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| seal-jpg | **STATE OF TENNESSEE TREASURY DEPARTMENT**  **REQUEST FOR PROPOSALS # 30901-48021**  **AMENDMENT # 2**  **FOR RECORDKEEPING, ADMINISTRATION, AND INVESTMENT OPTIONS FOR THE STATE OF TENNESSEE’S OPTIONAL RETIREMENT PROGRAM AND PUBLIC HIGHER EDUCATION 403(b) PLANS** |

**DATE: September 8, 2021**

**RFP # 30901-48021 IS AMENDED AS FOLLOWS:**

1. **This RFP Schedule of Events updates and confirms scheduled RFP dates.** Any event, time, or date containing revised or new text is highlighted.

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| **EVENT** | **TIME  (central time zone)** | **DATE** | **Updated or Confirmed** |
| 1. RFP Issued |  | August 9, 2021 | Confirmed |
| 1. Disability Accommodation Request Deadline | 2:00 p.m. | August 12, 2021 | Confirmed |
| 1. Pre-response Teleconference | 2:30 p.m. | August 13, 2021 | Confirmed |
| 1. Notice of Intent to Respond Deadline | 2:00 p.m. | August 16, 2021 | Confirmed |
| 1. Written “Questions & Comments” Deadline | 2:00 p.m. | August 19, 2021 | Confirmed |
| 1. State Response to Written “Questions & Comments” |  | August 27, 2021 | Confirmed |
| 1. Second & Final Written “Questions & Comments” Deadline | 2:00 p.m. | September 1, 2021 | Confirmed |
| 1. Final State Response to Written “Questions & Comments” |  | September 8, 2021 | Confirmed |
| 1. Technical Response Deadline | 2:00 p.m. | September 15, 2021 | Confirmed |
| 1. State Completion of Technical Response Evaluations |  | October 18, 2021 | Confirmed |
| 1. State Schedules Respondent Oral Presentations (Respondent Finalists Only) |  | October 19, 2021 | Confirmed |
| 1. Cost Proposal Deadline (Respondent Finalists Only) | 2:00 p.m. | October 26, 2021 | Confirmed |
| 1. Respondent Oral Presentation (Respondent Finalists Only) | 8:00 a.m. - 4:30 p.m. | October 25 – 26, 2021 | Confirmed |
| 1. State Opening & Scoring of Cost Proposals (Respondent Finalists Only) |  | October 27, 2021 | Confirmed |
| 1. Negotiations (Optional to the State) |  | October 28 – 29, 2021 | Confirmed |
| 1. State Notice of Intent to Award Released and RFP Files Opened for Public Inspection |  | November 3, 2021 | Confirmed |
| 1. End of Open File Period |  | November 10, 2021 | Confirmed |
| 1. State sends contract to Contractor for signature |  | November 12, 2021 | Confirmed |
| 1. Contractor Signature Deadline | 2:00 p.m. | November 17, 2021 | Confirmed |

1. **State responses to questions and comments in the table below amend and clarify this RFP.**

Any restatement of RFP text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFP document.

