

**REQUEST FOR PROPOSAL  
FOR  
THIRD PARTY ADMINISTRATOR SERVICES FOR  
STATE OF INDIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION AND MATCHING PLANS**

**NOVEMBER 2012**

**AUDITOR OF STATE TIM BERRY,  
AS ADMINISTRATOR**

**REQUEST FOR PROPOSAL  
2012-1  
FOR  
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STATE OF INDIANA PUBLIC EMPLOYEES  
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This Request for Proposal (“RFP”) includes the following:

Section 1	GENERAL INFORMATION.....	1
Section 2	PROPOSAL PROCEDURES.....	6
Section 3	INFORMATION ABOUT THE PLANS .....	8
Section 4	OFFEROR REQUIREMENTS.....	12
Section 5	EVALUATION AND CONTRACT AWARD .....	16
Section 6	SCOPE OF SERVICES .....	18
Attachment A	Technical Requirements Checklist .....	A-1
Attachment B	Questionnaire .....	B-1
Attachment C	Fee Proposal.....	C-1
Attachment D	Contract.....	D-1

## **SECTION 1: GENERAL INFORMATION**

### **1.1 Introduction**

This is a Request for Proposal (RFP) issued by Indiana Auditor of State Tim Berry, as the Administrator of the State of Indiana Public Employees' Deferred Compensation Plan and Public Employees' Matching Plan (collectively, the "Deferred Compensation Plan") under sections 457 and 401(a) of the Internal Revenue Code, respectively. This RFP solicits expressions of interest from firms that are in the business of providing administrative services for such plans.

The Auditor requests proposals for exclusive third party administrator services for the Deferred Compensation Plan. Such services include, but are not limited to, administering the plan in accordance with the provisions of Sections 457 and 401(a) of the Internal Revenue Code and relevant Indiana statutes. The Offeror selected shall (a) perform all record-keeping and reconciliation procedures required to pay participant distributions, (b) prepare and distribute all required W-2 Forms, 1099 Forms, and all other forms or reports required to market and promote the Plan, (c) assist the Auditor of State in identifying and drafting statutes and rules that may be required for effective and efficient operation of the Plan, (d) assist the Auditor of State in identifying and drafting any amendments to the Plan, (e) developing and providing educational materials and services to participants, (f) developing and providing programming to increase enrollment of state employee and local political subdivision participation, and (g) perform all other duties necessary in administration of the Plan. The successful Offeror will be expected to appear before the Auditor of State upon request and before the Deferred Compensation Committee at least four times each year. Additional appearances before the Committee will be required at the request of the Auditor of State. Additionally, the successful Offeror will be required to furnish specified monthly, quarterly and annual written reports to the participants, the Auditor of State, and the Indiana Deferred Compensation Committee, or staff representing the Committee.

The Administrator is seeking competitive sealed proposals for defined contribution administrative services for the Deferred Compensation Plan (active and retired members). The selected Offeror will provide third party administrator (TPA) services for the Deferred Compensation Plan beginning July 1, 2013. Please refer to Section 6, Scope of Services for a detailed description of the services required. Currently, Great-West Life & Annuity Insurance Company serves as TPA.

Work is projected to commence under the contract awarded consequent to this procurement at the execution of the contract (expected to be no later than April 1, 2013). The selected Offeror will assume TPA responsibilities for the Deferred Compensation Plan on July 1, 2013. The base term of the contract shall be from July 1, 2013 through June 30, 2017 with an option to renew for an additional four year term. The exercise of the option to renew shall be at the sole discretion of the Auditor of State as Plan Administrator.

If you have any questions concerning this RFP, you may contact Kirke Willing, as provided in Section 2.3 of this Request for Proposal ("RFP").

**Proposals in response to this RFP are due at the Administrator's offices no later than 3:00 PM E.S.T. on December 21, 2012. See Section 1.3 for specific delivery instructions.**

## **1.2 Definitions and Abbreviations**

Following are explanations of terms and abbreviations appearing throughout this RFP. Other special terms may be used in the RFP, but they are defined where they appear, rather than in the following list.

Administrator	Indiana Auditor of State
Committee	Indiana Deferred Compensation Committee
Fee Proposal	Offeror's proposed fees in response to this RFP
IAC	The Indiana Administrative Code
IC	The Indiana Code
Proposal	An offer
Offeror	An offeror or who submits a Proposal
Services	Work to be performed as specified in this RFP
Vendor	Any successful Offeror selected as a result of the procurement process to deliver services requested by this RFP

## **1.3 Due Date and Format for Proposals**

All proposals must be received at the address below no later than December 21, 2012, at 3:00 p.m., E.S.T. Each Offeror must submit one original (marked "Original") and three copies of their proposal, including the transmittal letter and other related documentation as required in Section 4.3 of this RFP. The proposal must be addressed/delivered to the RFP Coordinator:

Kirke Willing  
Deputy Auditor  
Office of Auditor of State Tim Berry  
240 State House  
200 West Washington Street  
Indianapolis, IN 46204  
kwilling@auditor.in.gov

**Caution to Offerors about shipping / mailing:** It is the responsibility of the Offeror to ensure that solicitation responses are **received** at the address listed in this RFP (not post-marked) **on or before the designated time and date. Any proposal received after the due date will not be**

**considered. Any late proposals will be returned, unopened, to the Offeror, upon request, within thirty (30) days of filing.**

#### **1.4 Modification or Withdrawal of Offers**

Responses to this RFP may be modified or withdrawn in writing, by e-mail or by fax notice received prior to the date specified for receipt of proposals. The Offeror's authorized representative may also withdraw the proposal in person, providing his or her identity is made known and he or she signs a receipt for the proposal. Proposals may not be withdrawn after the proposal due date has passed.

Modification to or withdrawal of a proposal received after the date specified for receipt of proposals will not be considered. If it becomes necessary to revise any part of this RFP or if additional data is necessary for an exact interpretation of provisions of this RFP prior to the due date for proposals, a supplement will be posted by the Office of the Auditor of State on its website ([www.in.gov/auditor](http://www.in.gov/auditor)). If such addenda issuance is necessary, the Administrator reserves the right to extend the due date of proposals to accommodate such interpretations or additional data requirements.

#### **1.5 Joint Bids/Subcontracting**

The Administrator will not entertain joint bids.

Although the Administrator anticipates that any Offeror submitting a proposal will provide the major portion of the services as requested, subcontracting by the Offeror is acceptable in performing the requirements of this RFP. However, the Offeror must obtain the approval of the Administrator before subcontracting any portion of the project's requirements. The Offeror is responsible for the performance of any obligations that may result from this RFP and shall not be relieved by the non-performance of any subcontractor. Any Offeror's proposal must identify all subcontractors and outline the contractual relationship between the Offeror and each subcontractor. Either a copy of the executed subcontract or a letter of agreement over the official signature of the firms involved must accompany each proposal.

Any subcontracts entered into by the Offeror must be in compliance with all State of Indiana statutes and be subject to the provisions thereof. For each portion of the proposed services to be provided by a subcontractor, the technical proposal must include the identification of the functions to be provided by the subcontractor and the subcontractor's related qualifications and experience.

The combined qualifications and experience of the Offeror and any or all subcontractors will be considered in evaluation of the Proposals. The Offeror must furnish information as to the amount of the subcontract, the qualifications of the subcontractor for guaranteeing performance, and any other data that may be required. All subcontracts held by the Offeror must be made available upon request for inspection and examination by appropriate Plan officials and such relationships must meet with the approval of the Administrator.

## **1.6 Confidential Information**

Offerors are advised that materials contained in proposals are considered by the Administrator to be subject to the Indiana Public Records Act, IC 5-14-3 et seq., and, after the contract award, may be viewed and copied by any member of the public, including news agencies and competitors. Offerors claiming a statutory exception to the Indiana Public Records Act must place all confidential documents (including the requisite number of copies) in a sealed envelope clearly marked “Confidential” and must indicate in the transmittal letter and on the outside of that envelope that confidential materials are included. The Offeror must also specify which statutory exception provision applies. The Administrator reserves the right to make determinations of confidentiality. If the Administrator does not agree that the information designated is confidential under one of the disclosure exceptions to the Indiana Public Records Act, it may either reject the proposal or discuss its interpretation of the allowable exceptions with the Offeror. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, the Administrator will remove the proposal from consideration for award and return the proposal to the Offeror. The Administrator will not determine prices to be confidential information.

## **1.7 RFP Response Costs**

Neither the Administrator nor the Plans accept any obligation for costs incurred by Offerors in anticipation of being awarded a contract.

## **1.8 Proposal Life**

All proposals made in response to this RFP must remain open and in effect for a period of not less than 180 days after the due date for proposals. Any proposal accepted by the Administrator for the purpose of contract negotiations shall remain valid until superseded by a contract or until rejected in writing by the Administrator.

## **1.9 Taxes**

The Plans are exempt from federal, state, and local taxes. Neither the Administrator nor the Plans will be responsible for any taxes levied on the Offeror as a result of any contract resulting from this RFP.

## **1.10 Secretary of State Registration**

Before an out-of-state Offeror can do business with the Plans, the Offeror must be registered with the Indiana Secretary of State. If an out-of-state Offeror does not have such registration at present, the Offeror should contact

Secretary of State of Indiana  
Corporation Division  
402 West Washington Street, E018  
Indianapolis, IN 46204  
(317) 232-6576

for the necessary application form. It is each Offeror's responsibility to register prior to the initiation of any contract discussions.

