



# Shelby County Tennessee

Mark H. Luttrell, Jr., Mayor

## Questions & Answers

*Issued: February 20, 2015*

### RFP #15-002-25

### Deferred Compensation Plan (Shelby County Human Resources/Benefits)

#### TO ALL PROSPECTIVE BIDDERS:

The following questions were submitted by potential vendors. Our answers are listed in *red* below:

1. It was noted that there are 4,000 total account balances (2,400 active). Can you provide the total number of eligible employees? **At 6/30/2014 we had 5,302 active employees.**
2. What is the market to book ratio for the Shelby Fixed fund? **As of 11/30/2014, the Book Value plus A/I was \$255,388,300 and the Market Value plus A/I was \$262,294,337 for a ratio of 97.37%.**
3. Is there a guaranteed minimum rate for the Shelby Fixed fund? **The rate is announced prior to the beginning of the quarter and is guaranteed for that quarter. The rate is guaranteed to be > 0%.**
4. What payroll provider is the County currently using? **In house**
5. Are there currently plan adoption agreements or plan documents? **Yes**  
If so, can you please provide them? **Posted as separate attachment.**
6. May we use the logo associated with County in our bid response? **Yes**  
If yes, can you provide a jpg copy of the logo for our use? **Posted as separate attachment.**

7. Please identify the number of locations that requires education and the number of employees at each location. **The County maintains employees all over the county. The County Jail and the Shelby County building represent a large number of those employees. Currently, we have 2 full-time enrollers assigned to the County.**
8. How many days of onsite education does the County currently receive? **Right now, it is virtually unlimited as the 2 enrollers are very responsive to making group presentations and meeting with employees individually.**
9. Does the current level of education on-site support meet the expectations of the Authority? **Yes**
10. What additional retirement education would the County see as beneficial to its employees? **An online enrollment portal that includes video that could walk an employee through the enrollment process.**
11. Is there a need for communications in languages other than English? If yes, please specify. **Possibly Spanish**
12. Page 20, under Conversion Process, references a weekend blackout. Assuming that the County intends on a 6/30/2015 liquidation from the current provider, can the County's current provider commit to providing final conversion files on Thursday, July 2, 2015? If not, what is the current provider's typical delivery of final conversion files? **That is the expectation.**
13. Page 22, under investments – Variable:
  - “2) How do you intend to migrate employees who are utilizing the current model account program? **It is a managed account solution. We would provide the information provided by the employee (risk tolerance/demographic data) to the new provider.** Could the County clarify whether they are referring to a managed account solution, or a model portfolio solution? **It is a managed account solution utilizing funds that are part of the underlying platform. If you believe that only Model Portfolios should be offered – state that.**
  - “3) Identify the name of any investment advisor/fiduciary you are proposing to use for the model portfolio program? What is the fee for this service? Could the County clarify that their “third-party investment advisor [who they employ] to provide fiduciary services regarding fund selection, fund performance monitoring, and replacement recommendations...” does not currently and will not perform these services? **The investment advisor could provide model portfolios, but not manage a Managed Account Solution.**

**Currently, the plan has a managed account solution – but not model portfolios.**

14. Regarding the life insurance policies, please provide the expectations and frequencies related to” premium payments and updates to cash value of the policies (are they per pay period, monthly, quarterly or annual). **Premiums are deducted per pay period.**
15. Do we need to answer in Section II Minimum Requirements and Section IX Purpose/Scope or just address those two sections in the Questions & Answer Section of the RFP? Page 36, 2(A) under the Proposal Format talks about those sections and lead us to believe we should provide a detailed answer, please clarify. **As long as all of the questions are clearly answered, you can provide the information once.**
16. Are there any specific language needs for the participants other than English? **Some employees may prefer Spanish, but English is the primary language.**
17. Can you please provide a list of the County locations and the number of employees at each location? **There are four (4) main locations in which the majority of the employees are located. Shown below is the break down by Department and Division:**

**Mayor’s Administration – Total 2,381**

**Division**

<b>Administration and Finance</b>	<b>46</b>
<b>CAO</b>	<b>79</b>
<b>Community Services</b>	<b>224</b>
<b>Corrections</b>	<b>678</b>
<b>County Attorney</b>	<b>44</b>
<b>Health Services</b>	<b>519</b>
<b>Information Technology</b>	<b>82</b>
<b>Mayor’s Office</b>	<b>10</b>
<b>Planning and Development</b>	<b>141</b>
<b>Public Defender</b>	<b>112</b>
<b>Public Works</b>	<b>422</b>
<b>Election Commission</b>	<b>20</b>
<b>Jury Commission</b>	<b>4</b>