| **QUESTION / COMMENT** | **STATE RESPONSE** |
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| 1. What are the State Code “Required Beginning Date” provisions? | “Code” means the Internal Revenue Code and the regulations promulgated thereunder. See Section A.2.f) of the *Pro Forma* Contract (RFP 6.6) that provides that definition. “Required Beginning Date” provisions are the provisions of the Code that set forth the date(s) for required minimum distributions. |
| 1. Please confirm the reason why self-directed brokerage window and QDRO’s cannot have a 0 fee within the cost proposal? If no fees are normally charged to participants for these services currently will you require the vendor to develop a process to assess these fees once awarded the contract? | If a respondent gives a zero cost for both the self-directed brokerage window and QDRO’s but another respondent gives a cost in either or both of them, the cost proposal evaluation formula for Subscore B would mathematically result in irrational and illusory numbers. Assume respondent “A” gives a zero cost in those cost items and respondent “B” gives a $100 cost in both items. The following is what would occur:  **Lowest raw weighted score amount from all proposals [0]**  **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **raw weighted score amount being evaluated [300]**  = **[0] x 0.5 = Subscore B = [0] (maximum subsection score)**  Consequently, even though respondent “A” provided a better cost for the self-directed brokerage window and QDRO’s, respondent “B” would receive the exact same score as respondent “A”.  ***NOTE: All respondents must provide in each cost item a minimum proposed amount for each of the compensable units, including the self-directed brokerage window and QDROs. However, if a respondent inserts $1.00 in each of the cost items for the self-directed brokerage window and QDROs in Subscore B,* the State will assume for the sole purpose of any contract awarded to that respondent that no fees are charged to participants for those services. However, the $1.00 will be used for cost evaluation purposes in RFP Attachment 6.3. If a respondent inserts a cost greater than $1.00, the State will assume the Respondent charges that cost to participants for those services.** |
| 1. Please describe the retirement readiness metric in the SLA in detail. Is that a metric created by Treasury or the vendor? | The State intends that the retirement readiness metric will be created by the vendor or build upon retirement readiness metrics the vendor already makes available to participants through online accounts.  The State has outlined its preferred retirement readiness metrics in C.79. that is reproduced below in part:  It is a mandatory requirement that the successful Respondent provide by no later than September 1, 2023 holistic retirement income projections for ORP and 403(b) Plan participants though online accounts that include input from the ORP and the 403(b) Plans and estimated social security information. The State’s preferred holistic retirement income projection will be able to:   1. estimate a social security benefit, 2. combine ORP and 403(b) account balances and contribution assumptions with social security, 3. include account balances and contributions assumptions from the State of Tennessee 401(k) and 457(b) plans, as well as other outside defined contribution plans, 4. if applicable, include a benefit projection from the Tennessee Consolidated Retirement System, 5. customize retirement income/income replacement goals, and provide recommendations for how the participant may remedy any estimated shortfall between the retirement income goal and retirement income projection (such as increasing contributions by a certain amount). |
| 1. Will you please define who the "requester" is for Field Representative availability in the SLA? i.e. HR or the participant. | The State intends for participants to be able to request one-on-one meetings themselves and for Institution representatives to be able to schedule group meetings and “on-campus” days if they choose. |
| 1. What is the total number of service-center calls handled in year by the current vendors across all of the plans? |  |
| 1. Will the State disclose the three finalist respondents to all bidders at the conclusion of Technical Proposal scoring? | No. |
| 1. C.71. Detail the compensation structure for the local representative (e.g. 85% salary, 15% bonus). Include an explanation of how any bonuses and incentives are determined. DO NOT INCLUDE DOLLAR AMOUNTS – JUST THE PERCENTAGE BREAKDOWN OF THE COMPENSATION STRUCTURE AND DETAILS ABOUT HOW BONUSES AND INCENTIVES ARE DETERMINED. As indicated, it is a requirement that your field service representatives that provide enrollment and education services are not compensated on a commissioned or incentive basis to promote any investment product or services.   Regarding C.71:  Does the State consider enrollment compensation paid to an onsite representative as incentive compensation? (For example, an onsite representative is paid $25 for enrolling a new participant into the plan).  Does the State consider a percentage of a managed account fee paid to an onsite representative to be incentive compensation? | The State does not object to field representatives receiving compensation based on enrollments.  The State does object to field representatives receiving compensation based on managed accounts participation. |
| 1. Regarding the following statement in RFP Attachment 6.3:   “After the first year of the Contract, the total annual compensation received by the successful Respondent for All Other Services Detailed in the Pro Forma Contract for any subsequent year of the Contract cannot exceed more than 105% of the total compensation received by the Respondent for those services during the previous year of the Contract.”  Does the 105% annual cap apply to the total dollars in compensation received by the successful Respondent or the asset based fee expressed as a percent? For example, if the asset based fee is constant at 0.10% (10 basis points) and the plan grows by more than 5% in any given year, then the total dollars of compensation would also increase by more than 5% while the asset based fee does not increase at all. Or is the intent, in this example, that the 10 bp could not increase above 10.5 bp the next year? | The State intends for the 105% limit to apply to the total dollars the vendor receives in compensation from the asset based fee. |
| 1. Would the State be amenable to modifying Section A.10 of the *Pro Forma* Contract (RFP Attachment 6.6) as follows?   A.10. Telephone Services.  a. Telephone Call Center. The Contractor agrees to establish and maintain a toll-free telephone call center for Employees staffed with trained personnel, which will provide Employees with the services, information, transactions and advice as described in the Contractor’s Proposal, and such other information as may be mutually agreed upon in writing by the State and the Contractor.  b. Automated Phone Response Center. The Contractor further agrees to establish and maintain a toll-free interactive voice response telephone system for Participants, which, upon proper identification, will provide Participants with the services, information, transactions, balance inquiry, and reports as described in the Contractor's Proposal, and such other information as may be mutually agreed upon by the State and the Contractor.  c. Telephone Services In General. The Contractor shall advise all Participants, the State and the Institutions of the availability of its toll-free numbers. The Contractor agrees that the telephone call center and the automated phone response center shall have an adequate number of telephone lines and call center personnel to respond to calls in accordance with the call center service standards set forth in the Contractor’s Proposal and in Section A.50 below, and shall have a toll-free TDD line for hearing impaired callers. | The State respectfully declines. This language is in the requestor’s current ORP recordkeeping contract with the State. |
| 1. Would the State be amenable to amending Section A.11.f. of the *Pro Forma* Contract (RFP Attachment 6.6) as follows?   f. Security and Data Retention.    Contractor represents that it currently maintains and shall continue to maintain throughout the term of this contract physical, technical and administrative security measures, policies, and procedures that are designed to meet the objectives of GLBA, FCRA, the Interagency Guidelines Establishing Information Security Standards (12 C.F.R. Pt 30, App. B), applicable state privacy and cybersecurity laws and regulations, and the vendor’s cybersecurity program, as set forth in Section E.4.a below   1. All security requests to add, update, and terminate State and Institution users, and grant privileges to State and Institution users must be performed by State security staff directly or performed by the Contractor at the request of State security staff. Notwithstanding the foregoing, the Contractor shall immediately terminate State and Institution users who have unauthorized access. The Contractor shall notify the State of such termination as soon as administratively practical thereafter. | The State respectfully declines. Note: The State’s Enterprise Information Security Policies (‘EISP”) are written at a high level and is considered the minimum bar. The State would expect the Contractor to meet the spirit of the EISP and the defined security controls in the environment being proposed. |
| 1. Would the State be amenable to amending Section A.11.g.(2) of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   (2) Back-Up Procedures and Disaster Recovery Plan. For Internet site(s) and systems used in the performance of services hereunder, the Contractor shall maintain contingency plans for systems back-up in the event of disaster or malfunction. Such plans shall be as described in the Contractor's Proposal and comply with Section E.4 of this Contract. At a minimum, this shall be accomplished by the Contractor backing-up all Participant data nightly and maintaining at least two (2) back-up cycles off-site in a commercial business facility. The Contractor shall use commercially reasonable efforts to notify the State as soon as reasonably practicable~~, but no later than five (5) hours,~~ if the Contractor’s disaster recovery procedures/controls have been activated as a result of an incident that impacts the State or the Participants. | The State respectfully declines. |
| 1. Would the State be amenable to amending Section A.13 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   A.13. Communication Material and Forms. The Contractor shall develop and otherwise provide all forms and other informational and enrollment materials respecting the ORP and Plans hereunder as provided in the Contractor’s Proposal. The materials shall be designed, produced and distributed at the Contractor’s expense in the method and frequency as shall be mutually agreed to in writing by the Parties. The State shall have the right to edit and approve the materials. The communication materials shall further include, but not be limited to:   1. brochures explaining the ORP, the Plans, and the Investment alternatives of the ORP and the Plans for new Employees; 2. detailed handbooks explaining the ORP, the Plans, and the Investment alternatives of the ORP and the Plans for Participants; 3. flyers explaining the field representative services available to Employees and Participants, including meeting types (1:1, group, etc.) and topics able to be discussed; 4. flyers showing Investment options in the ORP and the Plans based on risk; 5. brochures outlining distribution options permitted under the ORP and the Plans and applicable tax treatments; 6. brochures outlining annual contribution rules and limits for the ORP and the Plans separately and collectively, including 15-year catch up contributions, as applicable; 7. a monthly report detailing performance of Investments over different time periods and the current operating expenses of each Investment; 8. a Participant newsletter; 9. an Employer newsletter; 10. notification of any fund changes; 11. disclosure of the Contractor’s fee structure under Section C of this Contract; 12. a description of each Investment product offered by the Contractor hereunder; 13. a distribution insert explaining applicable tax treatments; 14. an annual benefit projection statement; and 15. and other materials necessary to apprise Employees and/or Participants of the purpose and provisions of the ORP and the Plans.   Forms to be provided by the Contractor shall include participation enrollment agreements, benefit applications, transfer authorization forms, beneficiary designation forms, selection or change of Investment products for current account balances and future contributions and other forms necessary to administer the provisions of the ORP and Plans under this Contract. The materials shall be designed to meet the Contractor’s current design standards, produced and distributed in the method and frequency as shall be mutually agreed to in writing by the Parties, and at the Contractor's expense. Enrollment documents and forms shall be available to the State and the Institutions in hard copy and on electronic media. Participant notification of changes in Investment products shall occur no later than thirty (30) calendar days after the State’s approval of the changes as described in Section A.15. below. Publications describing Investment products must be available to Participants within thirty (30) calendar days following the change in the product line up. Communications shall meet any applicable statutory and regulatory requirements for notice of products, options, and feature changes. The Contractor agrees to and does hereby transfer, assign and convey to the State, without additional consideration therefor, all property rights, tangible and intangible, including trademarks and copyrights, to all materials that were developed specifically for the State and cannot be used, in whole or in part, for other clients or purposes. | See Item 3 below for an amendment to Section A.13 of the *Pro Forma* Contract (RFP Attachment 6.6). |
| 1. Would be the State be amenable to amending Section A.15 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   A.15. Investment Management Services. The Contractor shall offer to Participants the Investment products designated in writing by the State to the Contractor as approved products hereunder, provided that the Investment products are offered on the Contractor’s recordkeeping platform. Any investment product designated by the State under this Section that is not offered on the Contractor’s recordkeeping system is subject to the prior consent of the Contractor provided that such consent shall not be unreasonably withheld. Notwithstanding the foregoing, the Contractor shall offer to Participants a stable value/fixed account fund in the ORP and the Plans with a guaranteed interest rate that is not a bond fund as referenced on page [PAGE NUMBER OF SUCCESSFUL PROPOSAL WHICH RESPONDS TO SECTION C.157 OF ATTACHMENT 6.2 OF THE RFP] of the Contractor's Proposal. The Contractor shall continue to make such products available to Participants until instructed otherwise by the State. Upon receipt of a written instruction to do so by the State, the Contractor shall offer Participants any additional investment options requested by the State that are offered on the Contractor’s recordkeeping platform. Any investment option requested to be added by the State under this Section that is not offered on the Contractor’s recordkeeping system is subject to the prior written consent of the Contractor provided that such consent shall not be unreasonably withheld. The Contractor shall upon receipt of a written instruction from the State freeze or delete an Investment product in the ORP and/or the Plans in accordance with the process and timing required by the State and subject to applicable annuity contract terms.  The Contractor shall further accommodate identification of transactions with Investment Providers to facilitate the separate account statements that the ORP and 403(b) Plans receive from each Investment Provider for each separate fund. The Contractor shall also provide transaction information to the Investment Providers to facilitate direct balance and transaction reporting to the State for each fund. The Contractor acknowledges that statements received by the State from a single fund family are aggregated.  At the State’s request, the Contractor shall supply information about the products’ investment performance and compare the results to the appropriate benchmarks. The Contractor shall provide educational reporting to the State upon request. | See Item 4 below for an amendment to Section A.15 of the Pro Forma contract (RFP Attachment 6.6) |
| 1. Would the State be amenable to amending Section A.18.a. of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   Subject to applicable annuity contract terms, Participants shall be permitted to transfer all or a portion of their respective Assets, to any one or more other approved Investment products offered by the Contractor pursuant to Section A.15 above, and to any other service provider that provides recordkeeper services for the State under the ORP or the 403(b) Plans. Transfers to such other service providers shall be done according to the procedures and within the timeframe outlined in the Contractor’s Proposal. It is understood that Assets in the ORP cannot be transferred to a 403(b) Plan and that Assets in a 403(b) Plan cannot be transferred to the ORP. . Investment transfers from the vendor Stable Value (TSV) are subject to an industry standard 90 day equity wash rule. This means that transfers from TSV to a competing fund such as a money market account, short-term bond funds, self-directed brokerage accounts, or the Vendor Real Estate Account must first be directed to a non-competing option (for example, a stock fund or intermediate-term bond fund), where it must remain for 90 days before being transferred to the competing fund. In addition to minimize the negative effects of frequent trading, transfers into Vendor Stable Value may not be made for 30 days following a transfer out.  ~~This Section shall not apply to restrictions and/or charges imposed for Participant violations of applicable market timing policies, or to liquidity restrictions, if any, described in the Contractor’s Proposal; provided that any~~ Any such liquidity restrictions shall be waived by the Contractor for all transfers or mapping occurring upon the termination of this Contract or upon a Participant’s transfer of membership from the ORP to the Tennessee Consolidated Retirement System pursuant to Tennessee Code Annotated, Section 8-25-204. | See Item 5 below for an amendment to Section A.18.a of the *Pro Forma* contract (RFP Attachment 6.6). Note: The language “without restriction and without the deduction or imposition of any surrender or termination charges” is in the requestor’s current ORP recordkeeping contract with the State and is currently operable.  Also Note: The following language is in the requestor’s current ORP recordkeeping contract with the State and is currently operable: “This Section shall not apply to restrictions and/or charges imposed for Participant violations of applicable market timing policies, or to liquidity restrictions, if any, described in the Contractor’s Proposal.” This language is intended to accomplish in general terms what the requestor has outlined in the proposed language – that liquidity restrictions will not apply to transfers unless there is some good reason they should. Since this is the contract that both successful respondents will sign, any vendor-specific liquidity restrictions are described in that vendor’s proposal/response to the RFP, which proposal/response is incorporated into the contract pursuant to the Incorporation of Additional Documents provision in Section D of the *Pro Forma* contract. |
| 1. Would the State be amenable to amend Section A.20 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   A.20. Administration. The Contractor shall perform recordkeeping functions for the ORP and Plans and provide for the accurate accounting of the Assets in the Participants’ Accounts,. Such functions shall include, but shall not be limited to, reconciling Participant Accounts to the Contractor’s accounts daily and monthly, converting (as applicable) records maintained by the previous ORP and Plans recordkeeper(s) to records maintained by the Contractor, and enrollment services as described in Section A.14. above. | See Item 6 below for an amendment to Section A.20 of the Pro Forma Contract (RFP Attachment 6.6) |
| 1. Would the State be amenable to amending Section A.21 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   A.21. Records. The Contractor shall establish and maintain records for each Participant’s Account showing post-tax Contributions, pre-tax Contributions, if any, incoming rollovers, withdrawals, distributions, transfers, earnings, authorizations, addresses, date of birth, social security number, optional employer/employee identification numbers (to accompany contributions in lieu of social security numbers), primary and contingent beneficiaries, and other related information. The Contractor shall update Participants' Accounts daily using the most currently available share price or interest rate. The Contractor shall be required to use share accounting for all mutual funds other than money market funds and standard industry accounting for other Investment products, clearly indicating the method used. The Contractor shall take the necessary steps to maintain current addresses for all Participants and shall notify the State of the steps taken. The Contractor shall maintain all Participant enrollment agreements, benefit applications, qualified domestic relations orders, transfer authorization forms, beneficiary designation forms, selection or change of Investment products for current balances and future contributions, and other Participant transactions forms in its recordkeeping office as described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.15. of RFP ATTACHMENT 6.2] of the Contractor’s Proposal, or at such other office of the Contractor as may hereafter be specified in writing by the Contractor to the State. The Contractor shall further maintain such records in its off-site backup facilities as described in Section A.11.  The records of the Contractor and Participants hereunder shall be maintained in accordance with generally accepted accounting principles, the most recent Governmental Accounting Standards Board Statements, the ORP and Plan documents, and the Code. The Contractor agrees that all Participant, ORP and Plan records created, received or otherwise generated under this Contract shall be the property of the State. The Contractor may only use or release such data as specifically permitted in this Contract; provided that Contractor is hereby permitted to hire service providers to provide services under this Contract as long as they are bound by the same confidentiality and data protection requirements as Contractor hereunder and use the information provided by Contractor solely to render such services. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to reduce erroneous or fraudulent activities. The Contractor shall notify the State and the applicable Participant in the event of breach of records security that could put the Participant at risk of identity theft as provided in Sections A.48 and E.6 below. The Contractor shall further maintain a robust, alternate service resumption plan, which addresses events affecting the Contractor’s sites in accordance with Sections A.33 and E.4 of this Contract and the Contractor's Proposal. Such plan shall provide for resumption of services and processing in the event of a disaster, which affects the Contractor’s primary service delivery office(s). The plan shall also include a plan for the physical exchange of files, or an alternate communication method with the State and the Institutions, in the event that electronic delivery is not feasible. | The State respectfully declines in as much as this language is not necessary and is already covered by Section D.6 of the *Pro Forma* Contract, as amended by RFP Amendment 1. |
| 1. Would the State be amenable to amend Section A.22.a of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   Benefit and Distribution Payments. Upon request of the applicable Participant, the Contractor shall promptly supply annuity or minimum distribution payout projections for any Participant considering distribution. The Contractor shall disburse benefits under the ORP to ORP Participants in accordance with Tennessee Code Annotated, Sections 8-25-201, *et. seq.*, the ORP plan document, in compliance with applicable requirements of the Code, and subject to investment fund terms and conditions. The Contractor shall disburse benefits under the 403 (b) Plans to 403(b) Plan Participants in accordance with the respective 403(b) plan document and in compliance with applicable requirements of the Code. Categories of distributions to be administered and processed by the Contractor shall include, but may not be limited to, lifetime annuity payments; partial lump-sum payments; equal monthly, quarterly, semi-annual or annual payments of a specified amount; equal or approximately equal monthly, quarterly, semi-annual or annual payments, calculated to continue for a lifetime; monthly, quarterly, semi-annual or annual payments equal to the minimum distributions required under Section 401(a)(9) of the Code over the life expectancy of the Participant or over the life expectancy of the Participant and a beneficiary; and other distributions, if any, allowable under applicable law and the respective plan document. Payments shall be issued on a consistent pre-specified date and frequency as mutually established by the Contractor and the Participant. Lump-sum payments shall be effected on a daily basis. The Contractor shall offer direct deposit services for no additional fee to Participants or beneficiaries electing periodic or lump sum payments. For distributions out of the 403(b) Plans, the Contractor shall provide, in addition to checks, ACH capability for lump sum and periodic withdrawals, and for rollovers in and out of the Plans. | See Item 7 below for an amendment to Section A.22.a of the *Pro Forma* contract (RFP Attachment 6.6). |
