

**Connecticut Retirement Security Board  
Request for Information  
For**

**General Consulting, Market Analysis, Program Design, and Financial Feasibility  
Consulting Services**

Background

The Connecticut Retirement Security Board was created by Public Act 14-217, signed by the Governor on June 17, 2014. The CRSB is chaired by the State Treasurer and the State Comptroller. The Board's mandate is to conduct a market feasibility study on the implementation of a public retirement plan and report its findings by January 1, 2016, and to develop a comprehensive proposal for implementation of such a plan by April 1, 2016. The market feasibility study will conduct a market analysis, recommend a plan design based on the results of such market analysis, and then examine the financial feasibility based on both the market analysis and recommended plan design.

Responses to this RFI will be used by the Board to assess the viability of various RFP alternatives. No contract will result directly from the RFI process. The responses to this RFI may be used to determine whether and how an RFP should be issued.

Scope

The Board is soliciting responses to this RFI from qualified vendors to conduct general consulting, market analysis, program design, and financial feasibility consulting services. Interested vendors are asked to provide information regarding their qualifications, in addition to their availability and interest in providing the requisite services.

The Board will accept responses from vendors who are interested in conducting only certain services described below but not all of the services contained in this RFI. Please indicate the services the vendor would perform, the vendor's qualifications for conducting such services, and the reason why the vendor would not be able to perform the remainder of the requested services.

The contractor will be expected to perform the following services:

1. General Consulting:

The contractor will provide general consulting services to the Board throughout the market feasibility study process. This will include developing a timeline for each step of the market feasibility study, guiding the direction of the study based on the Board's statutory mandate, reporting to the Board on the progress of each step of the study, collaborating with the Board's legal consultants when developing a plan design in order to determine and maintain the legal feasibility of such design, attending Board meetings when requested, and developing a report on the results of the market feasibility study by January 1, 2016.

In addition, the contractor will consult on and recommend best practices for establishing a secure internet website in order to assist qualified employers in identifying vendors of retirement arrangements that may be implemented by qualified employers in lieu of participation in the plan.

## 2. Market Analysis:

The market analysis will include surveys of both eligible participants and eligible employers. The survey of eligible participants will determine likely participation rates, likely contributions, and program design elements that would maximize participation. The analysis should include a stratification of participants based on age, gender, race, and income level. There should be a household component of the analysis, whereby income levels, employment, retirement savings accounts, number of dependents, and debt are studied from a household perspective, in addition to an individual perspective. The market analysis will also study eligible participants' comfort with the different investment vehicles and degrees of risk, as well as the anticipated rate of account closures and rollovers.

The survey of eligible employers will determine the transaction costs of certain program elements to employers, with an additional particular concentration on small employers. The survey will determine what retirement options are currently offered by small employers, the rates of participation by their employees, and the employer's interest in offering a retirement program if not already doing so. The survey will ascertain how many employers would choose to forego the offering of an employer-sponsored retirement plan, or would discontinue offering such a plan, if a state-sponsored plan were available. The analysis will also determine how many employers would currently be eligible and those employer's abilities to remit employees' contributions through their current payroll systems.

In addition, the market analysis will include a study of the natural trends of retirement savings and employer-sponsored retirement plans, including trend projections for private retirement plan participation in the absence of a state-sponsored retirement plan, and for private plus public plan participation in the presence of a state-sponsored plan. The analysis will also include a review of academic literature on behavioral economics to determine the likely behaviors of eligible participants, including the plan design elements that maximize participation and income replacement ratios.

## 3. Program Design:

The contractor will recommend how best to structure and administer the plan based on the results of the market analysis. This recommendation will include what type of entity would be best positioned to administer the program. The program design will include the best methods for recordkeeping and administrative functions, handling payroll deductions, communicating with participants regarding their individual accounts, default contribution levels, automatic escalation levels, opt-out procedures, automatic enrollment procedures, and maximum contribution levels. The contractor will recommend a process by which to determine eligibility of employers and employees to participate in the plan

and to enforce mandatory participation by any qualified employer that does not offer a retirement plan to its employees. The program design will also determine the best methods for investment, including what options are offered to participants for investing, what options are offered at retirement, and how to guarantee a rate of return as prescribed by the statute.

In addition, the contractor will include an analysis of how the Board's creation statute could be amended to allow for certain plan design elements that would make the program better suited to the needs of the eligible participants and employers.