### **1.11 Discussion Format**

The Administrator reserves the right to conduct discussions, either oral or written, with those Offerors determined by the Administrator to be reasonably viable to being selected for award. The Administrator also reserves the right to conduct clarifications to resolve minor issues.

### **1.12 Summary of Timeline**

The following is the expected timeline for the RFP.

<u>ACTIVITY</u>	<u>COMPLETION DATE</u>
RFP published/released	November 9, 2012
Offeror's inquiry period ends	November 30, 2012
Administrator answers Offeror inquiries	December 7, 2012
Proposal submission date	December 21, 2012
Site visits (as necessary)	Week of January 7, 2013
Finalist presentations	No later than January 31, 2013
Selection of vendor	February 15, 2013
Contract execution	April 1, 2013

## SECTION 2: PROPOSAL PROCEDURES

### 2.1 Contacts

Inquiries are not to be directed to any staff or Committee member of the Administrator, except as outlined in Section 2.3. Such unauthorized communication(s) may disqualify Offeror from further consideration. The Administrator reserves the right to discuss any part of any response for the purpose of clarification. Offerors will be given equal access to any communications about the request for proposal between the Administrator and other Offerors.

### 2.2 Pre-Proposal Conference

It is the decision of the Administrator that no pre-proposal conference is required for this RFP.

### 2.3 Inquiries about the REP

All inquiries and requests for information affecting this RFP must be submitted in writing by e-mail to the RFP Coordinator:

**Kirke Willing**  
**Deputy Auditor**  
[kwilling@auditor.in.gov](mailto:kwilling@auditor.in.gov)

no later than November 30, 2012, at 3:00 p.m. E.S.T. (4:00 p.m. E.D.T.). The Administrator reserves the right to judge whether any questions should be answered in writing and copies will be distributed to all prospective Offerors who are known to have received a copy of the original RFP. However, nothing stated by Mr. Willing orally or in writing shall operate to amend this RFP unless such statements are reduced to a written amendment to the RFP. **NO ORAL OR WRITTEN QUESTIONS CONCERNING THIS RFP SHALL BE DIRECTLY ADDRESSED BY OFFERORS OR POTENTIAL OFFERORS TO ANY OTHER MEMBER OF THE DEFERRED COMPENSATION COMMITTEE, AUDITOR OF STATE'S STAFF, OR TO ANY DEFERRED COMPENSATION COMMITTEE CONSULTANTS FOR THIS RFP, UNTIL CONTRACTS HAVE BEEN AWARDED. AN OFFEROR'S FAILURE TO COMPLY WITH THIS RESTRICTION MAY RESULT IN DISQUALIFICATION OF THE OFFEROR.**

**THIS RFP IS INTENDED TO PUBLICIZE THE AVAILABILITY OF THE CONTRACTING OPPORTUNITIES DESCRIBED HEREIN. THIS IS NOT AN INVITATION TO BID, AND IT IS NOT A REQUEST FOR PROPOSAL UNDER THE INDIANA PROCUREMENT CODE (IC 4-13.4-1 ET. SEQ.). THE STATE OF INDIANA CREATES NO OBLIGATION, EXPRESSED OR IMPLIED, BY ISSUING THIS ANNOUNCEMENT OR BY RECEIPT OF ANY PROPOSAL SUBMITTED PURSUANT HERETO. THE AWARD OF ANY CONTRACT AS A RESULT OF THIS ANNOUNCEMENT SHALL BE AT THE SOLE DISCRETION OF THE AUDITOR OF STATE. NEITHER THIS ANNOUNCEMENT NOR ANY PRPOSAL SUBMITTED IN RESPONSE HERETO ARE TO BE CONSIDERED AS A LEGAL OFFER.**

**CONTRACT AWARD SHALL BE MADE TO THE OFFEROR WHOSE PROPOSAL IS MOST ADVANTAGEOUS TO THE DEFERRED COMPENSATION PLAN. PLEASE NOTE HOWEVER THAT THE AUDITOR IS NOT REQUIRED TO SELECT THE OFFEROR WITH THE LOWEST FEE PROPOSAL.**

#### **2.4 Offeror Site Visits**

The Administrator may request a site visit to an Offeror's working support center to aid in the evaluation of the Offeror's proposal.

#### **2.5 Contract Award**

Based on the results of this process, the qualifying proposal determined to be the most advantageous to the Plans, taking into account all of the evaluation factors, may be selected by the Administrator for farther action, such as contract award. If, however, the Administrator decides that no proposal is sufficiently advantageous to the Plans, the Administrator may take whatever further action is deemed best in his sole discretion, including making no contract award. If, for any reason, a proposal is selected and it is not possible to consummate a contract with the Offeror, the Administrator may begin contract preparation with the next qualified Offeror or determine that it does not wish to award a contract pursuant to this RFP.

The Administrator reserves the right to reject any or all proposals received or to award, without discussions or clarifications, a contract on the basis of proposals received. Therefore, each proposal should contain the Offeror's best terms from a price and technical standpoint.

### SECTION 3: INFORMATION ABOUT THE PLANS

The Plans were established by and derive their statutory authority from Indiana Code 5-10-1-1.1 et seq.

“The Auditor of State shall provide for the administration of the State employees’ deferred compensation plan.” IC 5-10-1.1-5(a). The five members of the Deferred Compensation Committee must approve proposed investment offerings for the State employees’ deferred compensation plan. IC 5-10-1.1-5(b). Approximately 38,144 state and local public employees are currently participating in the plan, representing approximately 70,576 accounts (as of June 30, 2012). The investment options provided and the value of accounts invested in the Plan as of June 30, 2012 are as follows:

<u>Investment Option</u>	<u>Value</u>
Vanguard Institutional Index (VINIX)	\$41,691,782
Domini Social Equity (DIEQX)	\$26,144,384
BlackRock Large Cap Value (MKLVX)	\$49,680,423
Wells Fargo Advantage Capital Growth (WWCIX)	\$51,921,610
Perkins Mid Cap Value (JDPNX)	\$24,627,069
Vanguard Capital Opportunity (VHCAX)	\$48,073,647
Ironbridge SMID (IBSMX)	\$17,428,299
Fidelity Low-Priced Stock (FLPSX)	\$12,816,122
Fidelity Diversified International (FDIVX)	\$36,703,964
Artio International Equity II*	\$5,292,733
Indiana 2050 Fund**	\$518,139
Indiana 2045 Fund**	\$11,155,211
Indiana 2040 Fund**	\$326,228
Indiana 2035 Fund**	\$15,863,708
Indiana 2030 Fund**	\$861,232
Indiana 2025 Fund**	\$25,413,035
Indiana 2020 Fund**	\$2,469,190
Indiana 2015 Fund**	\$25,463,565
Indiana Retirement Fund**	\$19,647,281
State of Indiana Inflation-Linked Bond	\$4,211,237
PIMCO Total Return (PTTRX)	\$40,982,339
Indiana Stable Value Fund	\$384,310,693
Total:	\$845,601,891

\*In September, 2012, the Artio International Equity II Fund was replaced with the American Funds Euro Pacific Growth Fund (RERGX).

\*\*The target date funds are currently comprised of the following underlying funds: Vanguard Institutional Index, Ironbridge SMID, American Funds EuroPacific Growth, PIMCO Total Return, State of Indiana Inflation-Linked Bond and Indiana Stable Value. The Deferred Compensation Committee is looking to further diversify the underlying strategies of these Funds.

It is anticipated that new strategies will be included during the first quarter of 2013. Some of these new strategies may not be offered to participants on a stand-alone basis.

Effective the first quarter of 2013, a new fund, titled “Indiana Flexible Bond,” will be added as an investment option on a stand-alone basis and within the target date funds. In addition, the target date offerings will be expanded to include a new Indiana 2055 Fund.

It is important to note that the Plan offers both off-the-shelf investment options and custom options. Off-the-shelf investment options currently offered to participants are provided above with their respective tickers. However, other vehicle types besides mutual funds may be utilized by the Deferred Compensation Committee (e.g. collective investment trusts).

Custom options currently offered (or will be offered) in the Plan are: Target Date Funds, Indiana Stable Value Fund, State of Indiana Inflation-Linked Bond Fund, and Indiana Flexible Bond Fund. Custom options (or “white-labeled” funds) are specifically designed by the Deferred Compensation Committee for the Plan’s participants. The portfolio construction of Custom options is at the discretion of the Deferred Compensation Committee. Current construction of the Custom options and the responsibilities of the Contractor pertaining to the Custom options can be found in the “Custom Options Exhibit” to Attachment D.

As further described below, the purpose of this RFP is to invite responsible Offerors to submit competitive sealed proposals to administer the Plans in accordance with the provisions of Section 457/401(a) of the Internal Revenue Code and relevant Indiana statutes.

### 3.1 Plan Summary

	<b>State of Indiana Public Employees Deferred Compensation and Matching Plans</b>	
	<b>State Employee Plans 457</b>	<b>Local Subdivision Employee Plans 401(a)</b>
<b>Plan Year</b>	January 1 - December 31	January 1 - December 31
<b>Eligibility</b>	Immediate, at date of hire.	Determined by local subdivision, as approved by Committee Secretary.