| 1. Would the State be amenable to amend Section A.23 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   A.23. Tax Reporting. In compliance with federal and state laws, the Contractor shall take all actions necessary to withhold, remit, and report income taxes deducted from distribution payouts, and to produce and distribute all income tax reports and statements. Any penalties for income tax deposit delinquency or underpayment of tax assessed against Contractor or the State shall be the sole responsibility of the Contractor. | See Item 8 below for an amendment to Section A.23 of the Pro Forma Contract (RFP Attachment 6.6). |
| 1. Would the State be amenable to amend Section A.25.a of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   A.25. Institution Reports. In addition to the reports described in the Contractor's Proposal, the Contractor shall provide the following reports to the Institutions and such additional reports as may be agreed to by the Contractor and the State from time to time. All reports shall be submitted in a format mutually agreed upon by the State and the Contractor.  a. Copies of that Institution’s Participants’ quarterly statements in ascending pin order on CD or other format mutually agreed upon by the State and the Contractor. | See Item 9 below for an amendment to Section A.25.a. of the *Pro Forma* contract (RFP Attachment 6.6). |
| 1. Would the State be amenable to amending Section A.28 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   A.28. Compliance with Internal Revenue Code. The Contractor recognizes that the ORP is intended to qualify as a Section 401(a) defined contribution plan under the Code and the Plans are intended to qualify as Section 403(b) defined contribution plans under the Code and agrees to maintain knowledge of the federal rules applicable to the ORP and the Plans and to administer its duties under this Contract in a manner consistent with the applicable requirements of the Code, the ORP, and the Plans. . | See Item 10 below for an amendment to Section A.28 of the *Pro Forma* Contract (RFP Attachment 6.6). |
| 1. Would the State be amenable to deleting Section A.31 of the *Pro Forma* Contract (RFP Attachment 6.6)?   Consultation and Advice. . | The State respectfully declines. Note: This language is in the requestor’s current ORP recordkeeping contract with the State and is currently operable. |
| 1. Would be State be amenable to modifying Section A.35 of the *Pro Forma* Contract (RFP Attachment 6.6) as follows?   Managed Account Services. The Contractor shall offer all Participants the option of enrolling in a service whereby a qualified financial advisor, registered as an Investment Advisor under the Investment Advisors Act of 1940 and approved by the Contractor, selects among the ORP and/or 403(b) Plans’ available Investment options and manages the Participants’ respective accounts for them by terms that are mutually agreed upon by the Contractor and the State. In the event the Participant has an ORP Account and a 403(b) Account, the Participant shall have the option to enroll in the service for the ORP Account only, the 403(b) Plan Account only, or both the ORP and 403(b) Plan Account. An ORP and/or 403(b) Plan Participant electing this service would supply the Advisor with information about the Participant’s goals and finances. The service would only manage ORP or 403(b) Plan assets that the Participant elects to have managed. The Advisor shall automatically rebalance assets managed by the Advisor at least annually. The Advisor shall provide representative support online and by phone for Participants enrolling in this service. | The State respectfully declines. The point is that managed accounts should provide proper diversification based on given inputs and using the investment options already in the plan. |
| 1. Would the State be amenable to amending Section A.37 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   Self-Directed Brokerage Account Window. The Contractor shall provide all Participants access to the self-directed brokerage account window(s) as described in the Contractor’s Proposal.’ The State reserves the right, at its sole discretion, to discontinue this service or to request a replacement vendor for this service. The State shall give the Contractor at least ninety (90) calendar days prior written notice of the discontinuance of the service or request for a replacement. In addition, the Contractor shall notify the State and offer a replacement vendor if available in the event the service is no longer available as a self-directed brokerage option. Any replacement vendor must be approved by the State prior to implementation. | See Item 11 below for an amendment to Section A.37 of the *Pro Forma* Contract (RFP Attachment 6.6). |
| 1. Would the State be amenable to amending Section A.39 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   Participant Fee Reallocation Disclosure. Any compensation, inducements, and etc. received by the Contractor from any outside sources in rendering the services under this Contract shall be disclosed. The Contractor shall disclose on each Participants’ Account statement any such compensation, inducements and fees, and the source of such compensation, inducements and fees (such as reallocation of retail recordkeeping fees, price break, 12b-1 fee not charged, reduced fund management fee, etc.). The Contractor agrees that all compensation and charges shall be fully disclosed to participants and the State. | See Item 20 below for an amendment to Section A.39 of the *Pro Forma* contract (RFP Attachment 6.6). |
| 1. Would the State be amenable to amending Section A.40 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   Defined Contribution Participant Account Collection for DC Administrative and/or Expenses Purposes. The Contractor shall (i) collect on behalf of the State an annual administrative fee of 0.03% (or such other amount as the State may direct) from all Participants either through (A) revenue-sharing paid by an Investment Provider to the Contractor in respect of a Participant’s investment in the Investment Provider’s fund, (B) an explicit fee to each Participant, or (C) a combination of both (A) and (B), and (ii) shall calculate such amount monthly at 0.0025% of month-end Assets and deposit the same into separate, revenue credit accounts for the ORP and each Plan held by the Contractor for the exclusive benefit of the State within thirty (30) calendar days following month-end, to be used solely at the direction of the State for administrative purposes in accordance with plan fiduciary obligations. | See Item 12 below for an amendment to Section A.40 of the *Pro Forma* contract (RFP Attachment 6.6). |
| 1. Would the State be amenable to amending Section A.42 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   Independence of Services. Unless the State deems it appropriate, neither the Contractor nor any of its Affiliates shall be permitted to act as an Investment Provider under the ORP or the Plans during the term of this Contract for an Investment other than a stable value fund/fixed account with a guaranteed interest rate that is not a bond fund as referenced on page [PAGE NUMBER OF SUCCESSFUL PROPOSAL WHICH RESPONDS TO SECTION C.157 OF ATTACHMENT 6.2 OF THE RFP] of the Contractor's Proposal. Unless approved by the State, investment products obtained or obtainable from the Contractor shall not be communicated to Participants in conjunction with the Contractor’s communication responsibilities hereunder. The Contractor shall refrain from using information about Participants acquired in the course of providing the services hereunder to market or sell products or services unrelated to the ORP or the Plans unless a request for such products or services is initiated by a Participant. | See Item 13 below for an amendment to Section A.42 of the *Pro Forma* contract (RFP Attachment 6.6). Note: This language is in the requestor’s current ORP recordkeeping contract with the State and is currently operable. |
| 1. Would the State be amenable to amending Section A.43.a of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   Representations. The Contractor represents and warrants to the State the following:  a. Neither the Contractor nor any officer, stockholder, director, or employee of the Contractor, or any Affiliate of the Contractor, is subject to any present or past litigation or administrative proceeding of or before any court or administrative body which would have a material adverse effect on the Contractor, or its ability to discharge its responsibilities under this Contract, nor, to its knowledge, is any such litigation or proceeding presently threatened against any of them or their property. | See Item 14 below for an amendment to Section A.43.a of the *Pro Forma* contract (RFP Attachment 6.6). |
| 1. Would the State be amenable to amending Section A.48 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   Cyber Incidents or Breaches. Contractor shall follow the security breach law of an affected individual’s state of residence to make a determination whether a “security breach” has occurred and requires notification, in which case Contractor shall promptly notify affected individuals (whether Participants and/or employees of the State eligible to participate in the Plan) and regulators in accordance with applicable law. Vendor shall also notify the State without delay of any breach that involves ten or more Participants and/or eligible employees and shall provide information as to the investigation, containment and mitigation efforts. Contractor shall offer all affected individuals, at its sole cost and expense, credit monitoring and identity theft protection services for two years. | See Item 8 of RFP Amendment 1 for an amendment to Section 48 of the *Pro Forma* contract (RFP Attachment 6.6). |
| 1. Would the State be amenable to amending Section A.51 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   Transition of Services Upon Termination. Upon the natural expiration of this Contract or in the event of its termination for any reason, the Contractor shall transfer in accordance with the State’s instructions all records and monies held by the Contractor hereunder (subject to applicable terms of annuity contracts) to whomever the State may designate in writing to the Contractor. Such records and monies shall be furnished to the State or to the State’s written designee within fifteen (15) calendar days after the State’s written request therefor. The records and monies shall be transmitted to the State or to the State’s written designee pursuant to reasonable written instructions given by the State. The Contractor shall also provide the State with a full written accounting of the status of Participants’ Accounts under the ORP or the Plans. The Contractor agrees to cooperate with the State, and any subsequent contractor selected by the State to perform the services hereunder, in the transition and conversion of such services. The Contractor shall remain liable to the State under this Contract for any acts or omissions occurring on or prior to the date on which all property of the State and all services hereunder have been successfully transferred or converted in accordance with this Paragraph. | See Item 15 below for an amendment to Section A.51 of the *Pro Forma* contract (RFP Attachment 6.6). |
| 1. Would the State be amenable to deleting Section A.53 of the *Pro Forma* contract (RFP Attachment 6.6)? | The State respectfully declines. This is standard, mandated contract language for all Tennessee governmental agencies. |
| 1. Would be State be amenable to amending Section C.6 of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   Offsets. Any and all other fees, rebates, [or other sources of Plan Service Expenses] received by the Contractor or by the ORP or 403(b) Plans from an investment management company or any other source shall be used to offset the Contractor's compensation set forth in Item (4) of Section C.3.b. above. Any excess of fees, rebates, and Plan Service Expenses over the administrative charges set forth in Item (4) of Section C.3.b above shall be remitted to or retained by the ORP or 403(b) Plans, as applicable. Neither the Contractor nor any officer, director, or employee of the Contractor, or any Affiliate of the Contractor, shall receive any direct or indirect compensation from an investment management company or any Affiliate of such a company as a result of the selection of any Investment for the Plans or as a result of the enrollment of an Employee in any investment of the Plans beyond that which is specifically provided in this Contract. | See Item 16 below for an amendment to Section C.6 of the *Pro Forma* contract (RFP Attachment 6.6). |
| 1. Would the State be amenable to amending the Incorporation of Additional Documents provision in Section D of the *Pro Forma* contract (RFP Attachment 6.6) as follows?   Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor’s duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:   1. any amendment to this Contract, with the latter in time controlling over any earlier amendments; 2. this Contract with any attachments or exhibits, which includes Contract Attachments 1 – 5; | The State respectfully declines. |
| 1. Would the State be amenable to amending Section D.31 of the *Pro Forma* Contract (RFP Attachment 6.6) as follows?   Insurance. Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor’s failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) ~~acceptable to the State; (b)~~ authorized by the Tennessee Department of Commerce and Insurance (“TDCI”); and (b)~~(c)~~ rated A- / VII or better by A.M. Best. All General Liability coverage and Automobile Liability coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to include the State as an additional insured on any insurance policy with the exception of workers’ compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement or policy wording for a waiver of subrogation in favor of the State. ~~Any deductible or self insured retention (“SIR”) over fifty thousand dollars ($50,000) must be approved by the State.~~ The deductible or SIR and any premiums are the Contractor’s sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.  ~~To achieve the required coverage amounts, a combination of an otherwise deficient specific policy and an umbrella policy with an aggregate meeting or exceeding the required coverage amounts is acceptable. For example: If the required policy limit under this Contract is for two million dollars ($2,000,000) in coverage, acceptable coverage would include a specific policy covering one million dollars ($1,000,000) combined with an umbrella policy for an additional one million dollars ($1,000,000). If the deficient underlying policy is for a coverage area without aggregate limits (generally Automobile Liability and Employers’ Liability Accident), Contractor shall provide a copy of the umbrella insurance policy documents to ensure that no aggregate limit applies to the umbrella policy for that coverage area. In the event that an umbrella policy is being provided to achieve any required coverage amounts, the umbrella policy shall be accompanied by an endorsement at least as broad as the Insurance Services Office, Inc. (also known as “ISO”) “Noncontributory—Other Insurance Condition” endorsement or shall be written on a policy form that addresses both the primary and noncontributory basis of the umbrella policy if the State is otherwise named as an additional insured.~~  Contractor shall provide the State a certificate of insurance (“COI”) evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard ACORD form preferred). The COI must list each insurer’s National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – CPO Risk Manager, 312 Rosa L. Parks Ave., 3rd floor Central Procurement Office, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) Business Days prior to the Effective Date and shall endeavor to provide it again on the date of renewal or replacement of coverage, but no later than seven (7) business days after the renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that subcontractors are included under the Contractor’s policy. At any time, the State may require Contractor to provide a valid COI. The Parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage. Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor’s letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses. The Contractor shall permit the State to review complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.  ~~The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.~~  **The insurance obligations under this Contract shall be~~: (1)—all the insurance coverage~~****~~and policy limits carried by the Contractor; or (2)—~~the minimum insurance coverage requirements and policy limits shown in this Contract; whichever is greater. ~~Any insurance proceeds in excess of or broader than the minimum required coverage and minimum required policy limits, which are applicable to a given loss, shall be available to the State.~~ No representation is made that the minimum insurance requirements of the Contract are sufficient to cover the obligations of the Contractor arising under this Contract. The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.**   1. Commercial General Liability (“CGL”) Insurance    1. The Contractor shall maintain CGL, which shall be written on an ISO Form CG 00 01 occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises and operations products and completed operations, bodily injury, personal and advertising injury, and liability assumed under an insured contract ~~(including the tort liability of another assumed in a business contract)~~.   The Contractor shall maintain single limits not less than one million dollars ($1,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this policy or location of occurrence or the general aggregate limit shall be twice the required occurrence limit.   1. Workers’ Compensation and Employer Liability Insurance    1. For Contractors statutorily required to carry workers’ compensation and employer liability insurance, the Contractor shall maintain:       1. Workers’ compensation in an amount not less than one million dollars ($1,000,000) including employer liability of one million dollars ($1,000,000) per accident for bodily injury by accident, one million dollars ($1,000,000) policy limit by disease, and one million dollars ($1,000,000) per employee for bodily injury by disease.    2. If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:       1. The Contractor employs fewer than five (5) employees;       2. The Contractor is a sole proprietor;       3. The Contractor is in the construction business or trades with no employees;       4. The Contractor is in the coal mining industry with no employees;       5. The Contractor is a state or local government; or       6. The Contractor self-insures its workers’ compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405. 2. Automobile Liability Insurance 3. The Contractor shall maintain automobile liability insurance which shall cover liability arising out of any automobile (including owned, leased, hired, and non-owned automobiles).   2) The Contractor shall maintain bodily injury/property damage with a limit not less than one million dollars ($1,000,000) per occurrence or combined single limit.   1. ~~Technology Professional Liability (Errors & Omissions)/~~Cyber Liability Insurance    1. The Contractor shall maintain ~~technology professional liability (errors & omissions)/~~cyber liability insurance appropriate to the Contractor’s profession in an amount not less than ten million dollars ($10,000,000) per occurrence or claim and ten million dollars ($10,000,000) annual aggregate, covering all acts, claims, errors, omissions, negligence, infringement of intellectual property (including copyright, patent and trade secret); network security and privacy risks, including but not limited to unauthorized access, failure of security, information theft, damage to destruction of or alteration of electronic information, breach of privacy perils, wrongful disclosure and release of private information, collection, or other negligence in the handling of confidential information, and including coverage for related regulatory fines, defenses, and penalties.    2. Such coverage shall include data breach response expenses, in an amount not less than ten million dollars ($10,000,000), including but not limited to consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services and expenses in the performance of services for the State or on behalf of the State hereunder. 2. Crime Insurance 3. The Contractor shall maintain crime insurance, which shall be written on a “loss sustained form” or “loss discovered form” providing coverage for third party fidelity, including cyber theft and extortion. The policy must not contain a condition requiring an arrest or conviction.   2) Any crime insurance policy shall have a limit not less than one million dollars ($1,000,000) per claim and one million dollars ($1,000,000) in the aggregate. Any crime insurance policy shall contain a Social Engineering Fraud Endorsement with a limit of not less than two hundred and fifty thousand dollars ($250,000). This insurance may be written on a claims-made basis, but in the event that coverage is cancelled or non-renewed, the Contractor shall purchase an extended reporting or “tail coverage” of at least two (2) years after the Term. | See Item 17 below for an amendment to Section D.31 of the *Pro Forma* Contract (RFP Attachment 6.6). Please note that Section D.31 is intended to restore the State following a loss and is not intended for the State to profit from it. |
| 1. Would the State be amenable to amending the Confidentiality of Records provision in Section D of the *Pro Forma* Contract (RFP Attachment 6.6) as follows?   Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State that is regarded as confidential under state or federal law shall be regarded as “Confidential Information.” Nothing in this Section shall permit Contractor to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal privacy laws and this Contract. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal privacy laws and this Contract. | The State respectfully declines. |
| 1. Would the State be amenable to amending Section E.3 of the *Pro Forma* Contract (RFP Attachment 6.6) as follows?   Intellectual Property Indemnity. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the State directly concerning or arising out of any claim of an alleged patent, copyright, trade secret or other intellectual property infringement directly caused by Contractor. In any such claim or action brought against the State, the Contractor shall indemnify the State for the amount of any reasonable settlement or final judgment, and the Contractor shall be responsible for all reasonable legal or other direct fees or expenses finally awarded from any such claim. The State shall give the Contractor notice of any such claim or suit within ten (10) days of receipt of the claim. This Section shall not grant the Contractor, through its attorneys, the right to represent the State of Tennessee in any legal matter, as provided in Tenn. Code Ann.§ 8-6-106. | See Item 16 of RFP Amendment 1 for an amendment to Section E.3 of the *Pro Forma* Contract (RFP Attachment 6.6). |