#### 4. Financial Feasibility:

The financial feasibility portion of the study will determine whether the likely participation rates would be sufficient to maintain a self-sustaining trust that covers all expenses of the program as required by statute. The contractor will determine the level of funding required for implementation of the plan design. The study will analyze whether or not the plan design is feasible without incurring debts or liabilities to the state and with low administrative costs that shall be limited to an annual percentage of the total plan balance. The study will also analyze how an annually predetermined guaranteed rate of return can be set, the cost and structure of insurance necessary to guarantee the stated rate of return, and an appropriate limit of plan funds that can be devoted to administrative costs.

#### Statutory Goals and Design Features

The statutory goals and design features for the implementation plan from the creation statute of the Board are as follows:

- a. An increase in access to and enrollment in quality retirement plans without incurring debts or liabilities to the state;
- b. A reduced need for public assistance through a system of prefunded retirement income;
- c. A minimal need for financial sophistication in plan participants;
- d. The promotion of transparency and accountability in the management of the retirement funds through oversight, regular reporting to plan participants and ethics review of plan fiduciaries;
- e. The payment of all expenses, including employee costs, incurred to implement, maintain, advertise and administer the plan, from moneys collected by or for the trust;
- f. Plan portability through maintenance of individual retirement accounts for each plan participant;
- g. Low administrative costs that shall be limited to an annual, predetermined percentage of the total plan balance;

- h. The provision of an annuitized benefit with options for conversion to lump-sum payout upon retirement, spousal benefit and preretirement death benefits to enable a plan participant to bequeath assets to designated beneficiaries;
- i. An annually predetermined guaranteed rate of return and the procurement of insurance, as necessary, to guarantee the stated rate of return;
- j. Implementation of a default contribution rate and a process by which plan participants may elect to change their level of contribution;
- k. Compliance with all applicable requirements of federal and state laws, rules and regulations;
- l. Ensuring that the plan participants and the individual retirement accounts qualify for the favorable federal income tax treatment ordinarily accorded to individual retirement accounts under the Internal Revenue Code;
- m. Ensuring that the plan is not treated as an employee benefit plan under the federal Employee Retirement Income Security Act of 1974;
- n. A process to determine the eligibility of an employer, employee or any other individual to participate in the plan and to ensure mandatory participation by any qualified employer that does not offer an employer-sponsored retirement plan to its employees;
- o. A process by which a qualified employer shall credit the plan participant's contributions to his or her individual retirement account through payroll deposit;
- p. Employer immunity with regard to investment returns, plan design and retirement income paid to plan participants;
- q. A process for streamlined enrollment of potential plan participants, including automatic enrollment of each employee unless the employee chooses to opt out of participating in the plan;
- r. The dissemination of educational information concerning saving and planning for retirement to potential plan participants;
- s. The establishment of a secure Internet web site to assist qualified employers in identifying vendors of retirement arrangements that may be implemented by qualified employers in lieu of participation in the plan;
- t. Legal enforcement of employer obligations arising under the plan;
- u. Ensuring that any assets held for the plan shall be used for the purpose of distributing individual retirement savings balances to the plan participants and paying the operational, administrative and investment costs associated with the plan;

- v. Ensuring that any amounts on deposit to be utilized in the plan shall not (A) constitute property of the state and the plan shall not be construed to be a department, institution or agency of the state, and (B) be commingled with state funds and the state shall have no claim to or against, or interest in, such funds;
- w. Ensuring that any contract entered into by or any obligation of the plan shall not constitute a debt or obligation of the state and the state shall have no obligation to any designated beneficiary or any other person on account of the plan and all amounts obligated to be paid pursuant to the plan shall be limited to amounts available for such obligation;
- x. Ensuring that the plan shall continue in existence as long as it holds any deposits or has any obligations and until its existence is terminated by law and upon termination any unclaimed assets shall return to the state; and
- y. Ensuring that the property utilized in the plan shall be governed by section 3-61a of the general statutes.

### Responses

Please submit all responses by November 3, 2014 to:

Connecticut Retirement Security Board  
Office of the State Comptroller  
55 Elm Street  
Hartford, CT 06106

Fax number: (860) 702-3319

Email address: [OSC.CRSB@ct.gov](mailto:OSC.CRSB@ct.gov)  
Attn: CRSB Request for Information

Well-organized and concise responses are encouraged in order to facilitate the Board's assessment. Each RFI response will be reviewed for completeness and conformance to the minimum requirements of the market feasibility study. The Board has the option of requesting vendors to submit missing information or to clarify those issues deemed incomplete, or to disqualify the RFI response. The Board expects that the services described in response to this request for information are generally available as of the date that responses are due. Responders must explain any exceptions.

### References

The respondent must provide at least three references similar in size and subject matter to the scope of the work being proposed. For each reference, please provide: the reference organization's name, contact person's name and telephone number, address and electronic mail address, as well as a brief description of the project.