	<b>State of Indiana Public Employees Deferred Compensation and Matching Plans</b>	
	<b>State Employee Plans</b>	<b>Local Subdivision Employee Plans</b>
	<b>457</b>	<b>401(a)</b>
<b>Periodic Member and Employer Contributions</b>	<p>457 - Member contributions deducted from each bi-weekly pay and credited to the Administrator as soon as administratively possible, usually within 2 days. Minimum contribution of \$15.00 per pay period.</p> <p>Catch up contributions are permitted.</p> <p>Employees may elect to make Roth elective deferrals.</p> <p>401 (a) - Employer matching contribution equal to \$15.00 per bi-weekly pay period.</p>	<p>457 - Member contributions deducted from each pay period and credited to the Administrator as soon as administratively possible, usually within 2 to 15 days.</p> <p>Catch up contributions are permitted.</p> <p>Employees may elect to make Roth elective deferrals if authorized by the subdivision.</p> <p>401(a) - Employer matching contribution determined by local subdivision's adoption agreement, as approved by Committee Secretary.</p>
<b>Rollover Contributions</b>	Permitted.	Permitted.
<b>Employee Investment Elections</b>	Current minimum bi-weekly contribution of \$15.00.	Minimum bi-weekly contribution varies.
<b>Transfer of account balances</b>	Based on value of account as of the effective date.	Based on value of account as of the effective date.
<b>Investments</b>	Members may choose to invest their plan balance among the available investment funds.	Members may choose to invest their plan balance among the available investment funds.
<b>Frequency of Valuation</b>	Daily	Daily
<b>In-service Distributions</b>	<p>Voluntary: Account not exceed the amount specified under Code Section 411(a)(11) on the date of distribution, participant has not previously received an in-service distribution, and no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution.</p> <p>There are no involuntary cashouts of small account balances.</p>	<p>Voluntary: Account not exceed the amount specified under Code Section 411(a)(11) on the date of distribution, participant has not previously received an in-service distribution, and no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution.</p> <p>There are no involuntary cashouts of small account balances.</p>
<b>Loans</b>	Not permitted.	Not permitted.
<b>Vesting</b>	All contributions and investment earnings are immediately 100% vested.	All 457 contributions and investment earnings are immediately 100% vested; 401(a) contributions as determined by local subdivision with approval of Committee Secretary.
<b>Participant Statements</b>	Quarterly.	Quarterly.

	<b>State of Indiana Public Employees Deferred Compensation and Matching Plans</b>	
	<b>State Employee Plans</b>	<b>Local Subdivision Employee Plans</b>
	<b>457</b>	<b>401(a)</b>
	<b>457</b>	<b>401(a)</b>
<b>Termination/Retirement Distributions</b>	Forms of distribution available: 1) Lump sum (default) 2) Periodic payments of a fixed sum or fixed duration 3) Life contingent annuities	Forms of distribution available: 1) Lump sum (default) 2) Periodic payments of a fixed sum or fixed duration 3) Life contingent annuities

## SECTION 4: OFFEROR REQUIREMENTS

The Offerors to this RFP must satisfy all of the Business Requirements of Section 4.1. Failure to satisfy these minimum qualifications may result in the immediate rejection of the proposal.

### 4.1 Business Requirements

As of July 1, 2013, Offerors must satisfy *all* of the following mandatory minimum qualifications as outlined below in order to be considered for the contract award. The proposal must address the following areas in order to meet the minimum qualifications for consideration.

1. The Offeror must have a positive net worth as of the date of its proposal and shall maintain a positive net worth for the duration of any contract entered into with the Auditor of State. In addition, Offeror shall submit its most recent audited financial statement.
2. The Offeror must warrant that it currently has no interest and shall not acquire any interest, direct or indirect, in any entity that would conflict in any manner or degree with the performance of services required under any professional services agreement entered into between the Auditor of State and the Offeror.
3. As of July 1, 2013, the Offeror must be providing recordkeeping services for at least three governmental defined contribution plans, with each plan having at least 15,000 active participants.
4. As of July 1, 2013, the Offeror must have provided record keeping, and administrative services for governmental defined contribution plans for a minimum of five years.
5. The Offeror must be a direct provider of services (not a third-party broker).
6. The key professionals and/or the organization (or affiliate) must not have, nor could they potentially have, a material conflict with the Administrator, the Committee, or its investment consultant, Capital Cities, LLC.
7. The Offeror must agree to provide the minimum required administrative and record keeping services as detailed in the RFP.
8. Errors and omissions or malpractice insurance must protect the Offeror.
9. The Offeror must have industry standard security, back-up, and recovery capabilities to its record keeping system.
10. The Offeror must have service-center support to meet the communication needs of the Administrator and the Plan's members.
11. **Restrictions:** Any company which, either as a parent company, subsidiary, or affiliate is currently performing consulting services for the Plans may not compete

in this procurement. The firm(s) or any subsidiary, affiliate or parent company thereof, selected as a result of this procurement may not compete during the term of the resulting contract, any extensions thereto, in any subsequent Plan procurement, the main purpose of which is to hire a firm or firms for consulting purposes.

#### **4.2 Minority Business Development**

The contract goal is that at least seven percent (7%) of state contracts be with minority and women business enterprises as defined in IC 4-13-16.5. This goal is established in IC 4-13-16.5-2(f)(7). It is the intent of the Administrator to meet or exceed the 7% minority and women's business enterprise participation goal.

Participation does not need to be only through subcontractors, but can also be through second-tier participation with common suppliers (office supplies, courier services, accounting services, janitorial services, etc.). Include only the proportion of those contracts which pertain to the bid being submitted.

Are you a minority business enterprise vendor? YES \_\_\_\_\_ NO \_\_\_\_\_

If you are not a minority business enterprise vendor, is there any minority business enterprise participation in this project through subcontractors or suppliers? YES \_\_\_\_\_ NO \_\_\_\_\_

If yes, what percentage of the total amount is being accomplished by minority or women's business enterprises? \_\_\_\_\_%

#### **4.3 Information to be Provided by Offerors**

All proposals must be on eight and one-half by eleven (8-1/2 x 11) inch paper with tabs separating the major sections of the proposal. The sections shall include:

1. Cover Letter

A cover letter, which shall be considered an integral part of the proposal package, must be signed by the individual(s) who is (are) authorized to bind the Offeror contractually. This cover letter must indicate that the signer is so authorized and must indicate the title or position the signatory holds in the Offeror's firm. An unsigned proposal shall be rejected. The letter shall also contain the following:

- a) The firm's name, address, and telephone number.
- b) A statement to the effect that the proposal is a firm and irrevocable offer good for one year.
- c) A statement expressing the Offeror's willingness to perform the services as described in this RFP.

- d) A statement as to the availability of staff, adequate computer processing capability, and other required resources for performing all services and providing deliverables within indicated time frames.
- e) Name, title, e-mail address, and telephone number of the Account Administrator (the Offeror's day-to-day contact).
- f) The Offeror's Federal Employer Identification number(s).

2. Statement Regarding Minimum Qualifications

Include a separate statement immediately after the cover letter delineating how your organization(s) satisfies the minimum qualifications contained in Section 4.1. The statement must contain sufficient information to assure the Administrator of its accuracy.

Following this statement, please provide the answers to the questions asked in Section 4.2.

3. Questionnaire

Offerors must complete and return the Technical Requirements Checklist contained in Attachment A and the Questionnaire contained in Attachment B. The information requested must be provided in the prescribed format. Responses which deviate from the prescribed format shall be subject to rejection. All responses to the questionnaire will be subject to verification for accuracy. Proposals containing false or misleading information shall be rejected.

4. Fee Schedules

Offerors must execute and submit Attachment C.

5. Standard Clauses for Indiana State Contracts

Offerors must review and agree to the standard contract clauses contained in Attachment D. However, the Offeror may include suggested changes to the standard contract provisions.

**4.4 Failure to Comply**

The Offeror is specifically notified that failure to comply with any part of the RFP may result in rejection of the proposal as non-responsive.

**4.5 Revisions to the RFP**

The Administrator reserves the right to revise the RFP and/or to issue addenda to the RFP. The Administrator also reserves the right to cancel or to reissue the RFP in whole or in part, prior to

execution of a contract. In the event it becomes necessary to revise any part of the RFP, addenda will be provided to all those who received the RFP.

#### **4.6 Most Favorable Terms**

The Administrator reserves the right to make an award without further discussion of the proposal submitted. (NOTE: An exception is that the RFP Coordinator may contact the Offeror for clarification of a portion of the Offeror's proposal.) Due to the July 1, 2013 implementation date for the Plans, it is anticipated that there will be no best and final offer process. Therefore, the proposal should be submitted initially on the most favorable terms the Offeror can propose.

## **SECTION 5: EVALUATION AND CONTRACT AWARD**

### **5.1 Evaluation Team**

The evaluation of proposals shall be accomplished by an evaluation team, to be designated by the Administrator, which will determine the proposal most responsive to the requirements stated in this RFP. Proposals will be evaluated strictly in accordance with the requirements set forth in this RFP and any addenda that are issued.

### **5.2 Responsiveness**

Any proposal that does not adhere to the RFP format as specified may be considered non-responsive and not subject to further evaluation.

### **5.3 Award Based on Multiple Factors**

The evaluation process is designed to award the contract to the Offeror whose proposal best meets the requirements of this RFP.