| 1. Would the State be amenable to amending Section E.4 of the *Pro Forma* Contract (RFP Attachment 6.6) as follows?   Contractor Hosted Services Confidential Data, Audit, and Other Requirements.   1. Vendor has implemented and maintains a written information security program (WISP) to address risks to the confidentiality and integrity of plan participant personally identifiable information (PII) received and held by Vendor under the Recordkeeping Services Agreement between Vendor and the Employer.   **Information Security Commitments**   1. **Information Security Management**   **1.1 Information Security Program** - Vendor is an insurance company regulated by the New York Department of Financial Services as well as a savings and loan holding company subject to the oversight of the Federal Reserve Bank of Boston. As such, Vendor is required to maintain a risk-based cybersecurity program pursuant to the Gramm Leach Bliley Act of 1999 (GLB), The Fair Credit Reporting Act (FCRA) as amended by the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), the respective regulations promulgated thereunder, including the Federal Financial Institutions Examination Council (FFIEC) Examination Guidance and the NY DFS Cybersecurity Regulation, and applicable state privacy laws, including but not limited to 201 CMR 17.00 et. seq. Vendor’s Cybersecurity Program is also mapped against the International Organization for Standardization / the International Electro-technical Commission (ISO/IEC 27002), National Institute of Standards and Technology (NIST) Cybersecurity Framework. Vendor’s WISP is reviewed and formally approved by Vendor management on an annual basis. The WISP may be reviewed more frequently if changes are required based on risk assessments or whenever there is a material change in business practices, threat landscape, or regulatory requirements that may reasonably implicate the security or integrity of records containing PII. Vendor’s WISP addresses all security requirements as listed in this Agreement, as amended from time to time.  **1.2 Information Security Function** -Vendor has established and operates an information security function that is responsible for defining and overseeing the WISP. Vendors management, in particular the Board of Trustees and Senior Management, is responsible for overseeing the execution and delivery of the IT Risk and Information Security Program through the Chief Information Security Officer (CISO).  **1.3 Policy Acknowledgement** -The WISP requires accountability by Vendor Personnel and requires Vendor Personnel to immediately report suspected violations of the WISP. All Third Party Service Provider Personnel must formally acknowledge the WISP before they are granted access to PII. The WISP also documents disciplinary measures for violations of the WISP.  **1.4 Training** - Vendor requires Information Security training be provided to all new hires and all Vendor Personnel annually. Cybersecurity Awareness runs a continuous cycle of phishing awareness campaigns. In addition, we provide targeted training to Personnel based on their role or at-risk behaviors. The Awareness program also includes regular communications and events to remind Personnel of their security responsibilities. Training completion is monitored, recorded, and reported to management.  **1.5 Risk Assessment** -Vendor has documented an information security risk assessment program that defines internal and external threats, as well as the controls designed to mitigate these threats. Through its risk assessment program, Vendor validates the effectiveness of these controls and documents residual risk for prioritization, approval, mitigation and remediation. Vendor risk assessments include events and possible threats that could impact Vendor Personnel, systems, and facilities. Additionally, the risk assessment program includes analysis of Vendor policy compliance. IT Risk Assessments are currently performed for applications, infrastructure and suppliers.  **1.6 Independent Assessments** - Annually, Vendor issues a SOC 2 attestation report including an opinion on design and operating effectiveness by an independent third-party auditor, covering the Security trust services criteria. The list of controls included in the scope of the SOC2 report are designed to protect information and systems against unauthorized access and unauthorized disclosure of information. Vendor’s WISP includes these SOC 2 controls as well as additional ones to protect against unauthorized access.  **1.7 Limiting PII** -The Vendor WISP also includes requirements limiting the amount of PII collected to that reasonably necessary to accomplish the Services, limiting the time such information is retained to that reasonably necessary to perform the Services, and limiting access to those persons who are reasonably required to access or handle the PII in order to perform the Services.  **2.0 Data Protection**  **2.1 Data Classification** – Vendor assigns a classification rating that indicates the level of protection that should be applied when PII data is stored, processed, accessed, or transmitted.  **2.2 Data Loss Prevention** - Vendor maintains a robust series of data loss prevention (DLP) technologies and policies, including restricting the use of removable media. All laptops use full disk encryption and all mobile devices use mobile device management to provide container-level encryption.  **2.3 Asset Management** - Vendor is responsible for ensuring that an IT resource inventory is kept current for all systems under Vendor’s control. Vendor has an IT asset management policy which is communicated to Vendor Personnel and other third parties. The IT asset management policy is maintained and reviewed by IT management.  **2.4 Encryption Standards** - Vendor has defined in its WISP minimum standards for encryption methods and strength. Vendor prohibits the use of cryptographic algorithms or methods that are proprietary or contain known significant weaknesses.  **2.5 Encryption in Transit** - Vendor has a policy to require encryption of Plan Sponsor PII while it is in transit over network links containing equipment that is not owned or controlled by Vendor.  **2.6 Encryption at Rest** - Vendor has a policy to require encryption of Plan Sponsor PII at rest on portable computing devices including laptops, electronic media (including removable media), and electronic storage devices. Use of removable media to store Plan Sponsor PII is prohibited or restricted without a documented business need or an escalated business exception with alternative mitigating controls.  **2.7 Encryption Key Management** - Vendor has documented procedures for managing encryption keys. These procedures include specifications for key provisioning, distribution, revocation, and expiration. Access to encryption keys is restricted to authorized workforce members with a need-to-know. Encryption keys are protected in storage in accordance with industry standard encryption algorithms.  **2.8 Physical Access** - Vendor has policies that restrict physical access to records containing PII.  **2.9 Data Destruction** - Vendor has policies for appropriate data retention and destruction. Documented information destruction processes meet industry standards and confidential or highly confidential media must be disposed of in a manner that ensures the information cannot be reconstructed into a usable format.  **2.10 Protection of Plan Sponsor Data** - Vendor uses generally accepted security management controls to ensure that none of Vendor s other clients have access to PII.  **2.11 Bring Your Own Device** - Vendor ensures security controls, including, mobile device management (MDM), virtual sandbox, remote wipe capabilities and encryption are in place if PII can be stored, accessed, transmitted to or from, or used on a personal device. Vendor has policies to ensure that Vendor Personnel maintain the security of these devices.  **3.0 Network Controls**  **3.1 Network Segmentation** –Vendor’s production network is physically or logically isolated from the development and test environments. Multi-tier security architectures that segment application tiers are used.  **3.2 Firewall Management** – Firewall management processes are documented and meet industry standards. Any files containing PII on a system connected to the internet are protected with up to date, industry standard, firewall protections and operating system security patches designed to maintain integrity and security of PII.  **3.3 Network Access** – Vendor implements controls to prevent unauthorized devices from physically connecting to the internal network or to detect and alert an administrator. Vendor scans for rogue wireless access points on a regular basis.  **4.0 Access Management and Authentication**  **4.1 Access Authorization** -Vendor employs a formal and documented process to grant access to facilities, systems, networks, and applications that contain Plan Sponsor data. This process includes documented approval based on business need. Vendor has a policy that requires initial password to be delivered in a secure manner and is required to be changed upon first logon.  **4.2 Least Privileged** **Access** - Vendor restricts access to records and files containing PII to only those Vendor Personnel who need such information to perform the Services.  **4.3 Access Removal** - Vendor documents termination procedures which outline the requirement of removing access to Plan Sponsor data within no more than twenty four (24) hours after termination.  **4.4 Remote Access** - Vendor restricts remote access, storage, or transmission to Plan Sponsor data. All remote access is formally authorized by Vendor and protected using multi-factor authentication (MFA).  **4.5 Access Recertification** - Vendor has a documented process to recertify access to systems, networks and applications regularly. This includes a documented review of access rights to confirm that access is still appropriate based on business needs. This review occurs on a risk-based cadence of either three months or six months.  **4.6 Unique IDs** – Vendor assigns unique user IDs that are reasonably designed to maintain the integrity of the security of the access control to each person with computer access. Any shared accounts in use are controlled such that the account is checked out and checked back in by a single individual (e.g. vaulting).  **4.7 Password Standards** - Vendor has documented a password policy with a reasonably secure method of assigning and selecting passwords, or the use of unique identifier technologies that cover systems that store, access, transmit or process Plan Sponsor PII. Passwords cannot be vendor supplied default passwords. This policy defines standards for controlling password length, strength and change frequency. This policy requires passwords to be at least 8 characters in length, employ mechanisms for complexity, and be changed every ninety (90) days.  **4.8 Password Reuse** – Vendor policy requires that Vendor Personnel are restricted from reusing at least the last twelve (12) previous passwords.  **4.9 Account Lockout** - Vendor policy requires that controls exist to lock accounts when no more than six (6) invalid login attempts are made.  **4.10 Password Reset** – Vendor policy requires a secure and documented process to reset passwords that requires verification of user identity prior to password reset.  **4.11 Session Timeout** – Vendor policy requires that system sessions automatically timeout, and in the case of systems that store, access, transmit or process PII, such timeout delay must be set to a maximum of fifteen (15) minutes.  **5.0 Incident Response**  **5.1 Incident Response Program** -Vendor has an incident response management program that (i) has been approved by IT management; (ii) is communicated to relevant Vendor Personnel; and (iii) has an owner to maintain and review it. The program documents processes and plans in the case of a security incident.  **5.2 Incident Investigation** – Records of system activity and of PII handling may be evidence (subject to appropriate chain of custody procedures) in the event of a security incident or breach of PII. Vendor may deliver copies of such records for use in any legal or regulatory proceeding or in any governmental investigation. Further, in the case of a security incident or breach of PII, Vendor may hire an independent third party to (i) determine the scope of the incident or breach and impacted records; and (ii) suggest appropriate post incident changes to Vendor’s WISP and controls.  **6.0 Logging and Monitoring / Threat and Vulnerability Management**  **6.1 Monitoring Systems** - Vendor monitors its systems and its procedures for (i) security incidents; (ii) unauthorized use of or access to PII; and (iii) violations and suspicious activity. Vendor maintains audit and logging capabilities that will enable the Vendor to effectively detect, respond to and investigate a data security incident.  **6.2 Intelligence Services** - Vendor monitors industry-standard information channels for newly identified system vulnerabilities and emerging risks regarding the technologies and Services provided to Plan Sponsor. Vendor uses the information gained to improve Vendor’s WISP and promptly fixes or patches any identified security problem.  **6.3 Intrusion Detection and Prevention** -Vendor employs risk-appropriate security countermeasures, such as network intrusion detection systems and intrusion prevention systems, to protect networked computer systems or devices that store, process, transmit Plan Sponsor Data. These countermeasures manage the risks of unauthorized access, penetration, disruption or corruption of Plan Sponsor Data. This includes alerting Vendor’s incident response team of security incidents that may require escalation to, and response from, Vendor’s incident response Personnel on a 24 hour per day, 7 days per week, 365 days per year basis.  **6.4 Anti-virus Protection** -All servers, workstations and laptop computers have industry standard, up to date, virus detection or integrity software installed and active. This software is (i) configured to continuously monitor the systems and files for characteristics of viruses, worms, spyware, and Trojan Horses; (ii) capable of generating detailed audit logs; and (iii) installed in auto-protect, full-time, or real-time mode.  **6.5 Vulnerability and Penetration Testing -** Vendor conducts annual reviews and scanning of all web applications developed and used by Vendor. Vulnerability management processes use a risk-based approach to prioritize remediation of any vulnerabilities discovered. Internal auditors, external auditors and external consultants review, audit and test for vulnerabilities. We also adapt our security measures to any new tools, techniques and exploits as they become available.  The Vendor website is tested regularly by both our Threat and Vulnerability Management team and a contracted third party. Robust firewalls protect our servers, databases and internal corporate systems from intrusion by checking all incoming and outgoing information and blocking anything inappropriate. Our command centers monitor the firewalls 24 hours a day, 7 days a week.  Vendor regularly updates its computing environment with security vulnerability patches, virus protection and other similar safeguards to address identified risks. The organization implements procedures to safeguard electronic media storage including tape backups, logs and mail messages, and regularly assesses security patches and the security of its network and databases. In addition, Vendor performs regular network, host and application vulnerability assessments, and uses a third-party agent to periodically perform perimeter network and application security assessments.  **6.6 Patching and Addressing Security Problems** - Vendor fixes or patches any identified security problem as soon as reasonably possible after Vendor becomes aware of the security problem or when vulnerability disclosures are made publically available, whichever is sooner.  **6.7 Malware and Virus Definitions** – Vendor maintains up-to-date versions of system security agent software, including (i) malware protection; (ii) up-to-date patches and virus definitions; and (iii) the ability to receive the most current security updates on a regular basis.  **7.0 Vendor Management**  **7.1 Third Party Service Providers** - Vendor has a supplier risk management program. Third party service providers are subject to an information security assessment process prior to receiving, accessing, storing or processing confidential company or client information and then on a regular basis thereafter. Third party service providers are contractually required to implement information security safeguards to protect Vendor’s PII according to Vendor’s standards and applicable law.   1. Comptroller Audit Requirements   Upon reasonable notice and at any reasonable time, the Contractor and Subcontractor(s) agree to allow the State, the Comptroller of the Treasury, or their duly appointed representatives to perform information technology control audits of the Contractor and all Subcontractors used by the Contractor. Contractor will maintain and cause its Subcontractors to maintain a complete audit trail of all transactions and activities in connection with this Contract. Contractor will provide to the State, the Comptroller of the Treasury, or their duly appointed representative’s access to Contractor and Subcontractor(s) personnel for the purpose of performing the information technology control audit.  The information technology control audit may include a review of general controls and application controls. General controls are the policies and procedures that apply to all or a large segment of the Contractor’s or Subcontractor’s information systems and applications and include controls over security management, access controls, configuration management, segregation of duties, and contingency planning. Application controls are directly related to the application and help ensure that transactions are complete, accurate, valid, confidential, and available. The audit shall include the Contractor’s and Subcontractor’s compliance with the State’s Enterprise Information Security Policies and all applicable requirements, laws, regulations or policies. In lieu of the State, the Comptroller of the Treasury or their duly appointed representatives performing the audits described herein of the Subcontractors, the State may, at its sole discretion, accept the results of audits conducted by the Contractor, provided the audits cover the topics described in this Section E.4 and are based on the ISO 27001 framework.  The audit may include interviews with technical and management personnel, physical inspection of controls, and review of paper or electronic documentation.  For any audit issues identified, the Contractor and Subcontractor(s) shall provide a corrective action plan to the State within 30 days from the Contractor or Subcontractor receiving the audit report.  Each party shall bear its own expenses incurred while conducting the information technology controls audit.   1. Business Continuity Requirements. The Contractor shall maintain set(s) of documents, instructions, and procedures which enable the Contractor to respond to accidents, disasters, emergencies, or threats without any stoppage or hindrance in its key operations (“Business Continuity Requirements”). Business Continuity Requirements shall include: 2. “Disaster Recovery Capabilities” refer to the actions the Contractor takes to meet the Recovery Point and Recovery Time Objectives defined below. Disaster Recovery Capabilities shall meet the following objectives:    1. Recovery Point Objective (“RPO”). The RPO is defined as the maximum targeted period in which data might be lost from an IT service due to a major incident: One (1) hour    2. Recovery Time Objective (“RTO”). The RTO is defined as the targeted duration of time and a service level within which a business process must be restored after a disaster (or disruption) in order to avoid unacceptable consequences associated with a break in business continuity: Four (4) hours 3. The Contractor and the Subcontractor(s) shall perform at least one Disaster Recovery Test every three hundred sixty-five (365) days. A “Disaster Recovery Test” shall mean the process of verifying the success of the restoration procedures that are executed after a critical IT failure or disruption occurs. The Disaster Recovery Test shall use actual State Data Sets that mirror production data, and success shall be defined as the Contractor verifying that the Contractor can meet the State’s RPO and RTO requirements. A “Data Set” is defined as a collection of related sets of information that is composed of separate elements but can be manipulated as a unit by a computer. Upon the State’s written request, the Contractor shall provide written confirmation to the State after each Disaster Recovery Test that its Disaster Recovery Capabilities meet the RPO and RTO requirements. | See Item 14 of RFP Amendment 1 for an amendment to Section E.4 of the *Pro Forma* Contract (RFP Attachment 6.6). Note: The State’s EISP is written at a high level and is considered the minimum bar. The State would expect the Contractor to meet the spirit of the EISP and the defined security controls in the environment being proposed. The State is fine with discussing with the successful respondents the requirements of this subsection to ensure the successful respondents meet these requirements. Should the annual audit identify significant weaknesses, the State would want to know the Contractor was doing its due diligence to address those weaknesses in a timely fashion. |
| 1. Would the State be amendable to amending Section E.7 of the Pro Forma Contract (RFP Attachment 6.6) as follows:   E.5. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor’s Response to 30901-48021 (Attachment 6.2, Section B.15) and resulting in this Contract.  The Contractor shall assist the State in monitoring the Contractor’s performance of this commitment by providing, as requested, a ~~monthly~~ quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, service-disabled veterans, and persons with disabilities.  Such reports shall be provided to the State of Tennessee Governor's Office of Diversity Business Enterprise in the TN Diversity Software available online at: https://tn.diversitysoftware.com/FrontEnd/StartCertification.asp?TN=tn&XID=9810. | The State respectfully declines. This is standard, mandated contract language for all Tennessee governmental agencies. |
| 1. (Question 1 from First Round of Written Questions and Comments) If possible please provide the number of unique participants with each vendor. We want to make sure we aren’t double counting any participants that may have accounts with more than one vendor. | Participants may overlap between the ORP and 403(b) Plans. The number of unique participants in each plan with each ORP vendor is attached as Attachment 1 to RFP Amendment 2. |
| 1. (Question 10 from First Round of Written Questions and Comments) For each plan, please provide the total number of unique actively contributing participants and total number of unique participants with a balance. | See response to Question 38 above. |
| 1. (Question 11 from First Round of Written Questions and Comments) Please confirm if participants overlap across the ORP and 403(b) plans? If so, please provide the total number of unique actively contributing participants and the total number of unique participants with a balance across all plans. | See response to Question 38 above. |
| 1. (Question 48 from First Round of Written Questions and Comments) Please provide the volume of transactions (enrollments, etc.) that come in via paper forms? | Please see Attachment 2 to RFP Amendment 2 that aggregates the information the State was able to obtain about emails on file, e-delivery, online transactions, and service center call volume. In some cases, the information was not available. |
| 1. (Question 49 from First Round of Written Questions and Comments) Can TIAA provide historical stable value account rates? It appears that is what determines if the stable value assets will move in 90 days or 2 years. | The State understands that current and historical rates would dictate that the TIAA Stable Value assets be paid out at book value within 90 days of a present-day discontinuance; however, this may not be the case in the future. |
| 1. (Question 50 from First Round of Written Questions and Comments) What is the contract anniversary date for the Voya Fixed Plus Acct III? Will the assets of the Fixed Plus Acct III be eligible to move in a lump sum at conversion or will it be subject to the 4 year withdrawal schedule? | The State understands the next contract anniversary date for the TN ORP Voya Fixed Plus Acct III to be September 21, 2025. Below are the full withdrawal rules for the Voya Fixed Fund Acct III for each plan:  **TN ORP – 666294 - *Employer Directed Full Withdrawals***  After the completion of the fifth contract anniversary and every five years thereafter, the Contract Holder may terminate the Contract and receive the total amount in the Fixed Plus Account III in a lump sum payment.  To initiate the Contract termination and lump sum payment, the Contract Holder must submit a written request for a Full Withdrawal of the total amount in the Fixed Plus Account III.  This request must be received in good order by the Company’s Home Office at least 60 days in advance of the Applicable Anniversary Date.  Full withdrawal requests not meeting the requirements stated above are subject to the standard contract withdrawal provisions which will be paid in five installments over a four year and one day time period.  **University of TN 403(b)  – *Employer Directed Full Withdrawals***  If the plan sponsor requests a full withdrawal of plan assets with Voya, the account balances of the mutual funds held in the custodial or trust account will be paid based on plan sponsor direction.  Amount held in the Voya Fixed Plus Account III will be paid in five installments over a four year and one day time period.  **TBR 403(b) – *Employer Directed Full Withdrawals***  If the plan sponsor requests a full withdrawal of plan assets with Voya, the account balances of the mutual funds held in the custodial or trust account will be paid based on plan sponsor direction.  Amount held in the Voya Fixed Plus Account III will be paid in five installments over a four year and one day time period. |
| 1. (Question 51 from First Round of Written Questions and Comments) How many participants currently receive statements and documents electronically? How many participants currently have an email on file? | See response to Question 41 above. |
| 1. Would the State be amenable to amending Section A.50 of the *Pro Forma* contract (RFP Attachment 6.6) as follows? | See Item 18 below for an amendment to Section A.50 of the *Pro Forma* contract (RFP Attachment 6.6). See also Item 19 below for an amendment toChart 10 in RFP Attachment 6.2.1 – Section C. |

