illinois in 1939. TRS administers a multiple-employer governmental defined benefit plan to provide its members with retirement, disability, and death benefits. Membership is mandatory for all full-time, part-time, and substitute Illinois public school personnel employed outside the city of Chicago in positions requiring certification by the Illinois State Board of Education. Persons employed at certain state agencies relating to education are also TRS members. The System serves over 400,000 members at over 950 employers and had over \$50.5 billion in assets held in trust for its membership as of January 31, 2019.

The retirement system is administered as a qualified plan under Section 401(a) of the Internal Revenue Code. TRS benefits and investments are governed by Articles 1, 16, and 20 of the Illinois Pension Code, 40 ILCS 5. Funding comes from member contributions, contributions by TRS-covered employers, the state of Illinois, and investment income. The System's most recent Comprehensive Annual Financial Report, as well as a variety of other information about TRS is available on the TRS website at <https://www/trsil.org>.

A thirteen-member Board of Trustees (the Board) is responsible for the general administration of the System, including the duties granted to it under Article 16 of the Illinois Pension Code, 40 ILCS 5. Under the direction of the Executive Director employed by the Board, the day-to-day administration of the System is delegated to approximately 190 full-time staff. The main office is in Springfield, Illinois and there is a satellite office in Lisle, Illinois.

III. Optional Supplemental Defined Contribution Plan

Effective, August 10, 2018, P.A. 100-0769 authorized TRS to offer an optional supplemental defined contribution plan called the TRS Supplemental Savings Plan (“Plan” or “defined contribution plan”) for all actively employed TRS members. The law requires TRS to offer the defined contribution plan as soon as practicable. The defined contribution plan will supplement the existing TRS defined benefit plan. The defined contribution plan will not replace the defined benefit plan and members will not be able to opt out of the defined benefit plan. TRS members who participate in the defined contribution plan must continue to participate in the defined benefit plan.

The Plan is authorized to collect optional employee and employer contributions into individual accounts and will offer an array of investment options as determined by TRS. The Plan must be operated in full compliance with all applicable state and federal laws and will utilize generally accepted practices in creating and maintaining the defined contribution benefit for the best interest of the participants.

The statutory implementation date of the Plan is as soon as practicable and will depend on TRS’ successful implementation of a new system to provide for employer reporting on a pay period basis. Additional information relating to the payroll project may be found on TRS’ website (<https://www.trsil.org/employers>). Implementation of the new payroll process is expected to occur on July 1, 2020 and TRS anticipates the launch of the Plan will also occur on this date. As this is a new defined contribution program, there are no existing assets. However, there are over 160,000 active members eligible to participate across 990 employers. Additional details relating to the plan design and other plan specifications can be found in Appendix J.

IV. Services Required

As a result of the P.A. 100-0769 legislation, the System has identified the need to engage with a Third-Party Administrator (“TPA”) who can offer full-service recordkeeping, administration and possible custodial services to the Plan. The engagement between the TPA and TRS is anticipated to begin in December 2019. TRS expects that during the initial phase of the engagement, beginning on the engagement’s effective date, all work will be completed to allow the Plan to be fully operational on July 1, 2020. Services during this time will include, but are not limited to assistance in development of a brand for the new plan, determining interfaces and other file feeds needed to transmit data between TRS, employers and the TPA, development of communication and education tools for participants and training materials for participating employers, maintaining a website and call center and establishing administrative processes associated with the plan operations. After implementation, the TPA will be required to provide full-service recordkeeping, administrative, and possible custodial services for the remainder of the contract. The TPA will perform actions necessary to properly and effectively coordinate its administration and other contracted services with the custodian selected by TRS. TRS may elect to contract with its current custodian, State Street, to provide custodial services to the Plan or may elect to use the TPA’s preferred provider. Additional details regarding the Scope of Services requested is included in Appendix H.

The System's intent is to select a TPA with a focus on customer service and accountability who will act as an extension of the TRS staff. As such, the selected organization is expected to serve as a partner in accomplishing the following goals and standards of service:

1. Commitment to delivering high quality customer service to participants by providing friendly and knowledgeable responses and ensuring quick resolutions to issues.
2. A focus on engaging with participants through all phases of their careers to encourage an understanding of the benefits of the plan and what is needed to properly prepare for retirement.
3. Provide participants with a complete view of the retirement benefits available through the TRS system including both the defined contribution and defined benefit plan.
4. Deliver operational excellence to TRS and employers through flexibility and adaptability in service offering, improvements in processes, and efficiencies in technology.