**Elected Officials - Total 2,956**

**Division/Department**

<b>Assessor</b>	<b>122</b>
<b>Attorney General</b>	<b>116</b>
<b>Chancery Clerk</b>	<b>18</b>
<b>Chancery Judges</b>	<b>2</b>
<b>Circuit Court Clerk</b>	<b>37</b>
<b>Criminal Court Clerk</b>	<b>70</b>
<b>County Clerk</b>	<b>87</b>
<b>General Sessions Clerk</b>	<b>143</b>
<b>General Sessions Judges</b>	<b>42</b>
<b>Juvenile Court Clerk</b>	<b>87</b>
<b>Juvenile Court</b>	<b>235</b>
<b>Legislative</b>	<b>33</b>
<b>Probate Court Clerk</b>	<b>9</b>
<b>Probate Judges</b>	<b>4</b>
<b>Register</b>	<b>23</b>
<b>Sheriff</b>	<b>1,862</b>
<b>Trustee</b>	<b>66</b>

**Total All Positions – 5,337**

**18. Please provide the tickers for the current Investment Fund lineup.**

**PTRAX  
FYIPX  
JAHYX  
GIMCX  
GMIMX  
GMDIX  
PAALX  
GAIDX  
GMIAX  
NWRIX  
NWEIX  
NWFIX  
NWHIX  
NWIX  
NWLIX  
NWMHX  
NWNIX  
NWOIX  
NTDIX  
LOMAX  
ACSTX**

LLPFX  
STBIX  
FCNTX  
FOCPX  
JMVSX  
LLSCX  
PAMCX  
PVADX  
BCSIX  
REREX  
ODMAX  
OPPAX  
ASRIX

19. Please provide the # of Qualified Domestic Relation Orders (QDRO) processed in 2014. **There were 8 QDRO's in 2014, 15 in 2013, 15 in 2012 and 13 in 2011.**
20. Are there any restrictions on the transition of the Stable Value/Fixed Account assets:
- CDSC - % and/or \$ **No**
  - Spread payout option – termination payments over a period of time (example, 5 payments over 5 years)? **Payment can be delayed for 60 days.**
  - Market Value Adjustment contractual formula or market value payout? If so, what is the current market value adjustment % and/or \$? Positive or Negative MVA? **The County would receive market value.**
  - 12-month Put or other delay of distribution of book value of participant assets? **Payment can be delayed for 60 days.**
21. What is the current fixed account rate? **1<sup>st</sup> quarter 2015 guaranteed rate is 1.91% (annualized)**
22. Are distribution checks, QDRO Approval, and unforeseeable emergency approval services included in your current vendor's required revenue today or are the fees for these events paid for by the participant? Does the committee have a preferred method? **Presently, the fees are included in the required revenue. The committee would not object to having reasonable fees paid by the participant.**
23. Is it ok to put the Third Party Fiduciary Advice budget of \$15,000/quarter and the Commonwealth Financial Network service fee of \$20,000 as a Plan Expense Reimbursement Account (similar to a RIA fee) or would it be preferred to place this as a flat commission? **Plan Expense Reimbursement.**
24. Is the \$20,000 Commonwealth Financial Network service fee a one-time or annual fee? **One time fee for conducting the RFP.**

25. On page 22, Section Investments – Variable, Question 5 it is requested that we provide our list of funds available on our platform. This list contains thousands of funds and would not print well. Is it ok to just supply this list via the flash drive? **Yes.**
26. In the RFP Questionnaire section there are some tables that need to be filled in, but no grid lines shown in the original pdf. Do you prefer that we do not show gridlines or is it ok to add them for ease of viewing? **Ease of viewing is preferred**
27. Are we to answer/address Sections C2, C3, C4, C5 and C6 on pages 36-37 of the RFP or will all of that information be captured in the Questionnaire so we do not have to readdress? **As long as all of the questions are clearly answered, you can provide the information once.**
28. Under “Questionnaire for Fixed Account Provider”, Question 7. a) Provide a breakdown of assets by % within your product at year-end for the past 10 years. How would you like us to break this down, by quality breakdown, sector breakdown, etc.? **By quality, sector and maturity.**
29. Is it the County’s desire that the Shelby Fixed Fund be recordkept by the new vendor? Alternatively, could the underlying securities of the Shelby Fixed Fund be transferred “in kind”? (RFP Reference: Not applicable) **The County is currently a portion of a separate account. Our agreement states that we could receive market value upon 60 days notice, but Nationwide could defer payment for 60 days.**
30. With regard to Question 2, Page 14 of the RFP, the chart requests a breakdown of plans by employee and assets. Please confirm that we should only be providing a breakdown by employee as the asset breakdown is also requested in the chart directly below. (RFP Reference: Question 2; Page 14) **Correct**
31. What are the underlying assets in the current stable value fund? (RFP Reference: Not applicable)