A.50. Annual Performance Standards’ Guarantee. To ensure adherence to industry standards and timely processing of all transactions and services, the Contractor agrees the following performance standards shall be met or exceeded during each performance evaluation period. The performance evaluation periods shall be from December 1, 2021 – November 30, 2022; December 1, 2022 – November 30, 2023; December 1, 2023 – November 30, 2024; December 1, 2024 – November 30, 2025; and December 1, 2025 – November 30, 2026. The Contractor agrees to put at risk [10% OR SUCH HIGHER NUMBER AS MAY BE IN THE CONTRACTOR’S PROPOSAL THAT RESPONDS TO SECTION C.18 of RFP ATTACHMENT 6.2] of its fees for each time period above allocated as indicated below. If a particular standard is not met during a given performance evaluation period, the Contractor shall lose the following corresponding percentage of the [10% OR SUCH HIGHER NUMBER AS MAY BE IN THE CONTRACTOR’S PROPOSAL WHICH RESPONDS TO SECTION C.18 of RFP ATTACHMENT 6.2] of annual fees the Contractor otherwise would have been entitled to pursuant to Section C.3 below for the next performance evaluation period:

|  |  |  |
| --- | --- | --- |
| **Activity** | **% of Fees Placed at Risk** | **Service Standard**  **[TO BE COMPLETED BASED ON THE SUCCESSFUL RESPONDENT’S RESPONSE TO QUESTION C.18. OF THE RPF]** |
| Transition/Implementation | 20.0% | X days from receipt of all data requested in good order for asset takeovers |
| Contribution reconciliation and posting | 2.5% | X business day as receipt of funds as of 4:00 PM ET or earlier market close; assumes prior receipt of payroll data in good order |
| Return of excess participant contributions | 2.5% | X% within X business\_ days from date of identification of excess contribution |
|  |  |  |
| Termination / Rollovers / Direct Transfers for Distribution | 2.5% | X% processed within X business\_\_ days from receipt of request in good order |
| Participant directed fund transfers | 2.5% | X% the X business\_ day from receipt of request if it is received in good order by 4:00pmEST or earlier market close |
| Confirmations mailed/posted to account | 2.5% | \_X% mailed or available online within X business\_ days from execution of transaction or request |
| Participant statements mailed/posted | 2.5% | X business\_ days from period end |
| Plan Level Reporting | 2.5% | X business\_\_ days from quarter end |
| Transfer of Assets to TCRS for Service Purchase | 2.5% | \_X business\_ days from receipt of request in good order |
| Investment Election Requests | 2.5% | \_X business\_ day from receipt of request is received in good order by 4:00pmEST or earlier market close |
| Contribution Percentage Elections/Changes | 2.5% | Processed the X \_\_ day from receipt of request if received by 4:00pmEST |
| DRO Qualification and QDRO Processing | 2.5% | \_X\_ days from receipt of request |
| System Availability: Voice Response Unit, Customer Call Center and Participant Website | 10.0% | \_\_\_\_ X% of the time the services will be available (excluding regular scheduled maintenance. |
| Customer Call Center Average Wait Time | 10.0% | \_\_\_\_% of calls answered within \_\_\_\_ seconds |
| Field Representative Availability | 10.0% | \_\_\_\_% of one-on-one meetings occur within \_\_ business days of scheduled request |
| Group Education Meetings | 5.0% | \_\_\_\_% of group education meetings occur within \_\_\_\_ days of request |
| Posting of Participant Data Maintenance File | 2.5% | \_\_\_\_ days from receipt of file |
| Mailing/Emailing, etc. of Participant Forms (e.g. enrollment, salary deferral) | 2.5% | \_\_\_\_ days from receipt of request |
| Implementation of holistic retirement readiness metric | 10.0% | \_\_\_\_ months from date of execution of contract (cannot be later than September 1, 2023) |