V. Proposal Content

The proposal must include the following information to be considered for the engagement. Responders should outline a complete program which they would propose and any pertinent factors they wish TRS to consider in evaluating the proposal.

For ease of review, each requirement should be addressed in a separate section preceded by an index tab to identify the subject of the section. The proposal should be formatted on consecutively numbered pages and include a table of contents. Failure to provide information in the prescribed format may result in rejection of the proposal. All responses will be subject to verification for accuracy. **Proposals containing false or misleading information will be rejected.**

A. Cover Letter

A cover letter, which will be considered an integral part of the proposal package, in the form of a standard business letter, must be signed by an individual authorized to bind the proposer contractually. This cover letter must indicate the signer is so authorized and must indicate the signer's title or position. An unsigned proposal will be rejected. The cover letter must also include:

1. A statement that the proposal meets all requirements of this RFP, and that the offer tendered by the proposal will remain in full force and effect until, and may be accepted by the Teachers' Retirement System of the State of Illinois, at any time prior to June 30, 2020.
2. A statement certifying that the proposer either: (a) it is not required to register or (b) it is registered as a business entity with the State Board of Elections pursuant to the Procurement Code, 30 ILCS 500/20-160 and acknowledges a continuing duty to update such registration pursuant to the Procurement Code; and that proposer acknowledges that any Agreement awarded as a result of this RFP is voidable under Section 50-60 of

the Procurement Code if the proposer fails to comply with the business entity registration requirements. 30 ILCS 500/20-160; 30 ILCS 500/50-60.

3. A statement that the proposal is being made without fraud or collusion; that the proposer has not offered or received any finder's fees, inducements, or any other form of remuneration, monetary or non-monetary, from any individual or entity; and that the proposer has not conferred or promised to confer, on any individual or entity, any payment, loan, advance, services, or any other form of remuneration in connection with the award of this engagement.
4. A disclosure of any current business relationship or any current negotiations for prospective business with TRS, or with any member of the Board of Trustees or TRS staff, or any party currently rendering services to TRS. Provide a statement explaining why such relationships do not constitute a conflict of interest.
5. A statement that the proposer is willing to enter into an agreement in the form attached to the RFP as Appendix G including all certifications and representations contained therein, and that the proposer acknowledges and understands that certain general provisions in the sample agreement mandated by Illinois state law to be included in contracts with agencies of the State of Illinois are not subject to negotiation.
6. A statement that the proposer acknowledges that all documents submitted in response to this RFP may be subject to disclosure under the Illinois Freedom of Information Act, 5 ILCS 140, and the Illinois Open Meetings Act, 5 ILCS 120.
7. An attestation by the signer that the information provided in the Proposal is true and accurate, and that the signer is aware that pursuant to the Illinois Pension Code, 40 ILCS 5/1-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record of a retirement system or pension fund created under this Code (i.e., the System) in an attempt to defraud the retirement system or pension fund is guilty of a Class 3 felony.

B. Fee Proposal

Proposers must submit their fee proposal in the format prescribed in Appendix E. Any deviation from the prescribed format, which in the opinion of TRS is material, may result in the rejection of the proposal. The proposed fee shall include all expenses for providing the services to TRS as described in this RFP.

If TRS does not consider the proposal price to be fair and reasonable, and it cannot negotiate an acceptable price, then TRS reserves the right to cancel the award and take appropriate action to meet its needs. TRS will determine whether the cost is fair and reasonable by considering the proposal, including the offeror's qualifications, the price proposed, other known prices, the project budget, and other relevant factors.

C. Contract

This Request for Proposal is neither a contract nor meant to serve as a contract.

It is anticipated that one of the proposals submitted in response to this Request for Proposal may be selected as the basis for negotiation of a contract with the proposer. TRS expects to enter into a 5-year contract that begins on the date that the defined contribution plan is operationally effective, expected to be July 1, 2020. Such a contract is presently contemplated to contain, at a minimum, the terms and conditions set forth in the sample agreement included as Appendix G and will also include the Scope of Services as outlined in Appendix H as well as the terms of the proposal submitted, as finally negotiated and approved by the System. TRS reserves the right to negotiate additions, deletions, or modifications to the sample agreement and/or the terms of proposals submitted.

