

**Cortland County
Personnel/Civil Service**

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**ANNETTE D. BARBER
PERSONNEL OFFICER**

**LURIE L. GOSSE
DEPUTY PERSONNEL OFFICER**

Dear Sir/Madam

Enclosed is the proposal questionnaire for Cortland County's Deferred Compensation Plan.

The proposal must be completed and submitted not later than 4:00 p.m. August 24, 2012.

Sincerely,



Wayne Musson
Personnel Technician

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SECTION I.

CONTRACTUAL REQUIREMENTS

All parties responding to any aspect of this invitation for proposal are requested to complete all questions in this section.

“Agreed” or “Disagree” must be indicated for each of the following specifications. The following specifications can be found in either the Regulations or the Model Plan, all of which should have been enclosed as attachments. Please include reasons for any rejections or disagreement of any specification and alternative options, if applicable. **There should be neither elaboration nor qualification for “agree” unless otherwise requested.**

A. Specifications of the Regulations:

- 1. Section 9000.2 (b) – As a Financial Organization authorized to do business (provide investment products) in New York State, you agree that your firm is one of the following: (a) a Registered Investment Advisor, (b) a Bank or (c) an Insurance Company qualified under the laws of more than one state.**

If you are an Insurance Company acting through a subsidiary in New York State, then the Subsidiary Insurance Company must certify that it (the Subsidiary Insurance Company) is qualified to do business under the laws of more than one state.

- 2. Section 9001.2 (a)(2) – It is our intention to “establish” our plan by adopting “the Model Plan as amended and restated March 2003” in accordance with the procedures prescribed in Part 9002 of Subtitle II. *Specifically, we will incorporate no less than a committee and a trust.* You certify that your guidance, instructions, procedures, recommendations, contracts, etc. will assist us in obtaining this objective and you assume responsibility if your guidance, instructions, procedures, recommendations, contracts, etc. cause us to no longer fall under the Model Plan as stated in this Request for Proposal. *You may elaborate on what steps or precautions you have implemented to assist us in accomplishing this objective.***
- 3. Section 9001.2(b) – We will be appointing a deferred compensation committee to act on our behalf and you agree to interface with this committee. Additionally, if the committee decides to be the grantor of our trust, per Section 9002.1, then you also agree to interface with the trust and trustee: *all funding contracts, of whatever nature, will be “issued to, owned and retained by the trustee”.***
- 4. Section 9001.4 (a) through (d) – Three (3) of the four (4) provisions are new: you agree to abide by all four (4), *especially not allowing annuity type payouts nor loans.***
- 5. Section 9002.2 (a)(5) – You will provide evidence that bonds and insurance have been secured by you pursuant to the Regulations.**

6. Section 9002.2 (a)(6) – *You will acknowledge in writing that you will act as a fiduciary under Section 457(g) of the Code and under State and common trust law principles with respect to all trusteeship, administrative or investment matters for which you assume responsibility. Additionally, you agree to indemnify our Plan as a result of any cause of action brought against it as a result of acts or omissions together with the reasonable costs of litigation arising therefrom.*
7. Section 9002.2 (b) – You will not accept any deferral until receiving proof from us that we have received a copy of the written “acknowledgment” from the President to the Board that all requirements have been received in satisfactory order.
8. Section 9003.2 – You will not present to us any contract and/or agreement that has not been specifically bid according to the requirements of this Section and those of Subtitle II: and not before the expiration of ninety (90) days from publication date in the State Register. In addition, you verify that Section 9003.3 (c) has been satisfied.
9. Section 9003.3 (a) – Your proposal shall be in writing and contain a representation that the proposal complies with all requirements of the Regulations and clearly indicate all direct fees, indirect fees and charges.
10. Section 9003.4 – Only if you are a Financial Organization bidding to provide funding for our plan, then you attest that your offer, in your opinion, satisfies this Section 9003.4 requirements. *All other bidders – please skip this question or mark “Not Applicable”.*
11. Section 9003.5 (a) – all contracts and/or agreements shall be in writing, shall be awarded on the basis of a competitive bid, and shall not exceed five (5) years in duration, *and shall impose no penalties or surrender charges for the transfer of any asset(s) or responsibilities on expiration of the contract or agreement.*
12. Section 9003.5 (b) – You will not permit any other trustee, administrative service agency, financial organization, independent consultant or person to provide services in respect to this Model Plan.
13. Section 9003.7 – You will not permit an investment of any amount, in any annuity contract providing for a term which could exceed five (5) years or which is measured by one or more natural lives or any life insurance or other providing traditional death benefits.
14. Section 9003.8 – Amounts deferred under the plan *shall be paid first to the appointed trustee, who in turn shall then pay such amounts to the Financial Organization, within the prescribed time frames.*