The Administrator has selected a group of qualified personnel to act as an evaluation team. The procedure for evaluating the responses against the evaluation criteria will be as follows:

1. Each response will be evaluated on the basis of the categories listed below.
2. Based on the results of the evaluation, the proposal determined to be most advantageous to the Plans, taking into account all of the evaluation factors, may be selected by the Administrator for further action.
3. In addition, the evaluation team will consider other factors they believe to be material for this selection.

Proposals will be evaluated based upon the proven ability of the Offeror to satisfy the requirements in an efficient, cost-effective manner, taking into account quality of service with minimal tolerance for error. Specific criteria include:

1. Pass/fail requirements set forth in the RFP
2. Vendor qualifications
3. Fulfilling the business requirements set forth in the RFP
4. Quality of responses of the questionnaire
5. Quality of disaster recovery plan
6. Technical knowledge/solution
7. Approach and process

8. Adequate security
9. Experience and track record in the field
10. Price

All proposals will be reviewed by the Administrator and the evaluation team. References may be contacted. It is possible that finalists will be interviewed by persons participating in the selection process.

#### **5.4 Finalist Determination**

The Administrator, at its sole discretion, may elect to select the top two or more Offerors for an oral presentation and final determination of contract award. Commitments made by the Offeror at the oral interview, if any, will be considered binding. If interviews are conducted, the final selection will be based on the combined proposal and oral interview. Offerors with whom interviews are conducted will be asked to elaborate on the elements of their proposal.

#### **5.5 Notification to Unsuccessful Offerors**

Companies whose proposals have not been selected will be notified in writing and at the number provided in their proposal.

#### **5.6 General Terms and Conditions**

The apparently successful Offeror will be expected to enter into a contract with the Administrator.

## **SECTION 6: SCOPE OF SERVICES**

### **6.1 Introduction**

Indiana Code 5-10-1.1-5 designates the Auditor of State as the Administrator of the state employees' deferred compensation plan and authorizes the auditor to enter into a contract or contracts for the provision of all or part of the services involved in the administration of the plan.

### **6.2 Recordkeeping**

The Offeror must be able to provide comprehensive recordkeeping services for all Plans.

### **6.3 Administration**

The Offeror must support the administration of the plan by assisting with the processing of all plan transactions.

### **6.4 Member Services**

The member (or participant) servicing that the Offeror is expected to provide includes:

- Allowing participants to have access to the accounts through a voice response system, the Internet, and toll-free access to customer service representatives.
- Allowing participants to change investment elections through voice response, the Internet and benefit service representatives.
- Providing participants with customized educational materials, group and individual meetings with local representatives.
- Provide a local office headquartered in Indianapolis with a dedicated staff and local representatives who will serve participants, state agencies, and local subdivisions.

### **6.5 Illustration Assumptions**

No representations or warranties of any type or kind are made by the Administrator or the Plans as part of this RFP as to the specific type or kind of investment products which may in the future be approved by the Committee. Nor are any representations or warranties made as to the number of employees or eligible entities that will participate in the Plan(s), the amount of assets that will constitute the Plan(s), the potential usage of expected services or any other factor that might impact the provision of services to the Plan(s).

### **6.6 Compensation Restrictions**

The successful Offeror shall receive no compensation for acting as record keeper other than the administrative fee set forth in its Fee Proposal. The successful Offeror can receive no compensation or fees from investment products offered under the plan(s). Any 12(b)(1) charges

or other fees or rebates that are paid to the plan(s) will be remitted to the Committee and used to offset plan costs. Fees quoted cannot assume that Administrators with which the Offeror has any relationship, ownership or otherwise, would be offered at any time under the Plan.

The Offeror must disclose, as part of its Fee Proposal, the anticipated fees the Offeror will pay to a third party for services provided (for example, fees that Offeror would pay to a third party for the production and mailing of participant statements).

**Fee Proposals must assume that no commissions, reimbursements, broker's fees, special premiums or any other kind of fee or charge other than those disclosed are to be paid or will be established for payment to any third party for the State of Indiana's account.**

## ATTACHMENT A - TECHNICAL REQUIREMENTS CHECKLIST

The following services are required. Please confirm your ability to provide these services with a Y or N.

Function/Service	Service Provided Y or N	Comments
Record keeping		
<ul style="list-style-type: none"> <li>• Daily valuation using unit values</li> </ul>		
<ul style="list-style-type: none"> <li>• Receive and process payroll file weekly from Administrator</li> </ul>		
<ul style="list-style-type: none"> <li>• Track beneficiary designations</li> </ul>		
Ongoing Activity		
<ul style="list-style-type: none"> <li>• Process investment Administrator transfers for existing accounts</li> </ul>		
<ul style="list-style-type: none"> <li>- Rearrange balance</li> </ul>		
<ul style="list-style-type: none"> <li>- To/from by percent</li> </ul>		
<ul style="list-style-type: none"> <li>- To/from by dollar amount</li> </ul>		
<ul style="list-style-type: none"> <li>• Process future investment changes</li> </ul>		
<ul style="list-style-type: none"> <li>• Accept rollovers in to plan</li> </ul>		
<ul style="list-style-type: none"> <li>• Process rollovers out of plan</li> </ul>		
<ul style="list-style-type: none"> <li>• Process transfer of balance from Plans to another state's plan</li> </ul>		
<ul style="list-style-type: none"> <li>• Calculate and process termination distributions on daily basis</li> </ul>		
<ul style="list-style-type: none"> <li>• Notify members attaining age 70½ with copy to Administrator</li> </ul>		
<ul style="list-style-type: none"> <li>• Approves and processes unforeseeable emergency withdrawals</li> </ul>		
<ul style="list-style-type: none"> <li>• Approves and processes qualified domestic relations orders</li> </ul>		
<ul style="list-style-type: none"> <li>• Approves and processes claims for death benefits</li> </ul>		

<b>Function/Service</b>	<b>Service Provided Y or N</b>	<b>Comments</b>
Reporting		
<ul style="list-style-type: none"> <li>• Provide all data for federal and state income tax reporting</li> </ul>		
<ul style="list-style-type: none"> <li>• Provide customized participant statements including quarterly newsletter from the Administrator to the participants.</li> </ul>		
<ul style="list-style-type: none"> <li>• Distribute participant statements quarterly, directly to participants.</li> </ul>		
<ul style="list-style-type: none"> <li>• Calculate and provide personalized rate of return on participant statements</li> </ul>		
<ul style="list-style-type: none"> <li>• Provide administrative manual with recordkeeping procedures</li> </ul>		
<ul style="list-style-type: none"> <li>• Provide quarterly management reports</li> </ul>		
<ul style="list-style-type: none"> <li>• Provide reports detailing voice response utilization, internet utilization, and call center statistics</li> </ul>		
Timing		
<ul style="list-style-type: none"> <li>• Generate confirmation statements for all transactions; mail within 24 hours</li> </ul>		
<ul style="list-style-type: none"> <li>• Mail in-service withdrawals or final distributions in less than 5 business days after request</li> </ul>		
<ul style="list-style-type: none"> <li>• Process withdrawals/termination payments on daily basis</li> </ul>		
<ul style="list-style-type: none"> <li>• Mail quarterly statements within 10 business days of quarter end</li> </ul>		
Compliance		
<ul style="list-style-type: none"> <li>• Monitor Section 415 limits</li> </ul>		
<ul style="list-style-type: none"> <li>• Monitor Section 402(g) limits</li> </ul>		
<ul style="list-style-type: none"> <li>• Sign a provider agreement specifying compliance activities to be performed by vendor</li> </ul>		

Function/Service	Service Provided Y or N	Comments
Participant Access		
• Provide multilingual participant access		
• Provide a single 800# available for all participants, as well as a local office with a dedicated staff and a local 317#.		
• Provide a voice response system with transactional capabilities		
• Provide telephone customer service representatives		
- In comments column, provide hours of operation for telephone CSRs		
• Provide web/based internet access to participant account information with transactional capabilities		
System Capabilities		
• Provide employer with internet/on-line access to plan and participant information		
• Provide the employer with on-line transactional capabilities		
• Provide the employer the ability to manipulate data to generate lists and reports via on-line services		
• Provide links to investment fund prospectuses via the internet		
• Provide Administrator performance data available via the internet		
• Provide ability for participants to conduct retirement planning via the internet		
• Provide ability to conduct asset allocation modeling via the internet		
Other		
• Can meet specified implementation date of July 1, 2013		

<b>Function/Service</b>	<b>Service Provided Y or N</b>	<b>Comments</b>
• Has documented implementation plan		
• Inform Administrator of any news/information concerning pending or enacted legislation, litigation, regulation, or investigation affecting 457/401(a) plans		
• Report at Committee meetings as requested.		
• Will agree to performance guarantees and put negotiated fees at risk		
• Has documented, fully tested backup, security, and business recovery system		
• Uses offsite storage for file archival		
• Copy of SAS 70 audit on file		

## **ATTACHMENT B - QUESTIONNAIRE**

In providing your company's responses to the questions below restate each question in bold face type with your response directly below. Your company's proposal, and consequently your responses to the following questions, will be incorporated as part of the contract between your company and the Administrator. For proposals made as joint ventures, requested information should be provided for all companies that will be a party to the proposed services.