Shelby	PRINCIPAL	Book	Fair Value	Book Yield	Market Yield	Duration	Accd_Int	Book+Accd	MV+Accd
ABS	55,234	54,214	56,589	5.87%	1.85%	0.49	227	54,441	56,816
CMBS	16,806,791	16,947,631	17,451,317	4.31%	1.91%	2.15	66,112	17,013,743	17,517,429
CMO	24,405,034	24,791,866	26,032,626	3.61%	1.77%	2.64	90,715	24,882,581	26,123,341
Corp Bonds	168,348,504	174,354,673	178,525,308	2.86%	2.07%	4.13	1,619,536	175,974,210	180,144,844
Government	5,390,000	5,561,869	5,808,282	3.33%	0.65%	1.42	77,215	5,639,084	5,885,497
MBS	23,995,620	24,814,840	25,557,008	3.16%	2.35%	3.58	77,621	24,892,461	25,634,629
Money Market	6,931,781	6,931,781	6,931,781	0.09%	0.09%	0.12	-	6,931,781	6,931,781
Municipals	-	-	-	0.00%	0.00%	-	-	-	-
Mortgages	-	-	-	0.00%	0.00%	-	-	-	-
Pref Stocks	-	-	-	0.00%	0.00%	-	-	-	-
<b>Total</b>	<b>245,932,964</b>	<b>253,456,874</b>	<b>260,362,911</b>	<b>2.99%</b>	<b>1.97%</b>	<b>3.63</b>	<b>1,931,426</b>	<b>255,388,300</b>	<b>262,294,337</b>

32. Will you consider proposals that include a general account fixed interest option? (RFP Reference: Not applicable) **Not if there are any limitations on transferring between the fixed interest and other variable options. i.e. 3 year fixed rate.**
33. Please provide a high level overview of your current service model. **The plan has a dedicated relationship manager and 2 local enrollers.**
34. Please provide the total number of representatives assigned to your plan. Are they dedicated exclusively to Shelby County or do they serve other plans? **2 enrollers that also serve the City of Memphis and a small local government as well. The plan also has a dedicated relationship manager.**
35. How many onsite service days does your current vendor provide? **The local enrollers are available on any market day and have been very accommodating. The relationship manager meets with the County 6 or more times a year – and has been very accommodative to the County’s needs.**
36. How many total individual & group meetings have been conducted over the last 3 years?
- |   |       |
|---|-------|
| 2014 Total Meetings / New Hire Orientations         | 157   |
| 2014 Total Individual Meetings                      | 891   |
| 2014 Total Memphis Office Calls                     | 4,000 |
| 2014 Total Memphis Office Customer Service Walk-ins | 1,500 |
| 2013 Total Meetings / New Hire Orientations         | 200   |
| 2013 Total Individual Meetings                      | 1124  |
| 2013 Total Memphis Office Calls                     | 3,600 |
| 2013 Total Memphis Office Customer Service Walk-ins | 1,200 |
37. Does your plan offer individual financial planning services? If so, what is the cost? **No, except for the managed account service which is 0.60% annually for the plan balance managed.**
38. Please clarify question 6 in the Investments- Variable section on page 22 of the RFP. **In your managed account service or model portfolio service, is it possible to use a fund not included in the core fund line-up?**