Certain provisions in the sample agreement are required by the State of Illinois and are therefore not subject to negotiation. **Thus, it is critically important that vendors submitting proposals clearly and thoroughly identify any and all contractual concerns in their written proposal. Material changes to the sample agreement may preclude the proposal from further consideration.** A proposer that waits until contract negotiation to object to TRS contract terms may be precluded from further consideration.

VI. Submission of Proposals

All proposals must be received at the address designated below **no later than 2:00 P.M. CST on September 16, 2019**. Submit five (5) hard copies of your proposal and one (1) copy on CD-ROM or thumb/jump drive in a sealed package to:

Heidi Darow, Purchasing Officer
Teachers' Retirement System of the State of Illinois
2815 West Washington Street
Springfield, IL 62702

All hard copies must be submitted in one or more sealed envelope/package(s). One of the hard copies must be marked as the "Master Copy" and submitted in a loose-leaf, three-ringed binder which displays the proposer's name on the outside front cover. **Do not submit the Master Copy with spiral binding.**

Clearly identify the outside of each sealed proposal package with the proposer's name and return address in the upper left hand corner and the statement "**SEALED PROPOSAL-DO NOT OPEN** - Response to Request for Proposals for Third-Party Administrator to provide Recordkeeping and Administrative Services for the TRS Supplemental Savings Plan, Issued August 15, 2019." Failure to clearly identify the outside of the proposal package may result in the rejection of the proposal. TRS is not responsible for receipt of any proposal which is improperly labeled.

TRS accepts no responsibility for lost and/or late delivery of proposals. Whether mailed, hand-delivered, or delivered by carrier, the proposer is responsible for timely delivery on or before the above date and time. **Proposals that arrive late for any reason whatsoever, including mail delay or any other cause beyond the control of the proposer, will not be considered and will be returned unopened.**

Except as specifically requested by TRS, submission of proposals or any portion thereof via facsimile transmission, electronic, or magnetic media will not be allowed.

The proposals become the property of TRS upon submission. All costs for developing proposals and attending presentations and/or interviews are entirely the responsibility of the proposer and shall not be chargeable to TRS.

Only one proposal from an individual, vendor, partnership, corporation, or combination thereof, will be considered for this assignment.

VII. Evaluation Process

A. Pre-Evaluation Review

Each proposal package will be date-stamped when received. Each proposal package will be inspected to ascertain that it is properly sealed and labeled. Proposals not passing this inspection may not be accepted. All proposals will be reviewed to determine if they contain all the required submittals specified in this RFP. Those not submitting all required information in the prescribed format will be rejected.

B. Proposal Evaluation

Proposals that pass the pre-evaluation review will undergo an evaluation process conducted by TRS staff. TRS will consider the following various elements in the decision process, ranked in no specific order, and will render a decision based on the perceived best value for the engagement. Cost will be one of the determining factors in this decision but will not be the primary determinative. Proposals will be evaluated based on criteria including:

- I. Firm Overview and Governmental Plan Experience**
 - A. Company Information
 - B. Contracts, Pending Litigation and Recent Corporate Actions
 - C. Data Security
 - D. Defined Contribution (DC) Plan Experience
- II. Implementation Strategy, Client Servicing Team, Operations and System Capabilities**
 - A. Implementation Strategy
 - B. Client Servicing Team
 - C. Operations and System Capabilities
- III. Plan Sponsor Experience**
 - A. Standard Reporting

- B. Administrative and Compliance Support
- D. Online Systems
- E. Customer Service and Issue Resolution
- F. Thought Leadership and Innovation
- IV. Participant Experience**
 - A. Micro-site/Website
 - B. Participant Statements
 - C. Customer Call Center and Voice Response Unit
- V. Participant and Employer Education**
 - A. Participant Communication and Education
 - B. Employer Education
- VI. Investment Services and Custodial Coordination Services**
 - A. Investment Flexibility
 - B. Custodial Coordination Services
- VII. Overall Cost**

During the evaluation process, proposers may be requested to provide additional information and/or clarify contents of their proposal. Other than information requested by TRS, no proposer will be allowed to alter the proposal or add new information after the filing date.

Once finalists are selected, fees may be subject to a “best and final” offer process to be determined at the discretion of the System.