15. **Section 9004.1 – All information obtained by your position will remain confidential and you will neither solicit nor provide products other than deferred compensation.**
16. **Section 9005.3 – Statements to participants will be provided quarterly, even in situations where no contributions are being made but funds are on deposit. You also agree to provide, at least annually, an additional statement to participants disclosing all fees and expenses paid out of or charged against plan assets.**
17. **Section 9005.4 – Agree to satisfy the bonding and insurance requirements of this Section and provide evidence of such.**
18. **Section 9006.2 – You agree to include in your contracts and agreements a provision that the contracts and agreements are subject to the Regulations and the Model Plan, and that such Regulations and the Model Plan are made part thereof.**
19. **Cortland County must comply with annual audit requirements and it is the County's expectation the selected vendor will absorb the annual costs associated with this function. Please confirm through this proposal response that your company agrees to hold the County harmless for any costs related to the audit process.**

B. Specifications of the Model Plan:

1. **Section 3.2 (a) – The Model Plan requires a minimum deferral amount to be \$260 for any plan year.**

2. **Section 4.1 – You acknowledge that the amounts of compensation deferred by the participants will: *first, be paid by the employer to the trustee, who in turn will invest*, according to the participant's investment directions, no later than two (2) business days following receipt thereof, in the appropriate investment funds.**

3. **Section 4.7 (a) – The entire value of each participant's account, including any annuities, will be set aside and held by the trustee, *in trust*, and that your contracts and agreements will recognize and reflect such.**

4. **Section 6 – If you are performing the services and the Administrative Service Agency, then you may be requested to be the sole administrator for "Withdrawals for Unforeseeable Emergencies" as directed in this Section, without any prior involvement, authorization or direction on our behalf. *You agree to accept this sole responsibility, if asked?***

5. **Section 9 – You recognize that our appointed committee has the power and duty to take all actions and to make all decisions necessary or proper to carry out their responsibilities under our plan (Section 9.1) including those powers and duties stated in Section 9.2. In addition, you will recognize that our appointed trustee shall have responsibility with respect to the control or management of the assets of the plan and trust (Section 9.4). All your contracts and agreements will reflect such and be entered into with the appropriate parties.**

SECTION II.

FINANCIAL ORGANIZATION BIDDING TRUSTEE SERVICES ONLY

NOTE: You may skip this section entirely if you are not a Financial Organization bidding to become Trustee. You do not need to copy any of the questions. Move to next applicable Section.

Section 9002.1 (a) of the Regulations states that assets must be held by one or more trustees pursuant to one or more trust agreements. Such agreements must satisfy all the requirements of Sections 9002.1(b). Section 9002.1(b) also indicates who may be trustee. We reserve the right to create our own trust as provided by this Section 9002.1 (b) but desire to explore the alternative of a Financial Organization acting as trustee.

The Trust will be requested to furnish bonding and insurance as required by Section 9005.4 of the Regulations. The trustee will also be requested to acknowledge in writing that it is a fiduciary with respect to all administrative or investment matters for which it has assumed responsibility as outlined in Section 9002.2 (a)(6) and 9003.6 of the Regulations.