The above performance standards do not eliminate the Contractor’s obligation to comply with all other terms and conditions of this Contract and shall not be construed to limit the liability of the Contractor for damages sustained by the State by virtue of any breach of this Contract by the Contractor nor shall they be construed to limit any other remedies available to the State in equity, at law or otherwise.

1. **Delete Section A.13 of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.13. Communication Material and Forms. The Contractor shall develop and otherwise provide all forms and other informational and enrollment materials respecting the ORP and Plans hereunder as provided in the Contractor’s Proposal. The materials shall be designed, produced and distributed at the Contractor’s expense in the method and frequency as shall be mutually agreed to in writing by the Parties. ~~Such materials shall be filed with the State, and t~~The State shall have the right to edit and approve the materials. The communication materials shall further include, but not be limited to:

1. brochures explaining the ORP, the Plans, and the Investment alternatives of the ORP and the Plans for new Employees;
2. detailed handbooks explaining the ORP, the Plans, and the Investment alternatives of the ORP and the Plans for Participants;
3. flyers explaining the field representative services available to Employees and Participants, including meeting types (1:1, group, etc.) and topics able to be discussed;
4. flyers showing Investment options in the ORP and the Plans based on risk;
5. brochures outlining distribution options permitted under the ORP and the Plans and applicable tax treatments;
6. brochures outlining annual contribution rules and limits for the ORP and the Plans separately and collectively, including 15-year catch up contributions, as applicable;
7. a monthly report detailing performance of Investments over different time periods and the current operating expenses of each Investment;
8. a Participant newsletter;
9. an Employer newsletter;
10. notification of any fund changes;
11. disclosure of the Contractor’s fee structure under Section C of this Contract;
12. a description of each Investment product offered by the Contractor hereunder;
13. a distribution insert explaining applicable tax treatments;
14. an annual benefit projection statement; and
15. and other materials necessary to apprise Employees and/or Participants of the purpose and provisions of the ORP and the Plans.

Forms to be provided by the Contractor shall include participation enrollment agreements, benefit applications, transfer authorization forms, beneficiary designation forms, selection or change of Investment products for current account balances and future contributions and other forms necessary to administer the provisions of the ORP and Plans under this Contract. The materials shall be designed to meet the Contractor’s current design standards, produced and distributed in the method and frequency as shall be mutually agreed to in writing by the Parties, and at the Contractor's expense. All such material shall be shared with the State in advance and the State shall have the right to edit the material ~~filed with and approved in advance by the State.~~ Enrollment documents and forms shall be available to the State and the Institutions in hard copy and on electronic media. Participant notification of changes in Investment products shall occur no later than thirty (30) calendar days after the State’s approval of the changes as described in Section A.15. below. Publications describing Investment products must be available to Participants within thirty (30) calendar days following the change in the product line up. Communications shall meet any applicable statutory and regulatory requirements for notice of products, options, and feature changes. The Contractor agrees to and does hereby transfer, assign and convey to the State, without additional consideration therefor, all property rights, tangible and intangible, including trademarks and copyrights, to all materials that were developed specifically for the State and cannot be used, in whole or in part, for other clients or purposes; *provided, however*, that the State shall not be restricted in any manner in connection with the continuation of the ORP and the Plans after the expiration of this Contract in using the same or substantially the same materials, and the Contractor shall be deemed to have granted the State a non-exclusive, perpetual, royalty-free, non-transferable license to so use any or all of the materials.

1. **Delete Section A.15 of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.15. Investment Management Services. The Contractor shall offer to Participants the Investment products designated in writing by the State to the Contractor as approved products hereunder, provided that the Investment products are offered on the Contractor’s recordkeeping platform. Any investment product designated by the State under this Section that is not offered on the Contractor’s recordkeeping system is subject to the prior consent of the Contractor provided that such consent shall not be unreasonably withheld. Notwithstanding the foregoing, the Contractor shall offer to Participants a stable value/fixed account fund in the ORP and the Plans with a guaranteed interest rate that is not a bond fund as referenced on page [PAGE NUMBER OF SUCCESSFUL PROPOSAL WHICH RESPONDS TO SECTION C.157 OF ATTACHMENT 6.2 OF THE RFP] of the Contractor's Proposal. The Contractor shall continue to make such products available to Participants until instructed otherwise by the State. Upon receipt of a written instruction to do so by the State, the Contractor shall offer Participants any additional investment options requested by the State that are offered on the Contractor’s recordkeeping platform. Any investment option requested to be added by the State under this Section that is not offered on the Contractor’s recordkeeping system is subject to the prior written consent of the Contractor provided that such consent shall not be unreasonably withheld. The Contractor shall upon receipt of a written instruction from the State freeze or delete an Investment product in the ORP and/or the Plans in accordance with the process and timing required by the State and subject to applicable annuity contract terms.

The Contractor shall further accommodate identification of transactions with Investment Providers to facilitate the separate account statements that the ORP and 403(b) Plans receive from each Investment Provider for each separate fund. The Contractor shall also provide transaction information to the Investment Providers to facilitate direct balance and transaction reporting to the State for each fund. The Contractor acknowledges that statements received by the State from a single fund family are aggregated.

At the State’s request, the Contractor shall supply information about ~~monitor~~the products’ investment performance and compare the results to the appropriate benchmarks. The Contractor shall provide educational reporting ~~communicate the results of the ongoing performance monitoring~~ to the State upon request~~at least quarterly~~. ~~Further and at the State’s request, the Contractor shall on an annual basis identify and recommend to the State the Investment products offered hereunder that should be continued, removed or replaced. For any Investment products proposed to be replaced, the Contractor shall recommend to the State the proposed replacement investment product. In evaluating and making recommendations for the retention, removal or replacement of such Investment products, the Contractor shall research and analyze performance relative to market conditions and other relevant circumstances. The Contractor shall map existing and future Contributions to appropriate Investment product funds upon approval of the State. The Contractor shall act as a fiduciary to Participants when selecting Investment products to recommend to the State.~~

~~The Contractor shall be deemed to have satisfied this fiduciary standard by making a good faith recommendation accompanied by a written rationale for its recommendation and disclosure of the conflicts of interest applicable to all product recommendations, provided the Contractor at all times recommends appropriate Investment products for a primary retirement plan. Alternatively, potential conflicts may be resolved by the Contractor hiring an investment consultant as a subcontractor pursuant to Section D.6. of this Contract below to select and monitor funds and to advise the Contractor regarding investment selection and ongoing performance monitoring.~~

~~The Contractor shall document the justifications for the Investment recommendation, and the monitoring process used under this Section A.15. The Contractor shall further prepare and maintain a current list of approved Investment products offered by the Contractor to Participants pursuant to this Section.~~

1. **Delete Section A.18.a of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.18. Investment and/or Provider Transfers.

a. Subject to applicable annuity contract terms, Participants shall be permitted to transfer all or a portion of their respective Assets, without restriction and without the deduction or imposition of any surrender or termination charges, to any one or more other approved Investment products offered by the Contractor pursuant to Section A.15 above, and to any other service provider that provides recordkeeper services for the State under the ORP or the 403(b) Plans. Transfers to such other service providers shall be done according to the procedures and within the timeframe outlined in the Contractor’s Proposal. It is understood that Assets in the ORP cannot be transferred to a 403(b) Plan and that Assets in a 403(b) Plan cannot be transferred to the ORP. This Section shall not apply to restrictions and/or charges imposed for Participant violations of applicable market timing policies, or to liquidity restrictions, if any, described in the Contractor’s Proposal; provided that any such liquidity restrictions shall be waived by the Contractor for all transfers or mapping occurring upon the termination of this Contract or upon a Participant’s transfer of membership from the ORP to the Tennessee Consolidated Retirement System pursuant to Tennessee Code Annotated, Section 8-25-204.