### **B.1 Company Information**

1. Give the name and address of your company. Provide the name, title, address and telephone and fax numbers of the contact person from your company whom we may contact with questions regarding your response.
2. Give a brief history of your company. Indicate how many years your company has been active in the defined contribution business as it pertains to Section 457 deferred compensation plans. Indicate the period of time for each service, if different, such as investment management for x years, recordkeeping for y years. Supply an audited financial statement for the most recently closed fiscal year.
3. Are you currently participating in any alliances or joint marketing efforts? If so, please describe in detail.
4. What is the average number of clients managed by the relationship manager?
5. How many of your employees work on deferred compensation 457 plans? Provide breakdown by functional area.
6. What are your client retention statistics for each of the last three years? For those who left, what percentage left due to issues pertaining to services provided by your organization? What is the average duration of client relationships?
7. Is your company a subsidiary or affiliate of another company? Give full disclosure of all direct or indirect ownership.
8. Describe your errors and omissions coverage. Describe the various types of insurance coverage and indemnification provided to protect clients, including:
  - Risks covered
  - Carriers
  - Levels
  - Limits
  - Deductibles
9. Please provide a copy of, or URL link to, your latest SAS 70 report.

**B.2 Experience**

1. For how many clients does your company currently provide the requested services? As of 9/30/2012 provide the following information.

<b>Plan Size</b>	<b>Number of plans / Name of Plans</b>	<b>Average Number of Years Company has Provided Service</b>	<b>Average Number of Investment Options</b>
<b>All Defined Contribution Plans (401(a) defined contribution, 457, 403(b) and 401(k) plans)</b>			
Under 1,000 participants			
1,000 to 9,999 participants			
10,00 to 25,000 participants			
25,000 to 50,000 Participants			
Above 50,000 participants			
<b>Total</b>			
<b>All Governmental Defined Contribution Plans</b>			
Under 1,000 participants			
1,000 to 9,999 participants			
10,00 to 25,000 participants			
25,000 to 50,000 Participants			
Above 50,000 participants			
<b>Total</b>			
<b>Governmental 401(a) plans</b>			
Under 1,000 participants			
1,000 to 9,999 participants			
10,00 to 25,000 participants			
25,000 to 50,000 Participants			
Above 50,000 participants			
<b>Total</b>			

2. Provide three client references most like the Deferred Compensation Plan. Fully describe the circumstances of your engagement and include the following:

- Company name
- Contact name and title
- Telephone and fax numbers
- Number of participants
- Amount of plan assets
- Length of relationship

- Whether the relationship involves providing record keeping for independent, unallocated investments.
- 3. Provide a statement of your company’s strategic commitment to the public sector defined contribution line of business and any documentation or evidence to support this commitment.

### **B.3 Contractual Issues**

1. Has your company been involved in litigation in the last five years or is there any pending litigation arising out of your performance or participation in a defined contribution plan? Exclude routine interpleader actions, garnishments and similar routine matters involving participants and beneficiaries that do not reflect on your performance of your contract. If so, please describe.
2. Has your company been cited or threatened with citation within the last five years by federal or any state regulators for violations of any state or federal law and impending regulations? If your answer is yes, please describe fully.
3. Has your company had a contract terminated by a client for cause within the last five years? If so, by whom and under what circumstances? Provide the name and telephone number of each client that has terminated your company’s services.
4. Has your company had a contract non-renewed by a client within the last five years? If so, by whom? Provide the name and telephone number of each client that has non-renewed your company’s services.
5. In the past five years, has your firm, or an employee or agent of your firm, ever had a license to do business, an agent/broker license or any other insurance license revoked or suspended? If your answer is yes, please describe fully.
6. Is your company authorized to conduct business in the State of Indiana? If not, please attach an opinion of counsel giving his or her opinion as to whether he or she anticipates any difficulties in obtaining all necessary authorizations prior to the effective date of the contract. Does delivery of all your services comply with all federal and State of Indiana regulations? If not, specify.
7. Provide copies of any public statements made by your company concerning inquiries/requests to your company from any federal or state government entity, committee, or regulatory authorities in the past year, especially pertaining to market timing and late trading.

### **B.4 Client Satisfaction**

1. How does your company measure and evaluate client satisfaction? How does your company intend to report the results of such measurement to the Administrator?

2. Does your company conduct client specific employee surveys to measure employee satisfaction with its administrative service? Is the cost of this service included in the fee proposal? Please provide the results of your most recently completed client survey.
3. What quality control systems do you have in place? Describe fully. Describe the quality improvement system you have in place.

#### **B.5 Transition Plans**

1. Describe in detail your transition plan for this account. Confirm your ability to meet the implementation dates listed in the RFP. Are you prepared to provide a detailed work plan and flow chart of activities, responsibilities and time frames for conversion of the plans?
2. In your experience, what are the typical causes of delays during the conversion process?
3. How does your company manage the process to minimize these delays? Indicate the steps that you would take to minimize the inconvenience and confusion to Plan members.
4. What is the minimum amount of time that your company would require to conduct this conversion? How much notice will your company require to begin this conversion? Provide an estimate of the type and amount of resources that the Administrator would need to provide for you for this transition.
5. How will your company guarantee its stated implementation time frame? Indicate your flexibility to work with the Administrator in determining an acceptable file format for the transition of plan records.

#### **B.6 Conversion Team and Experience**

1. Regarding your company's general conversion team staffing, how many employees do you have who work exclusively on conversions? Describe how your conversion team(s) coordinates with the regular client service team and the typical number of conversions a team works on simultaneously.
2. Please provide a list or description of the information that you will need from the Administrator for an effective conversion.
3. List the expected members of the conversion team(s) you will assign to the plans and provide an outline of their roles and responsibilities, their qualifications, experience, number of years with your company, and primary work location.
4. At the end of the conversion, describe how the conversion team will transition to the on going service team.

	<b>Number of Plans Converted:</b>		
	<b>2010</b>	<b>2011</b>	<b>2012 through 9/30/2012</b>
All Defined Contribution Plans			
All Defined Contribution plans with 50,000 or more active participants			
All Governmental Defined Contribution Plans			
All Governmental Defined contribution plans with 25,000 or more active participants			
All Governmental 401 a plans			
All Governmental 401(a) plans with 25,000 or more active participants			

- Over the past three years, what was the average length of time (in time of calendar days) from the date of receipt of data from prior administrator to the date the participants and plan sponsors had access to their accounts?

**B.7 Staffing and Services**

- Name the person who will have overall, hands on, account management responsibilities for the plan. Provide the resume for this individual including his or her qualifications, experience, number of years with your company, and primary work location. Describe the duties and responsibilities that this person will have. Please provide a list of their accounts, number of plan participants, members, and length of relationship.
- Describe the percentage of time this individual will expect to dedicate to the Plan’s account both during the first year and later years of the contract.
- Describe your organization’s commitment to quality.
- Describe your procedures for monitoring employer satisfaction and participant satisfaction.
- Fully describe how your company proposes to handle education support and customer service activities for the Plans. Your company’s staffing plan must specify the number of employees in various capacities you propose to have working on the Plans and their functions. Indicate how many individuals will conduct the local group investment education meetings and where these employees are located. It should be noted that travel expenses of these individuals are the responsibility of the successful Offeror and must be included in the fee that your company is proposing.
- A local service office is mandatory. Include a description of the staff to be headquartered there and explain how the staff would function throughout the state. In addition to the local education personnel, indicate how many, if any administrative or clerical personnel will be located there. Indicate why you believe the proposed level of staffing is appropriate and the benefits that this level will provide to the Plans.

7. Fully describe how you propose to increase enrollment and participation of all eligible public employees.
8. Describe the services this office will be able to provide over the telephone and to walk-in customers. List the hours the office will be open. Indicate how after-hours telephone calls will be handled.
9. Your staffing plan should include your proposal of what you believe to be an adequate number of licensed and trained customer service representatives who will be able to provide complete customer services over the telephone. These services must include assistance in enrollment and the providing of investment and distribution information. The number of customer service representatives supporting the plans should be quoted as full time equivalents. Will these representatives be dedicated to the Plans?
10. Fully describe how you intend to conduct group meetings under the Plans. Indicate the number of group educational meetings that you propose to have for the Plans. Indicate how you propose to coordinate meetings so that all interested employees throughout the state have an opportunity to attend a meeting at a convenient time and location. Also indicate how often you intend to provide such meetings.
11. Describe how your company maintains personnel in sensitive staff positions, including:
  - Recruitment/replacement
  - Retention, including incentive programs
  - Provide surety bonds and security evaluations, including frequency of re-evaluations.
12. Indicate whether any of your employees who will work on the plans receive incentive compensation (such as commissions, bonuses or other increased compensation). For each type of employee indicate the basis under which this incentive compensation is paid.

Fully describe these compensation arrangements and what percentage of each type of employee's total pay is expected to be provided under the incentive-based arrangement.

## **B.8 Recordkeeping Staffing**

1. Describe your company's overall recordkeeping staff — the number of personnel at various levels, their years of experience, and the turnover rates for each level of staff, including senior staff, during the last three years. Describe your company's approach when there is turnover on the project team.
2. Provide the names and backgrounds of key recordkeeping staff who would be assigned to the Plan's account. Describe the roles and responsibilities of each and provide an organizational chart. Who would be the Administrator's day-to-day contact for recordkeeping services? How many other accounts/plans is this person handling? What staff backup exists for these primary contacts?