The quality and experience of the firm and cost of service will be major considerations in the selection of a trustee. Proposals must specify all fees, expenses, charges and costs for trustee services. Please respond to each of the following statements if you desire to be considered as trustee. If any statement does not apply, please indicate so by responding: "Not Applicable".

I. Requested Information/Questions:

- A. The name of your firm, home office address, local address (if any), name of primary contact person and telephone.**
- B. Whether your firm has provided trust services to any New York State municipality for their deferred compensation plan. List names of such municipalities.**
- C. Description of trust services you would provide acting as a Financial Organization rendering only trust services: that is, if we select other Financial Organization(s) to provide the funding and an Administrative Service Agency to provide solicitation and recordkeeping. Please specify all fees, expenses, charges and costs for the trustee services you would be willing to provide, if any.**
- D. Describe any fees, expenses, charges and costs at contract termination. Refer to Section 9003.5 (a) in responding to this question.**
- E. If you are selected as the Financial Organization acting as our trustee and desire to additionally respond to performing the duties of an Administrative Service Agency, as described in Sections 9002.2(b)(1) and 9002.1(b)(4), please indicate your intention here.**

If you respond affirmatively, then it will be necessary for you to complete the questions in Sections III and IV addressed to the Administration Service Agency bidder. However, in addition to stating your intention to bid, it is requested that you indicate here the effect this will have on any fees, expenses, charges and costs as distinguished from those previously stated in this Section.

- F. If you are selected as the Financial Organization acting as our trustee and desire to additionally respond to performing the duties of a Financial Organization, as directed in Sections 9000.2(b)(4) and 9002.1(b)(5), please indicate your intention here.**

If you respond affirmatively, then it will be necessary for you to complete the questions in Sections III and V addressed to the Financial Organization bidder. However, in addition to stating your intention to bid, it is requested that you indicate here the effect this will have on any fees, expenses, charges and costs as distinguished from those previously stated in this Section.

- G. Describe how you would satisfy the Bonding & Insurance requirements of Section 9005.4 of the Regulations. Include "cost disclosure" if it is your intention for us to satisfy any part of this obligation.**
- H. Supply copy of the trust agreement you would use or propose. This agreement must meet all of the requirements applicable to trusts described in Section 457(g) of the Code.**
- I. Indicate your familiarity and experience with Section 457 deferred compensation plans, the Regulations and the Model Plan.**

SECTION III.

ADMINISTRATIVE SERVICE AGENCY AND/OR FINANCIAL ORGANIZATION

BACKGROUND INFORMATION

Please respond to each of the following statements if you desire to be considered as either the Administrative Service Agency and/or the Financial Organization. If you feel any statement does not apply, please indicate so by responding: "Not Applicable" and provide your reasoning.

I. Background Information:

- A. The name of your firm, home office address, New York State address (if any), and the name (including title), address and phone number of your primary New York State contact person whom we may contact about your proposal.**
- B. Give a very brief description of your company and its history of participation in similar public employee deferred compensation plans. In New York State such plans first materialized in 1985, include your specific experience in similar plans in New York since that time.**
- C. How many public employee deferred compensation plans do you currently provide administrative services and/or investment products? How many of these plans are New York plans?**
- D. In the last three (3) years, other than routine claims matters, is there any litigation, pending or otherwise, arising out of your performance or participation in a deferred compensation plan which would impair your organization's ability to provide the administrative services or investment products outlined in this proposal?**
- E. List ten (10) client deferred compensation plan references for which your organization provides services and/or investment products similar to those requested in this proposal. It would be preferable if five (5) of the references could represent different size clients (based on assets) from New York State, if possible. Please include contact person name, title, address and phone number, number of participants and approximate size of plan assets.**
- F. What qualifications and experience in this field of deferred compensation do the people in your organization possess? Please confine information to those persons, including their length of service in their capacity with your company, residing in New York State with direct responsibilities for the maintenance and success of the Model Plan.**

If no New York state residing representative, please indicate such and provide alternative information.

