



Ensuring Retirement Security for Small Business Employees

Connecticut Retirement Security Authority Request for Proposals for Plan Administration and Management Services

RFP Issuance Date – April 26, 2019

Following is a summary of questions sent to CRSA in response to the RFP:

1. Fees as described on Page 24 (G.) and throughout the RFP:
 - a. For program administration: Will a Proposer's response be considered non-responsive if total fees on Program assets could exceed 75 basis points at any point during the administration contract?
 - i. **Answer:** Beginning in the 4th calendar year that the program becomes effective, all in fees are capped at 75 bps. Earlier years could be higher (or lower)
 - b. Please advise if an account fee and/or activity-based fees in addition to asset-based fees are considered as part of the 75 basis point threshold.
 - i. **Answer:** Yes, the 75 bps is an all in cap, including a separate account or activity based fee.
 - c. Please confirm if total fees on assets are intended to include a rebated amount to be paid to the Connecticut Retirement Security Authority (CRSA) to offset its own program administration expenses. If so, what would that amount be and when would payment begin? In addition, please confirm if the total fees on Program assets are intended to include underlying fund expenses and any fees paid to the Investment Manager, if applicable.
 - i. **Answer:** The 75 bps cap is an all in fee beginning in the 4th calendar year that the program becomes effective. It would, if there was a rebate, include that as well. The all in fee of 75 bps to be capped beginning in the 4th calendar year that the program becomes effective include administrative fees, investment management fees, investment consultant fees, and all fees to CRSA for its administrative fee. We expect these fees to begin from dollar 1 invested in the program, with the cap beginning in the 4th calendar year that the program becomes effective.
 - d. Connecticut expects assets to exceed \$1 billion by year 4, and presumably before all-in costs are required to decline to 75 basis points. Will a Proposer's response be non-responsive if a bid proposes fees above 75 basis points after year 4, if assets are meaningfully below forecast?
 - i. **Answer:** Our legislation is fairly prescriptive; it states that all in fees are capped at 75 bps in beginning in the 4th calendar year that the program becomes effective. It is possible the legislation could be revised if forecasts are not met. The possibility of changing the legislation is not a guarantee.
2. Please clarify the following statement: "The CRSA is directed to minimize fees and on and after completion of the fourth calendar year following the first date on which the Program becomes effective." "effective" is defined as the first date the program is open for contributions on a state-wide basis, following any possible pilot periods.

CRSA

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1. **Reference page 20, first paragraph:** What is the base term of the contract? Are there any option years?
 - i. **Answer:** The initial term is 10 years from signing the contract.
2. **Reference page 19:** What is the Connecticut Retirement Security Authority's estimate of the amount of assets and the number of accounts by year over the term of the contract (see page 19)?
 - i. **Answer:** Our feasibility study predicts assets (in \$Billions) of 0.3 in year 1, 0.6 in year 2, 0.9 in year 3, and \$1.2B by year 4.
 - ii. **Answer:** Accounts are projected at, (in \$thousands) 246 in year 1, 252 in year 2, 257 in year 3, 261 in year 4
3. **Reference page 9, Service / Quality Assurance, Item 4:** May a vendor provide an electronic version or URL for our audited financials due to the size of our financial statements (will exceed 400 pages)?
 - i. **Answer:** Yes, electronic or URL is acceptable.