1. **Delete Section A.20 of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.20. Administration. The Contractor shall perform ~~all administrative and~~ recordkeeping functions ~~necessary to ensure compliance with the terms of~~ for the ORP and Plans and~~, to~~ provide for the accurate accounting of the Assets in the Participants’ Accounts~~, and to provide for the efficient and prudent management of the Accounts~~. Such functions shall include, but shall not be limited to, reconciling Participant Accounts to the Contractor’s accounts daily and monthly, converting (as applicable) records maintained by the previous ORP and Plans recordkeeper(s) to records maintained by the Contractor, and enrollment services as described in Section A.14. above.

1. **Delete Section A.22.a of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.22. Benefit and Distribution Payments; Qualified Domestic Relations Orders.

1. Benefit and Distribution Payments. Upon request of the applicable Participant, the Contractor shall promptly supply annuity or minimum distribution payout projections for any Participant considering distribution. The Contractor shall disburse benefits under the ORP to ORP Participants in accordance with Tennessee Code Annotated, Sections 8-25-201, *et. seq.*, the ORP plan document and in compliance with applicable requirements of the Code, and subject to investment fund terms and conditions. The Contractor shall disburse benefits under the 403 (b) Plans to 403(b) Plan Participants in accordance with the respective 403(b) plan document and in compliance with applicable requirements of the Code. Categories of distributions to be administered and processed by the Contractor shall include, but may not be limited to, lifetime annuity payments; partial lump-sum payments; equal monthly, quarterly, semi-annual or annual payments of a specified amount; equal or approximately equal monthly, quarterly, semi-annual or annual payments, calculated to continue for a lifetime; monthly, quarterly, semi-annual or annual payments equal to the minimum distributions required under Section 401(a)(9) of the Code over the life expectancy of the Participant or over the life expectancy of the Participant and a beneficiary; and other distributions, if any, allowable under applicable law and the respective plan document. Payments shall be issued on a consistent pre-specified date and frequency as mutually established by the Contractor and the Participant. Lump-sum payments shall be effected on a daily basis. The Contractor shall offer direct deposit services for no additional fee to Participants or beneficiaries electing periodic or lump sum payments. For distributions out of the 403(b) Plans, the Contractor shall provide, in addition to checks, ACH capability for lump sum and periodic withdrawals, and for rollovers in and out of the Plans.
2. **Delete Section A.23 of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.23. Tax Reporting. In compliance with federal and state laws, the Contractor shall take all actions necessary to withhold, remit, and report income taxes deducted from distribution payouts, and to produce and distribute all income tax reports and statements. Any penalties for income tax deposit delinquency or underpayment of tax assessed against the Contractor or the State shall be the sole responsibility of the Contractor.

1. **Delete Section A.25.a. of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.25. Institution Reports. In addition to the reports described in the Contractor's Proposal, the Contractor shall provide the following reports to the Institutions and such additional reports as may be agreed to by the Contractor and the State from time to time. All reports shall be submitted in a format mutually agreed upon by the State and the Contractor.

a. Copies of that Institution’s Participants’ quarterly statements in ~~alphabetical~~ ascending pin order on CD or other format mutually agreed upon by the State and the Contractor.

1. **Delete Section A.28 of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.28. Compliance with Internal Revenue Code. The Contractor recognizes that the ORP is intended to qualify as a Section 401(a) defined contribution plan under the Code and the Plans are intended to qualify as Section 403(b) defined contribution plans under the Code and agrees to maintain knowledge of the federal rules applicable to the ORP and the Plans and to administer its duties under this Contract in a manner consistent with the applicable requirements of the Code, the ORP, and the Plans. ~~The Contractor shall be responsible for preparing documents and forms necessary to obtain approval from appropriate federal agencies as may be required to ensure full compliance with the laws and regulations governing the ORP and the Plans.~~

1. **Delete Section A.37 of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.37. Self-Directed Brokerage Account Window. The Contractor shall provide all Participants access to the self-directed brokerage account window(s) as described in the Contractor’s Proposal and shall make available to the State all information necessary for proper monitoring of ~~monitor~~ such service ~~as stated in the Contractor’s Proposal~~. The State reserves the right, at its sole discretion, to discontinue this service or to request a replacement vendor for this service. The State shall give the Contractor at least ninety (90) calendar days prior written notice of the discontinuance of the service or request for a replacement. In addition, the Contractor shall notify the State and offer a replacement vendor if available in the event the service is no longer available as a self-directed brokerage option. Any replacement vendor must be approved by the State prior to implementation.

1. **Delete Section A.40 of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.40. Defined Contribution Participant Account Collection for DC Administrative and/or Expenses Purposes. The Contractor shall (i) collect on behalf of the State an annual administrative fee of 0.03% (or such other amount as the State may direct) from all Participants either through (A) revenue-sharing paid by an Investment Provider to the Contractor in respect of a Participant’s investment in the Investment Provider’s fund, (B) an explicit fee to each Participant, or (C) a combination of both (A) and (B), and (ii) shall calculate such amount monthly at 0.0025% of month-end Assets and deposit the same into separate, ~~unallocated trust~~ revenue credit or other plan accounts for the ORP and each Plan held by the Contractor for the exclusive benefit of the State within thirty (30) calendar days following month-end, to be used solely at the direction of the State for administrative purposes in accordance with plan fiduciary obligations.

1. **Delete Section A.42 of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.42. Independence of Services. Unless the State deems it appropriate, neither the Contractor nor any of its Affiliates shall be permitted to act as an Investment Provider under the ORP or the Plans during the term of this Contract for an Investment other than a stable value fund/fixed account with a guaranteed interest rate that is not a bond fund as referenced on page [PAGE NUMBER OF SUCCESSFUL PROPOSAL WHICH RESPONDS TO SECTION C.157 OF ATTACHMENT 6.2 OF THE RFP] of the Contractor's Proposal. Unless approved by the State, investment products obtained or obtainable from the Contractor shall not be communicated to Participants in conjunction with the Contractor’s communication responsibilities hereunder. The Contractor shall refrain from using information about Participants acquired in the course of providing the services hereunder to market or sell products or services unrelated to the ORP or the Plans unless a request for such products or services is initiated by a Participant. If any licensed agent of the Contractor who performs enrollment services for the ORP or the Plans sells an investment product to any Participant outside the ORP or the Plans, the Contractor shall first obtain an acknowledgment ~~a signed statement~~ from the Participant whereby the Participant confirms ~~acknowledging~~ the Participant’s understanding that such product is not affiliated with the ORP or the Plans and has not been reviewed or recommended by the State. The manner of the acknowledgment shall be mutually agreed to by the State and the Contractor. The language in such statement shall be approved by the State and such statement shall be retained in the ORP or Plan Participant’s file and a copy furnished to the State.

1. **Delete Section A.43.a. of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.43. Representations. The Contractor represents and warrants to the State the following:

a. Neither the Contractor nor any officer, stockholder, director, or employee of the Contractor, or any Affiliate of the Contractor, is subject to any present or past litigation or administrative proceeding of or before any court or administrative body which would have a material adverse effect on the Contractor, or its ability to discharge its responsibilities under this Contract, ~~or which would impair their ability to act as a fiduciary under a qualified plan,~~ nor, to its knowledge, is any such litigation or proceeding presently threatened against any of them or their property.

1. **Delete Section A.51. of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.51. Transition of Services Upon Termination. Upon the natural expiration of this Contract or in the event of its termination for any reason, the Contractor shall transfer in accordance with the State’s instructions all records and monies held by the Contractor hereunder (subject to applicable terms of annuity contracts, if applicable) to whomever the State may designate in writing to the Contractor. Such records and monies shall be furnished to the State or to the State’s written designee within fifteen (15) calendar days after the State’s written request therefor. The records and monies shall be transmitted to the State or to the State’s written designee pursuant to reasonable written instructions given by the State. The Contractor shall also provide the State with a full written accounting of the status of Participants’ Accounts under the ORP or the Plans. The Contractor agrees to cooperate with the State, and any subsequent contractor selected by the State to perform the services hereunder, in the transition and conversion of such services. The Contractor shall remain liable to the State under this Contract for any acts or omissions occurring on or prior to the date on which all property of the State and all services hereunder have been successfully transferred or converted in accordance with this Paragraph.

1. **Delete Section C.6 of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

C.6. Offsets. Any and all other fees, rebates, or other sources of revenue (or plan service expenses, if applicable) received by the Contractor or by the ORP or 403(b) Plans from an investment management company or any other source shall be used to offset the Contractor's compensation set forth in Item (4) of Section C.3.b. above. Any excess of fees, rebates, and revenues (or plan service expenses, if applicable) over the administrative charges set forth in Item (4) of Section C.3.b above shall be remitted to or retained by the ORP or 403(b) Plans, as applicable. Neither the Contractor nor any officer, director, or employee of the Contractor, or any Affiliate of the Contractor, shall receive any direct or indirect compensation from an investment management company or any Affiliate of such a company as a result of the selection of any Investment for the Plans or as a result of the enrollment of an Employee in any investment of the Plans beyond that which is specifically provided in this Contract.

1. **Delete Section D.31 of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

Insurance. Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor’s failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) ~~acceptable to the State; (b)~~ authorized by the Tennessee Department of Commerce and Insurance (“TDCI”); and (b)~~(c)~~ rated A- / VII or better by A.M. Best. All General Liability coverage and Automobile Liability coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to include the State as an additional insured on any insurance policy with the exception of workers’ compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement or policy wording for a waiver of subrogation in favor of the State. Any deductible or self insured retention (“SIR”) over fifty thousand dollars ($50,000) must be approved by the State. The deductible or SIR and any premiums are the Contractor’s sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.

To achieve the required coverage amounts, a combination of an otherwise deficient specific policy and an umbrella policy with an aggregate meeting or exceeding the required coverage amounts is acceptable. For example: If the required policy limit under this Contract is for two million dollars ($2,000,000) in coverage, acceptable coverage would include a specific policy covering one million dollars ($1,000,000) combined with an umbrella policy for an additional one million dollars ($1,000,000). If the deficient underlying policy is for a coverage area without aggregate limits (generally Automobile Liability and Employers’ Liability Accident), Contractor shall permit the State to review ~~provide~~ a copy of the umbrella insurance policy documents to ensure that no aggregate limit applies to the umbrella policy for that coverage area. In the event that an umbrella policy is being provided to achieve any required coverage amounts, the umbrella policy shall be accompanied by an endorsement at least as broad as the Insurance Services Office, Inc. (also known as “ISO”) “Noncontributory—Other Insurance Condition” endorsement or shall be written on a policy form that addresses both the primary and noncontributory basis of the umbrella policy if the State is otherwise named as an additional insured.

Contractor shall provide the State a certificate of insurance (“COI”) evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI(standard ACORD form preferred). The COI must list each insurer’s National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – CPO Risk Manager, 312 Rosa L. Parks Ave., 3rd floor Central Procurement Office, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) Business Days prior to the Effective Date and shall endeavor to provide it again on the date of renewal or replacement of coverage, but no later than seven (7) business days after the renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that subcontractors are included under the Contractor’s policy. At any time, the State may require Contractor to provide a valid COI. The Parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage. Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor’s letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses. The Contractor shall permit the State to review complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

**The insurance obligations under this Contract shall be: (1)—all the insurance coverage** **and policy limits carried by the Contractor; or (2)—the minimum insurance coverage requirements and policy limits shown in this Contract; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required coverage and minimum required policy limits, which are applicable to a given loss, shall be available to the State. No representation is made that the minimum insurance requirements of the Contract are sufficient to cover the obligations of the Contractor arising under this Contract. The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.**

* + - * 1. Commercial General Liability (“CGL”) Insurance

1. The Contractor shall maintain CGL, which shall be written on an ISO Form CG 00 01 occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises and operations products and completed operations, bodily injury, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

The Contractor shall maintain single limits not less than one million dollars ($1,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this policy or location of occurrence or the general aggregate limit shall be twice the required occurrence limit.