- G. Please provide a complete listing of all New York State clients that you currently provide Section 457 deferred compensation services and/or investment products.**
- H. What professional liability coverage are maintained by your company for errors and omissions or any other act?**
- I. Financial Organization's should provide appropriate "ratings" from the following: Standard & Poor's, Moody's, Duff & Phelps, A.M. Best and Weiss. If, as a Financial Organization, you have no ratings by any of these agencies, please explain.**

SECTION IV.

BIDDING FOR ADMINISTRATIVE SERVICE AGENCY

NOTE: *Our objective is to have a response to this RFP that is an unencumbered as possible. There fore, we request you furnish us only those items that we specifically request at this time and restrain the effort to add anything additional. We reserve the right to request more detailed information, samples, statements, etc., etc. at a later date.*

Please respond to each of the following statements if you desire to be considered as the Administrative Service Agency. If you feel any statement does not apply, please indicate so by responding: "Not Applicable" and provide your reasoning.

I. Marketing and Enrollment Services:

A. Marketing Services:

1. Briefly describe the marketing and employee communication strategy which will be used with our plan. Indicate the use of laptop computers, if utilized.
2. Briefly describe the types of marketing/promotional materials to be utilized. Will you work to develop a marketing program unique to our needs?
3. Do you provide communications to participants on a regular basis, if so, please describe?
4. Will these services and materials be prepared and distributed at your cost?
5. Does your organization provide any services (e.g., personal questionnaires and software) that would help individual participants with financial planning?
6. Describe your approach to model portfolio development and specific portfolio recommendations.
7. Are you able to incorporate non-457 Plan assets into a participant's analysis?
8. What educational services are provided for retirees?

Enrollment Services:

1. Briefly describe how you propose to conduct group meetings so that all interested employees have an opportunity to attend a meeting at a convenient time and location.
2. After an employee attends an informational meeting, what happens? If you use a laptop computer in this process, please describe. Indicate the type of information available to assist the participant in his/her understanding of the benefits and features of deferred compensation in general and our plan specifically.
3. Identify any other elements to a communication and education program you provide.
4. How do you follow-up with or contact employees that did not have an opportunity to attend a group session or with an employee subsequently hired after that meeting date?
5. Please provide information on your firm' s use of the Internet for enrollment.
6. Briefly describe your re-enrollment strategy, if any.
7. Do you attest that these Enrollment Services are provided only by properly licensed representative: licensed to meet both Federal and New York State requirements?
8. Indicate if any of the representatives your company would use to conduct the education and/or enrollment meetings receive incentive-based compensation such as commissions, bonuses or performance-based compensation. If any of your employees do receive increased compensation, fully describe these incentive-based compensation arrangements.
9. Please confirm that your representatives will not attempt to offer any ancillary products or services to the plan participants which are not directly related to the deferred compensation retirement plan unless specifically authorized in writing.