39. Is it your intention to have funds not included in the core line-up as part of the custom models or just that the custom models will not be available without subscribing to the managed account service? **We do not have an intention to have funds in the models that are not in the core line-up, but would like to know if that is an option. If you can offer model portfolios designed by the plan's investment advisor, please indicate. Also, indicate whether you offer a managed portfolio service for a fee.**
40. Please confirm that the total budget for the Third-party Fiduciary Advice to Plan Sponsor fee is \$15,000 per quarter or \$60,000 annually for the contract term. **Yes**
41. Please confirm that the \$20,000 fee to Commonwealth Financial Network is a one-time fee. **Yes**
42. Please indicate if there are any other fees or budget items that need to be included as part of this RFP. **No**
43. Please indicate if any of the revenue produced by the fund line-up is kept by the recordkeeper or returned to the plan and or the participants. **The current provider has a required revenue number. Excess is returned to the plan.**
44. Please provide a list of any ancillary fees that are currently being charged to the plan and or its participants. i.e) QDRO's, model portfolios, financial advice, self directed brokerage, etc. **The managed account service is 0.60% annually and fees are charged to the participant. The self-directed brokerage is \$100 annually and charged to the participant.**
45. Please indicate your preference for a stable value or fixed account. Would you prefer a general account, a pooled stable value or stable value separate account? **Stable value separate account is preferred. We currently utilize a pooled stable value account.**
46. Please either provide a current investment policy statement for your fixed account or your preferences for strategy credit quality and duration. **See IPS for Fixed Account**
47. Please indicate the level of marketing customization that your current recordkeeper can provide. **The plan can request most any type of custom messaging to be mailed or emailed to participants.**
48. Can the website be customized with plan branding, logo, targeted messaging? **Which website? Currently, the plan has a customized website.**
49. Can participant communications be customized? **Yes**

50. Can you provide the current plan document & service agreement? **Posted as separate attachment.**
51. The RFP instructions state that the EOC Number Application must be printed and faxed or mailed. We notice there is a link on your website to apply electronically. Is that an option for the respondents to this RFP? **The instructions to apply for a Vendor Number and EOC Number are in the RFP document. The link is strictly to apply for the Vendor number only and must be submitted electronically. The EOC application must be printed and faxed or mailed. Once you have submitted both applications, you can contact Debra Louis at [Debra.Louis@shelbycountyttn.gov](mailto:Debra.Louis@shelbycountyttn.gov) to assist in expediting the paperwork.**
52. The number of active participants were provided in the RFP. Please provide the total number of participants accounts (active and inactive)? **Total accounts: 3,978. # actively deferring: 2,315. # of participants not deferring: 1,502. # of participants in payout: 161 (all information is as of 12/31/2014)**
53. What are the total number of employees eligible to participate in the 457 plan? **Approximately 5,302**
54. How is the plan currently serviced in terms of on-site educational staffing? Does this representative(s) dedicate 100% of their time serving the Shelby County plan? **2 enrollers that also serve the City of Memphis and a small local government as well. The plan also has a dedicated relationship manager.**
55. How many group meetings and individual meetings were conducted on-site by the current provider in the most recent year?
- |   |       |
|---|-------|
| 2014 Total Meetings / New Hire Orientations         | 157   |
| 2014 Total Individual Meetings                      | 891   |
| 2014 Total Memphis Office Calls                     | 4,000 |
| 2014 Total Memphis Office Customer Service Walk-ins | 1,500 |
| 2013 Total Meetings / New Hire Orientations         | 200   |
| 2013 Total Individual Meetings                      | 1124  |
| 2013 Total Memphis Office Calls                     | 3,600 |
| 2013 Total Memphis Office Customer Service Walk-ins | 1,200 |
56. Does the plan have available any asset allocation information specific to a participant's age group that you can share? **Not at this time.**
57. Does the plan have available any historical participant return information that you can share? **No.**

58. Is the current Shelby County Fixed Fund stable value product in a market value gain position. If so, would it this gain be available immediately in a lump sum. If not, what are contractual termination/payout provisions associated with this stable value option?  
**Yes. Yes – but they can delay payment for 60 days.**
59. Does the County anticipate that any succeeding stable value product would have an quarterly interest rate guaranteed by the provider? Is the County open to other stable value product options? **We are open to options as long as they are in the best interest of Shelby County employees.**
60. Can you provide the plan document or SPD for the Deferred Compensation Plan?  
**Posted as separate attachment.**
61. Fixed Account (page 22) - can you provide the fact sheet for the Fixed Fund? Who is the current the stable value provider / manager? What is the termination provision (e.g. 12 month put)? Can you provide the most recent fund performance? **See answers to 21 and 31.**
62. References (page 24) - Can you let us know when references will be called and who will be contacting the references, so that we can let our clients know when to expect a call? **Our advisor, Stacey Hyde, will be calling. These calls will most likely be done after selecting finalists. If required, we can provide 24 hour notice prior to calling clients.**
63. Life Insurance policies (page 25) - Can you provide additional details as to what is expected of the record-keeper to incorporate the Life Insurance contracts as part of their recordkeeping/administration services? Regarding the administration of the Life Insurance Policies, what services will the record-keeper be required to perform?  
**We will inform the new provider with the contact information of the Life Insurance Company and instruct them to make direct contact. The new provider must take the necessary steps to ensure the participants' coverage remains intact and maintain any related records.**