* + - * 1. Workers’ Compensation and Employer Liability Insurance

1. For Contractors statutorily required to carry workers’ compensation and employer liability insurance, the Contractor shall maintain:

i. Workers’ compensation in an amount not less than one million dollars ($1,000,000) including employer liability of one million dollars ($1,000,000) per accident for bodily injury by accident, one million dollars ($1,000,000) policy limit by disease, and one million dollars ($1,000,000) per employee for bodily injury by disease.

2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:

The Contractor employs fewer than five (5) employees;

The Contractor is a sole proprietor;

The Contractor is in the construction business or trades with no employees;

The Contractor is in the coal mining industry with no employees;

The Contractor is a state or local government; or

The Contractor self-insures its workers’ compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

c. Automobile Liability Insurance

1. The Contractor shall maintain automobile liability insurance which shall cover liability arising out of any automobile (including owned, leased, hired, and non-owned automobiles).

2) The Contractor shall maintain bodily injury/property damage with a limit not less than one million dollars ($1,000,000) per occurrence or combined single limit.

1. Technology Professional Liability (Errors & Omissions)/Cyber Liability Insurance

1) The Contractor shall maintain technology professional liability (errors & omissions)/cyber liability insurance appropriate to the Contractor’s profession in an amount not less than ten million dollars ($10,000,000) per occurrence or claim and ten million dollars ($10,000,000) annual aggregate, covering all acts, claims, errors, omissions, negligence, infringement of intellectual property (including copyright, patent and trade secret); network security and privacy risks, including but not limited to unauthorized access, failure of security, information theft, damage to destruction of or alteration of electronic information, breach of privacy perils, wrongful disclosure and release of private information, collection, or other negligence in the handling of confidential information, and including coverage for related regulatory fines, defenses, and penalties.

1. Such coverage shall include data breach response expenses, in an amount not less than ten million dollars ($10,000,000), including but not limited to consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services and expenses in the performance of services for the State or on behalf of the State hereunder.
2. Crime Insurance
3. The Contractor shall maintain crime insurance, which shall be written on a “loss sustained form” or “loss discovered form” providing coverage for third party fidelity, including cyber theft and extortion. The policy must not contain a condition requiring an arrest or conviction.

2) Any crime insurance policy shall have a limit not less than one million dollars ($1,000,000) per claim and one million dollars ($1,000,000) in the aggregate. Any crime insurance policy shall contain a Social Engineering Fraud Endorsement with a limit of not less than two hundred and fifty thousand dollars ($250,000). This insurance may be written on a claims-made basis, but in the event that coverage is cancelled or non-renewed, the Contractor shall purchase an extended reporting or “tail coverage” of at least two (2) years after the Term.

1. **Delete Section A.50 of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.50. Annual Performance Standards’ Guarantee. To ensure adherence to industry standards and timely processing of all transactions and services, the Contractor agrees the following performance standards shall be met or exceeded during each performance evaluation period. The performance evaluation periods shall be from December 1, 2021 – November 30, 2022; December 1, 2022 – November 30, 2023; December 1, 2023 – November 30, 2024; December 1, 2024 – November 30, 2025; and December 1, 2025 – November 30, 2026. The Contractor agrees to put at risk [10% OR SUCH HIGHER NUMBER AS MAY BE IN THE CONTRACTOR’S PROPOSAL THAT RESPONDS TO SECTION C.18 of RFP ATTACHMENT 6.2] of its fees for each time period above allocated as indicated below. If a particular standard is not met during a given performance evaluation period, the Contractor shall lose the following corresponding percentage of the [10% OR SUCH HIGHER NUMBER AS MAY BE IN THE CONTRACTOR’S PROPOSAL WHICH RESPONDS TO SECTION C.18 of RFP ATTACHMENT 6.2] of annual fees the Contractor otherwise would have been entitled to pursuant to Section C.3 below for the next performance evaluation period:

|  |  |  |
| --- | --- | --- |
| **Activity** | **% of Fees Placed at Risk** | **Service Standard**  **[TO BE COMPLETED BASED ON THE SUCCESSFUL RESPONDENT’S RESPONSE TO QUESTION C.18. OF THE RPF]** |
| Transition/Implementation | 20.0% | \_\_\_\_ days from receipt of all data requested in good order for asset takeovers |
| Contribution reconciliation and posting | 2.5% | \_\_\_\_ ~~days from receipt of payroll data~~ business day(s) from receipt of funds as of 4:00 PM ET or earlier market close; assumes prior receipt of payroll data in good order  (NOTE: - if “0” is inserted, it will be understood to be “same day”) |
| Return of excess participant contributions | 2.5% | \_\_\_\_ % within \_\_\_\_ business days from date of identification of excess contribution |
| Execution of process to identify ~~Identification of~~ incorrect or missing participant contribution amounts | 2.5% | \_\_\_\_ business days from the date payroll data is received in good order ~~of incorrect contribution~~ |
| Termination / Rollovers / Direct Transfers for Distribution | 2.5% | \_\_\_\_ % processed within \_\_\_\_ business days from receipt of request in good order |
| Participant directed fund transfers | 2.5% | \_\_\_\_ business day(s) from receipt of request if it is received in good order by 4:00 p.m. (EST) or earlier market close”  (NOTE: - if “0” is inserted, it will be understood to be “same day”) |
| Confirmations mailed/posted to account | 2.5% | \_\_\_\_ % mailed or available online within \_\_\_\_ business days from execution of transaction or request |
| Participant statements mailed/posted | 2.5% | \_\_\_\_ business days from period end |
| Plan Level Reporting | 2.5% | \_\_\_\_ business days from quarter end |
| Transfer of Assets to TCRS for Service Purchase | 2.5% | \_\_\_\_ business days from receipt of request in good order |
| Investment Election Requests | 2.5% | \_\_\_\_ business day(s) from receipt of request if received in good order by 4:00 p.m. (EST) or earlier market close  (NOTE: - if “0” is inserted, it will be understood to be “same day”) |
| Contribution Percentage Elections/Changes | 2.5% | Processed by no later than \_\_\_\_ days from receipt of request if received by 4:00 p.m. (EST) |
| DRO Qualification and QDRO Processing | 2.5% | \_\_\_\_ days from receipt of request |
| System Availability: Voice Response Unit, Customer Call Center and Participant Website | 10.0% | ~~\_\_\_\_ hours where system unavailable~~  \_\_\_\_ % of the time the services will be available (excluding regular scheduled maintenance) |
| Customer Call Center Average Wait Time | 10.0% | \_\_\_\_% of calls answered within \_\_\_\_ seconds |
| Field Representative Availability | 10.0% | \_\_\_\_% of one-on-one meetings occur within \_\_\_\_ days of request |
| Group Education Meetings | 5.0% | \_\_\_\_% of group education meetings occur within \_\_\_\_ days of request |
| Posting of Participant Data Maintenance File | 2.5% | \_\_\_\_ days from receipt of file |
| Mailing/Emailing, etc of Participant Forms (e.g. enrollment, salary deferral) | 2.5% | \_\_\_\_ days from receipt of request |
| Implementation of holistic retirement readiness metric | 10.0% | \_\_\_\_ months from date of execution of contract (cannot be later than September 1, 2023) |

The above performance standards do not eliminate the Contractor’s obligation to comply with all other terms and conditions of this Contract and shall not be construed to limit the liability of the Contractor for damages sustained by the State by virtue of any breach of this Contract by the Contractor nor shall they be construed to limit any other remedies available to the State in equity, at law or otherwise.

1. **Delete Chart 10 in RFP Attachment 6.2.1 – Section C in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

**Chart 10**

Proper administration and service is expected from the successful respondent. Though it is not the desire of the State to impose penalties, but rather find a suitable partner, the State is including performance guarantees for the services procured in the RFP to ensure adherence to industry standards and timely processing of all transactions and services. Consequently, the successful respondent will place at risk at least 10% of its annual fees allocated as indicated in the chart below. If you are willing to place at risk more than 10% of your annual fees, please specify that percentage below:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_%

Next, please specify in the chart below your service standards for the completion of the following services, which if not met, will result in the corresponding percentage of the 10% of the annual fees that will be lost by the Respondent or such higher percentage of the annual fees as indicated in the space provided above.

|  |  |  |
| --- | --- | --- |
| **Activity** | **% of Fees Placed at Risk** | **Service Standard** |
| Transition/Implementation | 20.0% | \_\_\_\_ days from receipt of all data requested in good order for asset takeovers |
| Contribution reconciliation and posting | 2.5% | \_\_\_\_ ~~days from receipt of payroll data~~ business day(s) from receipt of funds as of 4:00 PM ET or earlier market close; assumes prior receipt of payroll data in good order  (NOTE: - if “0” is inserted, it will be understood to be “same day”) |
| Return of excess participant contributions | 2.5% | \_\_\_\_ % within \_\_\_\_ business days from date of identification of excess contribution |
| Execution of process to identify ~~Identification of~~ incorrect or missing participant contribution amounts | 2.5% | \_\_\_\_ business days from the date payroll data is received in good order ~~of incorrect contribution~~ |
| Termination / Rollovers / Direct Transfers for Distribution | 2.5% | \_\_\_\_ % processed within \_\_\_\_ business days from receipt of request in good order |
| Participant directed fund transfers | 2.5% | \_\_\_\_ business day(s) from receipt of request if it is received in good order by 4:00 p.m. (EST) or earlier market close”  (NOTE: - if “0” is inserted, it will be understood to be “same day”) |
| Confirmations mailed/posted to account | 2.5% | \_\_\_\_ % mailed or available online within \_\_\_\_ business days from execution of transaction or request |
| Participant statements mailed/posted | 2.5% | \_\_\_\_ business days from period end |
| Plan Level Reporting | 2.5% | \_\_\_\_ business days from quarter end |
| Transfer of Assets to TCRS for Service Purchase | 2.5% | \_\_\_\_ business days from receipt of request in good order |
| Investment Election Requests | 2.5% | \_\_\_\_ business day(s) from receipt of request if received in good order by 4:00 p.m. (EST) or earlier market close  (NOTE: - if “0” is inserted, it will be understood to be “same day”) |
| Contribution Percentage Elections/Changes | 2.5% | Processed by no later than \_\_\_\_ days from receipt of request if received by 4:00 p.m. (EST) |
| DRO Qualification and QDRO Processing | 2.5% | \_\_\_\_ days from receipt of request |
| System Availability: Voice Response Unit, Customer Call Center and Participant Website | 10.0% | ~~\_\_\_\_ hours where system unavailable~~  \_\_\_\_ % of the time the services will be available (excluding regular scheduled maintenance) |
| Customer Call Center Average Wait Time | 10.0% | \_\_\_\_% of calls answered within \_\_\_\_ seconds |
| Field Representative Availability | 10.0% | \_\_\_\_% of one-on-one meetings occur within \_\_\_\_ days of request |
| Group Education Meetings | 5.0% | \_\_\_\_% of group education meetings occur within \_\_\_\_ days of request |
| Posting of Participant Data Maintenance File | 2.5% | \_\_\_\_ days from receipt of file |
| Mailing/Emailing, etc of Participant Forms (e.g. enrollment, salary deferral) | 2.5% | \_\_\_\_ days from receipt of request |
| Implementation of holistic retirement readiness metric | 10.0% | \_\_\_\_ months from date of execution of contract (cannot be later than September 1, 2023) |

1. **Delete Section A.39 of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

A.39. Participant Fee Reallocation Disclosure. Any compensation, inducements, and etc. received by the Contractor from any outside sources in rendering the services under this Contract shall be disclosed ~~and allocated to the applicable Participants’ Accounts and used to improve the Participants’ returns~~, and any and all fees, rebates, or other sources of revenue received by the Contractor from Investment Providers shall be disclosed to the State and shall be used to improve the Participants’ returns. The Contractor shall disclose on each Participants’ Account statement any such compensation, inducements and fees, and the source of such compensation, inducements and fees (such as reallocation of retail recordkeeping fees, price break, 12b-1 fee not charged, reduced fund management fee, etc). The Contractor agrees that all compensation and charges shall be fully disclosed to participants and the State.

**21. RFP Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFP not expressly amended herein shall remain in full force and effect.