3. If your company uses a team approach to service clients:
  - (a) How many team members would your company assign to the Plan's account?
  - (b) For how many other accounts/clients would the assigned team be responsible?
  - (c) Describe any conflict with multiple processing schedules. How does your company provide backup?
  - (d) Describe the size of an average defined contribution service team and team members' functions.
4. How do you assure quality control and customer satisfaction with regard to staffing? How do you assure continuity in the event of absences of assigned staff?

### **B.9 Training and Continuing Education**

1. What is your company's policy for initial and ongoing training and licensing of customer service personnel? Include a description of your required licensing and education program.
2. Describe your company's commitment to continuing education and outside learning. List any financial or similar incentives provided.
3. Do you have a continuing education program in place for your service personnel to stay current of plan changes, changes in the law and investments? Please describe.
4. How will your customer service center representatives be trained on the particulars of the plans? Please provide a sample of the type of training manual that you would propose to use.

### **B.10 Customer Service Center/ Operator Assistance**

1. Where is your customer service center located? Will your recordkeeping and administrative services also be processed at this location? If not, where will these services be provided?
2. What days/hours will benefit service representatives be available?
3. What security procedures do you use at your customer service center to authorize transactions that the participant makes over the phone?
4. Describe the types of transactions your operators are permitted to accept from participants. Do operators have direct access to the recordkeeping system? If a participant exits your voice response system with a problem, can operators monitor the progress of the attempted transaction?
5. How many customer service representatives/operators does your company currently employ?

6. What management procedures do you have in place to monitor response time and quality of the response?
7. How are operator assisted transactions documented?
8. Do you monitor and/or tape live operator calls? Will access to such recordings be made available to the Administrator upon request?
9. How many customer service representatives/operators does your company currently employ? How many do you anticipate will be taking calls from Plan members?
10. Describe the oversight and monitoring activities your company conducts to ensure that the service provided by your representatives meets quality standards. Describe your standards. How frequently (as a percentage of total phone time) do supervisors monitor representatives' conversations?
11. Describe your customer service staffing plan to deal with peak volume, e.g. after the issuance of participant statements or a plan change.
12. On average, how long does it take your company to respond to participant requests in writing and over the telephone? What management procedures do you have in place to monitor response time and quality of the response? What commitment will you make to the Administrator regarding response time?

#### **B.11 Voice Response and Internet Systems**

1. What security features are in place to ensure only the correct participant is given personal information? Describe your Personal Identification Number (PIN) generation capabilities (for new participants) and on-going PIN administration capabilities.
2. What are the routine maintenance periods? Provide statistics for the last twelve (12) months on down time other than routine system maintenance. How do you control system access?
3. Are these systems integrated into your defined contribution record keeping system database? Please describe. How do you handle changes to pending transactions on these on-line systems?
4. Can your systems be customized to allow for the processing of transactions?
5. Describe the reports that the Administrator will receive relating to call volumes, response time, abandoned calls, number of transactions, etc. What reporting will be provided on Internet usage? Please provide sample reports.
6. Describe how your internet system supports on-line enrollment.

7. How many staff members are employed in the area that supports your on-line systems? How many are programmers? Do any work exclusively on on-line systems. If so, specify.
8. Please describe in detail the Internet capabilities your firm would offer the Plans. Provide the address and necessary access codes or passwords so that the Administrator can test your Internet transaction capabilities. Indicate the time period for which this access will be available to the Administrator.
9. Provide a sample survey you would use to measure participant satisfaction with all of your services. Indicate how you would report survey results to the Administrator and how you propose to improve areas identified as needing improvement.
10. How is data secured within the system?
11. Describe the level of customization available within your VRU and Internet services.
12. Can a participant elect to move from the VRU to an operator? When and what services are available?
13. Please describe how system is integrated into your defined contribution record keeping system database. How do you handle changes to pending transactions on these on-line systems?
14. What access is provided to participants via the Internet, i.e. transactional or informational services?
15. Describe security measures utilized for Internet services. Include descriptions of firewall strategies.
16. Are there any improvements to your Internet capabilities expected to occur in the next three years? If so, please describe.

## **B.12 Recordkeeping**

1. Fully describe your company's recordkeeping abilities and methodology.
2. Describe what information you maintain in a participant's account record.
3. Describe your firm's experience in interfacing on a daily basis with a variety of investment companies. Please list the investment companies that you currently interface with on a daily basis. Please indicate whether there are any products currently offered by the Indiana Plans your firm would not be able to service and whether there are any investment companies with which your firm cannot work. Explain.
4. Describe your procedures for ensuring that the Plans are in balance on a daily basis. Do you use daily or unit accounting for daily valuations?

5. Describe your procedures for communicating purchase and sale directions (e.g. transfers, withdrawals, and rollovers) to third parties.
6. Describe your procedures for separately accounting for rollover contributions.
7. Will you maintain copies of plan records (beneficiary designations, asset allocations etc)? How do you propose to store and retrieve these records (e.g. by hard copy, electronic media)?
8. Indicate how you propose to conduct the split of contributions among investment options and reconciling individual participant contributions in accordance with the Auditor's requirements and parameters. Provide a timeline of the process, including time requirements on the receipt of information and confirmation of the receipt of information. Describe your company's procedures for correcting erroneous contributions. Confirm that if the erroneous contribution is due to your company's error, you will make the participants whole at your company's, (and not the Plan's) expense.
9. Provide a timeline fully describing the procedures and time required for your company to transfer all or a portion of a participant's account balance in an investment option to another investment option. Give any minimum time guarantees you provide as well as your company policy on retroactively correcting any erroneous transfers. Indicate whether if the erroneous contribution is due to your company's error if you will make the participant whole at your company's, (and not the Plan(s)') expense. What time cutoffs must the investment companies meet in order to provide a sample of your written confirmation of transfer? Does your system process transfer of account balance by percent and by dollar amount?
10. Clarify how you expect to process participant changes in investment elections. Confirm that you will be able to provide written confirmation of the change to participants within three (3) business days of the change. Confirm that you do not intend to impose any limitations such as a maximum number of changes, contribution investment transfers or elections, or explain any rules you have against frequent trading and give the details of how such rules are monitored and enforced.
11. Describe all controls taken to ensure the timeliness of recordkeeping, that each participant's account complies with all provisions of the plans and government regulations and that, to the degree required, all forms and authorizations are complete and on file.
12. Explain how errors are handled through your recordkeeping system for:
  - Contributions
  - Withdrawals/Distributions (both over and under-payments)
  - Transfers
  - Rollovers
  - Allocation of earnings
  - Tax reporting

13. What hardware/systems/formats are presently in place for electronic receipt and upload of information from clients? Describe how you propose data would be transmitted to and from the Administrator giving a proposed data transmission plan identifying various types of information expected to be transmitted, how each type of data will be transmitted and what timeframes would be necessary.
14. What types of edits does your company perform on payroll data? How soon after receipt of the files are the edits performed? Describe your process for resolving data discrepancies.
15. In the format below, describe your company's standards for performance. Assume all data, wires or other requests are received in reasonably good condition, before your cutoff time for the day, and that any required employer approvals have been received.

Activity	Quality standard (business days)	Actual Experience (business days)
Contribution reconciliation and posting	___ days from receipt of payroll data	
Withdrawals paid	___ days from receipt of request	
Distributions paid	___ days from receipt of request	
Investment Administrator transfers processed	___ days from receipt of request	
Confirmations mailed	___ days from execution of transaction or request	
Participant statements mailed	___ days from period end	

16. For each of the transactions listed above, describe the interface between the Administrator's staff and your company.

### **B.13 Fees**

1. Describe how your company will handle the deduction of administrative fees from participant accounts. Indicate any limitations on the type of fees and/or method of collection.
2. Confirm that your company can provide detailed reports (by fee type) depicting all fees collected from participant accounts. Confirm that your company can provide detailed reports substantiating fees associated with services provided by your company.
3. Confirm that the deduction of administrative fees will be fully disclosed and reported to participants in their statements.

### **B.14 Standard Reporting**

1. List and describe the reports that your company proposes to prepare for the Administrator.

2. To what extent can these proposed reports be customized? Confirm your ability to provide ad-hoc reporting and describe the limitations, if any, of what the Administrator can request? What is the process for developing customized report formats and delivery mechanisms customized to client requests?
3. What is the timeliness of reports by hard copy? By electronic delivery? Include the average response time to receive standard reports and special reports.

#### **B.15 Participant Statements**

1. Indicate that your company will provide the Administrator with copies of the statements or through on-line file transmission.
2. Please provide a sample statement that you have produced for similar plans. Confirm that you can personalize your company's statement for the Plans.
3. Confirm that you can provide quarterly participant statements of account within ten (10) days of the end of the quarter for the daily valued investment options.

#### **B.16 Distribution Services**

1. What type of distribution options are offered at separation from service or retirement (i.e., lump sum/rollover, systematic withdrawals, life expectancy withdrawals, annuity payout)?
2. Describe how you process unforeseeable emergency withdrawals for other plans.
3. Describe how you monitor the age 70-1/2 minimum distribution requirements.

#### **B.17 Plan Support Services and On-line Recordkeeping System Access**

1. Is the on-line system integrated with the voice response system?
2. Detail the typical turnaround time for several types of special reports commonly requested by clients. Discuss the type and timing of data available by electronic delivery for:
  - On-line view
  - On-line manipulation
  - On-line download of formatted data
  - On-line download of raw data
  - Report-writing access
3. Confirm that your company will make available a representative who will assist staff in correctly obtaining access to the database and generating reports.