II. Administrative Services:

- A. Describe specific administrative services offered for public employee deferred compensation plans.**
- B. Specify the basis record keeping system to be provided for our plan, with particular reference to the ability to receive, disburse, control and audit deductions, and to ensure timeliness, accuracy and confidentiality of records.**
- C. Briefly describe data processing operations and its security provisions. Include a statement about your system disaster recovery plan and its site location. Identify any subcontracting requirements for your primary administration responsibilities and comment on the application of Section 9003.5(b).**
- D. Describe your organization's commitment to quality.**
- E. Describe the media by which your company can receive payroll deduction information. Is on-line transmission of payroll data available?**
- F. Describe the types of plan features, including daily market valuation for all investment options, you are prepared to administer. Specify any investment product limitations.**
- G. Does your company provide loans to participants? If so, please describe.**
- H. Will your company take the actions necessary to withhold, remit and report income taxes deducted from distributions and produce and distribute to participants and other appropriate parties all income tax reports and statements required by federal and state laws.**
- I. Specify all reports which will be issued to us, our participants and governmental agencies. For each of the past four (4) reporting periods, what percentage of participants statements were mailed to participants within five (5) days of the end of the reporting period?**
- J. To what extent will you handle, process and reply to participants inquires? Can you provide toll-free and "TTY" customer service for participant inquires? Identify available services, including the ability to communicate with a live person as well as with a computer and/or a "Voice Response System". Do these systems allow for processing transactions such as exchanges or allocation request? Are there any fees or charges for these services? Describe security features.**
- I. Do you provide a 24-hour Voice Response direct inquiry access line? What services are available?**

- J. What services do you currently have available on the internet? What services will you be developing on the internet for access within the next twelve (12) months?**
- K. Can your customer service representatives assist non-English speaking participants? Including all language and TTY capabilities in your response.**
- L. List any additional administration services which have not been covered in this section which you currently have and/or are developing for implementation within the next twelve (12) months. Identify any cost or expense and identify to whom it would apply.**
- M. Please identify type or types of Administrative Service Agency agreement(s) you have available to coordinate with the Model Plan. Would you be willing to provide a copy, if requested, by our attorney for review?**
- N. Section I of this RFP inquired into the use of a trust to hold the assets of our plan. Should we decide to create our own trust what assistance might you be able to provide. What would be the cost of this service? What is your experience in New York with this new concept required by the Small Business Job Protection Act of 1996?**

SECTION V.

BIDDING FOR FINANCIAL ORGANIZATION

NOTE: *Our objective is to have a response to this RFP that is as unencumbered as possible. Therefore, we request you furnish us only those items that we specifically request at this time and restrain the effort to add anything additional. We reserve the right to request more detailed information, samples, statements, etc., etc. at a later date.*

Please respond to each of the following statements if you desire to be considered as the Financial Organization. If you feel any statement does not apply, please indicate so by responding: "Not Applicable" and provide your reasoning.

- II. Investment Information: (Spreadsheet Responses Preferred)
- A. Describe fully the various attributes of each investment option your company has to offer.
- B. Provide the investment objective of each investment, the year founded, the name of the investment advisor (and his/her tenure, if easily obtainable/known) and the total assets managed under each particular investment alternative.
- C. Illustrate investment performance:
1. Outline, in spreadsheet form, please give year-to-date, previous year, three year and five year values. Information determined to the most recent calendar quarter completed. Include even if "product profile" has investment return information.
 2. In spreadsheet form, please provide history of interest rates on new money and old money for your "fixed" investment alternative for the past five (5) years in quarterly increments.
- D. Describe fully all matters related to the issuance, maintenance and administration of the proposed investment options including minimum contribution levels, exchange/transfer limitations or conditions, termination/withdrawal of contract provisions, etc., etc.

- E. Please describe the settlement options available to each participant at retirement, voluntary termination and death. Please state your compliance to reflect the Board's continued prohibition on annuity distribution options as referenced in their "Assessment of Public Comment" and clarification in Section 9001.4 of the Regulations.**
- F. Describe fully all charges including loading costs, policy fees, surrender charges, actuarial margins, asset fees, transfer charges, distribution charges, withdrawal fees, redemption fees, commission, termination/withdrawal of contract fees, etc.**
- G. Identify any other charges or limitations not described in the previous responses.**
- H. Indicate the frequency and information which would be communicated on a regular basis for consideration of changes in investment option.**
- I. List and briefly describe any additional investment options and/or services (ie. Asset allocation, etc.) which have not been covered in this section which you currently have and/or are developing for implementation within the next twelve (12) months. If these alternatives provide different and/or additional investment options and/or expenses, please indicate and describe.**