### Employee Education

64. What are your primary communication objectives (e.g., increasing deferrals, asset diversification, retirement income, retirement planning)? **Our primary objective is to increase deferrals, across the board – both to encourage employees who have stopped contributing to start again and to encourage employees already deferring to increase their deferrals. Our secondary objective is a coherent asset allocation. We believe this is best achieved through target date or target risk options.**

**65. What is your current participation rate and average deferral rate/amount?**

<b>Quick Plan Facts</b>	Actual as of 12/31/14	% Chng from 1 year ago
Total Participant Count	3,978	-1.7%
Total New Enrollments	207	-15.2%
YTD Count		
Total Plan Assets (millions)	\$116.80	3.1%
Total Deferrals YTD (millions)	\$4.89	-4.7%
Total Rollovers-In YTD (millions)	\$1.67	45.3%
ProAccount Assets (millions)	\$5.56	47.5%
ProAccount Participant Count (Managed Account)	218	84.7%

<b>Participant Status</b>	12/31/11	12/31/12	12/31/13	12/31/14	% Chng from 1 year ago
# of Participants Actively Deferring	2,546	2,483	2,507	2,315	-7.7%
# of Inactive Participants*	1,336	1,377	1,396	1,502	7.6%
# of Participants in Payout	123	134	145	161	11.0%
<b>Total Participants</b>	<b>4,005</b>	<b>3,994</b>	<b>4,048</b>	<b>3,978</b>	<b>-1.7%</b>

\* Inactive participants are those with a balance, not deferring and not in payout

**44% of Employees are actively deferring.**

**66. Have there been initiatives to target eligible nonparticipating employees, those not well allocated and low savers? Have these initiatives been successful and what has been done? There has been limited email initiatives and statement messaging. The success has been less than satisfactory. New messaging during new employee orientation has helped with asset allocation among new hires (and increased participation).**

**67. What types of communications have been most effective with your employees? 1 on 1. We believe that a website or mobile app with more features and the ability to enroll/change/modify deferrals online and steer participants to target date funds would increase participation.**

**68. What is your primary/preferred method of communicating with your employees? Print, Electronic, Onsite Education or Social Media? Onsite for new employees and in-service. Mobile and targeted (click through) emails for more specific targeting.**

**69. How/when is eligibility communicated to employees? During new employee orientation.**

70. How does the plan promote other benefits (e.g. Health, Dental, and Life Insurance)? **During new employee orientation and open enrollment meetings as well as periodic email notifications.**
71. What percent of the employees have access to the internet at the workplace? Would employees like to receive communication via email? **80% of the employees have access to work internet and communication via email is acceptable.**
72. Would there be an interest in Webinars or Mobile Optimized Retirement Education? If enacted, how do you feel employees would react to web-based – mobile ready retirement education? **Yes, a great deal. Based on initiatives our consultant has seen with other employers, this is an area of emphasis for us.**
73. How often are surveys conducted to determine employee satisfaction regarding the retirement plan services/provider? **N/A**
74. Has there been any communications regarding the effects of taking a loan from the applicable retirement Plans? **Loans are not allowed. Unforeseeable Emergency Requests (similar to hardship withdrawals) are available.**
75. Can you provide the Shelby County locations along with the number of employees at each? Approximate numbers are fine. **See answer to Question 17.**
76. Do you or have you experienced any challenges with meeting attendance when they have been provided? **We had a benefits fair that was lightly attended 2 years ago. We believe that is was primarily due to the time and trouble it took to access the building. Group meetings that have been arranged by the current enrollers and the applicable department have been better attended.**
77. Can you give us age demographic information for your participant base? 20-35, 35-50, over age 50? **Information for those enrolled in the Plan.**

### **Participant Counts by Age as of 12/31/14**

<b>Age Group</b>	<b>Total Participant Count</b>	<b>Male Participant Count</b>	<b>Female Participant Count</b>	<b>Actively Def Participant Count</b>	<b>Inactive / Payout Count</b>
18-25	68	36	32	59	9
26-35	390	195	195	283	107
36-45	909	397	512	596	313
46-55	1,247	505	742	792	455
56-65	1,001	422	579	511	490
66-99	363	178	185	74	289
<b>Total</b>	<b>3,978</b>	<b>1,733</b>	<b>2,245</b>	<b>2,315</b>	<b>1,663</b>

78. What if any concerns/comments are your employees expressing about their retirement plan services? **Retiree health care is a major topic of concern.**
79. Do you have any additional language needs beyond English? **Limited Spanish requests.**