#### **B.18 Accounting and Reporting Capability**

1. Can your system monitor 402(g) and 415 limits? Describe.

2. Describe how you handle audit documentation where paperless processing has occurred.
3. Indicate what advisory services you will provide the Administrator in administering its plan in conformance with the appropriate laws and regulations. Indicate how you will review and inform the Administrator of changes in the law and current legislation potentially affecting the plan.
4. During State legislative sessions, there are frequently requests for the financial and administrative impacts of proposed plan modifications that are being considered by the legislature. Describe your experience in working with public sector clients in addressing legislative requests for information during session and your ability to meet the immediate timeframes that usually accompany these requests.

#### **B.19 Communication and Education**

1. Briefly describe your background and experience in providing 457 plan communication and education programs.
2. Identify the key elements provided as part of a standard 457 plan communication and education program package.
3. Provide samples of materials that you have used in similar situations, along with a description of how you will customize these materials of the plan. Fully describe your firm's commitment to customizing these materials.
4. Do you create all of your communication and education material in-house or through third-parties?
5. Describe how you intend to ensure that the Administrator is actively involved in the development of the initial and future materials. Describe how you propose to incorporate the Administrator's input without delaying the development and production of materials and what turnaround and similar requirements you would impose.
6. Describe how your representatives would respond to questions regarding the investment options, what information would be provided and the approach that the representative would take toward making suggestions or giving advice. Describe how your representatives will ensure that inquiries are appropriately directed to another party, if needed.
7. Does your firm provide any services (e.g. personal questionnaires, software) that would help individual participants with financial planning?
8. Would you have permanent employees or contract personnel responsible for providing communication and educational services located in Indiana? If so, describe in detail the number of employees, the job duties of each, and location(s) within Indiana where they would be employed.

9. Describe your proposed coordination of existing deferred compensation providers in the communication and education components of the program, assuming a transition.

#### **B.20 Custom Option Administration**

1. Describe your firm's ability to provide record keeping for custom options (described in the Custom Options Exhibit to Attachment D), including your ability to maintain the existing custom options offered by the Plan and to rebalance the portfolios on a quarterly basis. On what basis and how often do you typically propose to rebalance such portfolios and under what methodology, such as unitization?
2. List all clients for whom you provide record keeping for custom investment funds. For each, indicate how long you have provided these services and give a brief description of the services provided.
3. Describe any limitations or restrictions your firm would impose in providing services for this type of option.

#### **B.21 System Capabilities**

1. Describe the hardware platform and software system you use in recordkeeping and to administer defined contribution plans.
2. Was the software developed internally, leased, or purchased from another provider? Who has the ultimate responsibility/authority to make sure the software remains current with regard to laws, regulations, client needs, etc.?
3. Describe your maintenance and backup procedures including daily backups, retention timetable and off-site backup storage approach.
4. Describe the method of maintaining plan sponsor and participant history on the system.
5. Describe the valuation methods used by your system.
6. Describe any on-line capabilities that your system provides.
7. Are internal controls of your recordkeeping system audited by an independent accounting firm on an annual or more frequent basis? If so, please provide a copy of the most recent report.
8. Does the system allow for plan sponsor customization/limits such as transfer frequency, minimum/maximum contribution percentages, withdrawal frequency, and investment election changes?
9. Describe your system's maximum limits with regard to investment funds, money types, loans, and transfers.

**B.22 Custodial Services**

1. Can you process all distribution checks within 15 days from receipt of requests?
2. Do you process individual federal and state tax withholding?
3. Do you provide information to plan participants regarding options on distributions?
4. Do you have an electronic link with the investment managers for updating participants' accounts on the recordkeeping system? Please explain your daily updating process.

**B.23 Administration Fees**

1. What are the start up/implementation costs and the termination costs? This fee, if applicable, must be applied to plan participants.

Based upon information supplied in the RFP assuming multiple payroll reporting and all assets invested with the service providers, please propose a full cost structure plan and if possible complete the following:

If assumptions are necessary, please fully explain your assumptions and quote the related fees on a unit cost basis, if possible.

Services	Fees
Plan Set-up/Installation	
Per Participant Recordkeeping Fee	
Voice Response Services	
Service Center	
Internet Services	
Automatic Enrollment Services	
Check Processing	
1099R Forms	
W2 Forms	
Wire Fees	
Confirmation Statements	
Participant Statements	
On-line Services	
Set-up/ongoing and software	

2. The Plans' recordkeeper must be willing and able to provide recordkeeping services for current investment product providers who may continue as providers indefinitely or during a phase out, if necessary.
3. Describe how your firm will handle the deduction of administrative fees from participant accounts. Indicate any limitations on the type of fees and/or method of collection.

4. Confirm that your firm can provide detailed reports (by fee type) depicting all fees collected from participant accounts. Confirm that your firm can provide detailed reports substantiating fees associated with services provided by your firm.
5. Confirm that your firm will assist the Auditor and/or his registered investment advisor in obtaining reimbursements and other fees from plan investment service providers. Describe any preferential pricing or similar alliance arrangements that you have negotiated on behalf of your clients.
6. Please describe any specific administrative service for which there is a discrete fee and the amount of that fee or the basis for which the amount of the fee is determined.

**B.24 Additional Information**

1. Describe the procedures and safeguards you use to protect the confidentiality of information on participants and beneficiaries.
2. Describe your company's system back-up, security, and disaster recovery procedures. Are files archived and stored at an off-site location? If so, what is the location? Have procedures been tested? When did you last perform a full-scaled disaster recovery test?
3. Please describe your disaster recovery plan.
4. For any of the services requested, if your company would like to propose an alternative approach to providing the services than the approach described in the RFP, fully describe the alternative(s) and indicate how this alternative approach would provide better overall services to Plan participants.

## **ATTACHMENT C - FEE PROPOSAL**

All fee assumptions should be based on the plan information and administration request shown in the RFP including the attachments.

**ATTACHMENT D - CONTRACT**

**Indiana State Auditor  
And  
[CONTRACTOR]**

**CONTRACT FOR SERVICES**

**State of Indiana Public Employees' Deferred Compensation Plan  
And  
Matching Plan**

**TABLE OF CONTENTS**

	<b><u>Page #</u></b>
CONTRACT FOR SERVICES .....	1
1. Duties of Contractor .....	2
2. Consideration .....	2
3. Term.....	2
4. Independent Contractor; Workers' Compensation Insurance.....	2
5. Work Standards .....	2
6. Ethical Obligations .....	2
7. Confidentiality of Administrator Information .....	3
8. Ownership of Documents and Materials .....	3
9. Reports.....	3
10. Audit Settlement .....	3
11. Access to Records.....	4
12. Assignment .....	4
13. Successors and Assignees.....	4
14. Key Person(s).....	5
15. Changes in Work .....	5
16. Force Majeure.....	5
17. Funding Cancellation.....	6
18. Renewal Option .....	6
19. Nondiscrimination .....	6
20. Termination for Default.....	6
21. Termination for Convenience.....	7
22. Continuity of Services .....	8
23. Taxes.....	8
24. Penalties/Interest/Attorney's Fees .....	9
25. Compliance with Laws .....	9
26. Governing Laws.....	11
27. Order of Precedence .....	11
28. Qualification to do Business in Indiana.....	11
29. Indemnification.....	11
30. Release.....	11
31. Substantial Performance .....	11
32. Waiver of Rights.....	11
33. Payments.....	12
34. Disputes .....	12
35. Conflict of Interest.....	12
36. Changes.....	13
37. Investigations and Complaints.....	13
38. Notice to Parties:.....	13
39. Authority to Bind.....	14
40. Debarment and Suspension.....	14
41. Default by Administrator.....	14
42. Drug-Free Workplace Certification.....	14
43. Employment Eligibility Verification .....	15

44. Non-Collusion and Acceptance .....	16
ATTACHMENT A - SCOPE OF SERVICES .....	18
<b>I.</b> Recordkeeping Services Provided by Contractor under this Agreement .....	18
A. Initial Transition .....	18
B. Participant Account Information .....	18
C. Investment Options .....	19
D. Valuation of Participant Account Balances .....	20
E. Contributions, Transfers and Limitations .....	21
F. Automated Voice Response System .....	22
G. Internet Site .....	22
H. Client Service .....	23
I. Administrator Access to Recordkeeping System .....	23
J. Reporting .....	23
K. Regulatory Updates .....	26
L. Benefits, Tax Withholding and Reporting .....	26
M. Qualified Domestic Relations Orders (QDROs) .....	27
N. Loans .....	27
O. Vesting .....	27
P. Rollovers From Other Eligible Code Section 457 Governmental Plans, Code Sections 401(a), 401(k) & 403(b) Plans & IRAs .....	28
Q. 415 (c) Compliance Services .....	29
R. Mandatory Cash-outs .....	29
S. Code Section 402(f) Notice .....	29
T. SAS 70 Report .....	29
U. Insurance .....	29
V. Plan Participant Surveys .....	30
W. Death Benefit Claim Processing .....	30
X. Unforeseeable Emergencies .....	31
<b>II.</b> Communication Responsibilities Under the Agreement .....	32
A. Special Representations .....	32
B. Seminars and Communication Materials .....	33
C. Group Presentations .....	33
D. Individual Counseling Sessions .....	33
E. Local Office and Full Time Staff .....	33
F. Indiana Association Conferences .....	34
G. Online Enrollment .....	34
H. Communications and Marketing Plan .....	34
<b>III.</b> Miscellaneous Provisions .....	35
A. Confidential Use of Information .....	35
B. Responsibilities at Termination .....	35
C. Licenses .....	35
<b>IV.</b> Administrator Responsibilities .....	36
ATTACHMENT B - SCHEDULE OF FEES .....	38
AUTHORIZED INVESTMENT OPTION EXHIBIT .....	39
CUSTOM OPTIONS EXHIBIT .....	40
STATE OF INDIANA ETHICS EXHIBIT .....	43

## CONTRACT FOR SERVICES

This contract is between the Indiana Auditor of State as Administrator of the State of Indiana Public Employees' Deferred Compensation Plan and Matching Plan at 240 State House, 200 West Washington Street, Indianapolis, Indiana 46204 (hereinafter referred to as "Administrator") and \_\_\_\_\_, its successors and assigns, with principal place of business at \_\_\_\_\_ (hereinafter referred to as "Contractor").