VIII. Anticipated Timeline

Subject to change at TRS discretion

| | |
|---|------------------------------|
| Date RFP Issued | August 15, 2019 |
| Deadline for Proposers Questions | August 27, 2019 |
| Response to Questions | September 6, 2019 |
| Deadline for Submitting RFP Response | September 16, 2019 |
| Proposal Evaluation and Interview Selection | September – October 2019 |
| Round 1 Proposer Interviews | October 15 and 16, 2019 |
| Onsite Meeting | Week of November 4, 2019 |
| Round 2 Proposer Interviews with Board of Trustees (in Rosemont) | December 10, 2019 |
| Selection and Contracting | December 2019 – January 2020 |
| Estimated Plan Implementation Start Date | January 1, 2020 |
| Anticipated Live Plan Operation Date | July 1, 2020 |

IX. General Conditions

A. Clarification of the RFP

To maintain the integrity of the RFP process, interested proposers are expected to respond to this RFP to the best of their understanding. Proposers must not contact TRS staff, Trustees or related entities about this RFP. If a proposer discovers an error in this RFP, the proposer should immediately notify TRS of such error in writing to Heidi Darow at the following email address: purchasing@trsil.org. If deemed necessary or appropriate in the System's discretion, TRS may clarify or modify any part of this RFP by posting notice on the TRS website prior to the proposal deadline.

Questions about this RFP are generally discouraged and should be submitted only if the proposer deems necessary after full and careful reading of this RFP. Questions must be submitted in writing (no phone calls) **on or before August 27 at 4:30 p.m. CDT** to TRS Purchasing Officer Heidi Darow at the following email address: purchasing@trsil.org. The System will not respond individually to a submitted question. If a response is deemed necessary or appropriate in the System's discretion, the System will post an answer along with the question submitted (without identifying the proposer) on the System's website in the same area as this RFP. Proposers are responsible for monitoring the TRS website.

B. Restrictions on Communication

Proposers must not discuss or share the contents of their proposals with other potential proposers. TRS policy and the Illinois state ethics law strictly limit communication during the search process. **Any attempt to initiate contact with TRS staff or TRS Trustees, other than as specifically stated in this RFP, may disqualify the proposer from further consideration.**

C. Prior Deficiencies

A proposer that is or has been deficient in current or recent contract performance in dealing with TRS or other clients may be disqualified unless the deficiency is shown to have been beyond the reasonable control of the proposer. TRS may reject a proposal from any proposer that is in default on any debt owed to, or contract with, TRS or other clients, or that is in default as surety or otherwise, upon any obligation to TRS, or has failed to perform faithfully any previous contract with TRS. Proposers that are newly formed business concerns having substantially the same owners, officers, directors, or beneficiaries as a previously existing non-responsible proposer may be disqualified unless the new organization can prove it was not set up for the purpose of avoiding an earlier declaration of non-responsibility.

D. Reservation of Rights

TRS reserves the right to withdraw this RFP, to accept or reject any or all proposals submitted, and to waive any immaterial deviation, defect, or irregularity, whenever it would be in the best

interest of TRS to do so. Waiver of an immaterial deviation shall in no way modify the Request for Proposal or excuse a proposer from full compliance with all RFP requirements.

Proposals that contain false or misleading statements or that provide references which do not support an attribute or condition claimed by the proposer will be rejected. Issuance of the Request for Proposal creates no obligation to award a contract or to pay any costs incurred in the preparation of a proposal. Nothing in this RFP or any resulting contract shall preclude TRS from procuring services similar to those described herein from other sources.

E. No Confidentiality

Proposals and all materials submitted in response to this RFP cannot be considered confidential except as provided below. All proposals and related materials will be retained by TRS and will be subject to disclosure as required in accordance with the Illinois Freedom of Information Act, 5 ILCS 140. Simply marking all or portions of the proposal as “Proprietary” or “Confidential” will not protect it from disclosure in the event that a public record request is received. If a proposer is submitting proprietary information or strategies with the proposal, the proposer should submit, along with the un-redacted proposal, a redacted copy that removes only that material considered to be a trade secret, competitively sensitive, proprietary, privileged, or confidential such that disclosure would cause competitive harm to the proposer.

F. Equal Opportunity

TRS does not discriminate because of race, color, religion, creed, sex, sexual orientation, age, marital status, military status, certain unfavorable discharges from military service, political affiliation, citizenship, ancestry, national origin, physical or mental handicap or disability or any other characteristic protected by law. It is the System’s intent to comply with all state, federal, and local equal employment and opportunity laws and public policies.

G. Reference Checks

Reference checks may be conducted for each finalist. Please provide reference authorization letter in the format prescribed in Appendix A.