WHEREAS, the Administrator desires to contract for services in the area of recordkeeping, education, and communication services for the State of Indiana Public Employees' Deferred Compensation Plan (hereinafter referred to as the "457 Plan") and Matching Plan (hereinafter referred to as the "401(a) Plan") (or collectively referred to as the "Plan" or "Plans"); and

WHEREAS, the Indiana Code, IC 5-10-1.1, has established and the Indiana Deferred Compensation Committee (hereinafter referred to as the "Committee") has adopted the 457 Plan for its eligible employees in accordance with Section 457 of the Internal Revenue Code ("Code") and all applicable federal regulations, state and/or municipal statutes for the purpose of providing retirement plan benefits to employees; and

WHEREAS, the Indiana Code, IC 5-10-1.1 has established and the Committee has adopted the 401(a) Plan for its eligible employees in accordance with Section 401(a) of the Internal Revenue Code ("Code") and all applicable federal regulations, state and/or municipal statutes for the purpose of providing retirement plan benefits to employees; and

WHEREAS, under Indiana Code 5-10-1.1-5, the Indiana Auditor of State is named as the Administrator and named fiduciary of the Plans, and is thereby authorized to contract with persons for the provision of all or part of the services involved in the administration of the Plans; and

WHEREAS, the Committee has placed all 457 Plan assets into a trust, custodial account or annuity contract meeting the requirements of Section 457(g) of the Code, or is serving as self-trustee, and will continue to meet such requirements for the duration of this Agreement, and

WHEREAS, the Committee has placed all 401(a) Plan assets into a trust, custodial account or annuity contract meeting the requirements of Section 401(a) of the Code, or is serving as self-trustee, and will continue to meet such requirements for the duration of this Agreement, and

WHEREAS, Contractor agrees to provide such professional comprehensive administrative services in a non-fiduciary capacity as a directed, nondiscretionary service provider as outlined in this Agreement and as directed by Administrator in compliance with all applicable federal, state and local laws and regulations, and

WHEREAS, Contractor has reviewed the Plan Documents, the providers to and procedures of the Plans and Contractor represents that it is experienced, capable and qualified to

provide the administrative services contemplated by, and to administer the Plans according to, their terms, conditions and governing law as known by Contractor.

NOW, THEREFORE, the above-named parties enter into this contract upon the following terms and conditions:

1. Duties of Contractor

The Contractor shall provide the following services relative to this contract: See Attachment A, Scope of Services, incorporated by reference.

2. Consideration

The Contractor will be paid at the rate of: See Attachment B, Schedule of Fees, incorporated by reference.

3. Term

This contract shall be for an initial period of \_\_\_\_\_ years). It shall commence on \_\_\_\_\_, and shall terminate on \_\_\_\_\_.

4. Independent Contractor; Workers' Compensation Insurance

The Contractor is performing as an independent entity under this Contract. No part of this Contract shall be construed to represent the creation of an employment, agency, partnership or joint venture agreement between the parties. Neither party will assume liability for any injury (including death) to any persons, or damage to any property, arising out of the acts or omissions of the agents, employees or subcontractors of the other party. The Contractor shall provide all necessary unemployment and workers' compensation insurance for the Contractor's employees, and shall provide the State with a Certificate of Insurance evidencing such coverage prior to starting work under this Contract.

5. Work Standards

The Contractor agrees to execute its respective responsibilities by following and applying at all times the highest professional and technical guidelines and standards. If the Administrator becomes dissatisfied with the work product or the working relationship with those individuals assigned to work on this Contract, the Administrator may request in writing the replacement of any or all such individuals, and the Contractor shall grant such request.

6. Ethical Obligations

The Contractor and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the State, as set forth in Indiana Code § 4-2-6 et seq. and Indiana Code § 4-2-7 et seq., the regulations promulgated thereunder, and Executive Orders 05-03 and 05-12, dated January 10, 2005. Attached as an Exhibit are the ethical obligations for the State. If the Contractor or its agents violate any applicable ethical standards, the Administrator

may, in its sole discretion, terminate this contract immediately upon notice to the Contractor. In addition, the Contractor may be subject to penalties under Indiana Code § 4-2-6-12.

#### 7. Confidentiality of Administrator Information

The Contractor understands and agrees that data, materials, and information disclosed to Contractor may contain confidential and protected data; therefore, the Contractor promises and assures that data, material, and information gathered, based upon or disclosed to the Contractor for the purpose of this contract, will not be disclosed to others or discussed with other parties (outside the Contractor's control group) without the prior written consent of the Administrator. Administrator agrees Contractor may use general information regarding the Plans in responses to Requests for Proposals.

#### 8. Ownership of Documents and Materials

All documents, records, data, articles, memos, and other mutually agreed upon materials developed under this contract shall be considered "work for hire" and the Contractor transfers any ownership claim to the Administrator and all such matters will be the property of the Administrator. Use of these materials, other than related to contract performance by the Contractor, without the prior written consent of the Administrator is prohibited. During the performance of the services, specified herein, the Contractor shall be responsible for any loss or damage to these materials developed for or supplied by the Administrator and used to develop or assist in the services provided herein, while they are in the possession of the Contractor and any loss or damage thereto shall be restored at the Contractor's expense. Full, immediate, and unrestricted access to the work product of the Contractor during the term of this contract shall be available to the Administrator.

#### 9. Reports

The Contractor shall submit reports to the Administrator upon request, and in no event less than as of each quarter end. The report shall be written. The report shall be in a form agreed to between the Administrator and Contractor.

At Administrator's request and at mutually agreed upon times, Contractor shall meet with Administrator to answer questions by Administrator staff and Committee members from time to time as needed, without additional charge.

Weekly meetings shall be held between the Administrator's staff and the local Plan Manager at Contractor's local office. Contractor will attend quarterly meetings of the Indiana Deferred Compensation Committee.

#### 10. Audit Settlement

If an error is discovered as a result of an audit performed by Contractor or Administrator, or if Contractor becomes aware of any error through any other means, Contractor shall use its best efforts to promptly correct such error or to cause the appropriate party to correct such error as set forth in Section I.J.1 of the Scope of Services.

The Contractor further acknowledges that it may be required to submit to an audit of funds paid through this Contract. Any such Audit shall be conducted in accordance with IC 5-11-1 and audit guidelines specified by the Administrator.

#### 11. Access to Records

The Contractor, members of its controlled group and any routinely used subcontractors shall maintain all books, documents, papers, accounting records, and other evidence pertaining to the cost incurred and shall make such materials available at their respective offices at all reasonable times during the contract period and for seven (7) years from the date of final payment under the contract, for inspection by the Administrator or by any other authorized representative of the Administrator and copies thereof shall be furnished at no cost to the Administrator if requested.

Upon execution of this Agreement, Administrator will provide Contractor with a list of Authorized Persons who will be permitted to advise, inform and direct Contractor on Administrator's behalf, together with signature specimens of certain Authorized Persons who may execute specific tasks under this Agreement. The list of Authorized Persons and any changes to such list shall be made in writing to Contractor and signed by Administrator. Until notified of any such change, Contractor may rely on and act upon instructions and notices received from an Authorized Person identified on the then-current list furnished by Administrator.

All Authorized Instructions shall be in writing and transmitted by first class mail, private express courier, facsimile, or other authenticated electronic transmissions; *provided, however*, that Contractor may, in its discretion, accept verbal Authorized Instructions subject to written confirmation of same from such Authorized Person. Such Authorized Instructions shall bind Contractor upon receipt. If Contractor receives instructions or notices from a source other than an Authorized Person, Contractor shall not comply with them and shall immediately notify Administrator in writing of such unauthorized instructions or notices. The Administrator agrees to provide a set of policies to Contractor that will instruct Contractor regarding how proceed in situations when an Authorized Person cannot provide instructions.

#### 12. Assignment

The Contractor shall not assign or subcontract outside of its control group or other routinely used subcontractors the whole or any part of this contract without the Administrator's prior written consent, except that the Contractor may assign its right to receive payments to such third parties as the Contractor may desire without the prior written consent of the Administrator, provided that Contractor gives written notice (including evidence of such assignment) to the Administrator thirty (30) days in advance of any payment so assigned. Assignment shall cover all unpaid amounts under this contract and shall not be made to more than one party.

#### 13. Successors and Assignees

The Contractor binds its successors, executors, administrators, and assignees to all covenants of this contract. Except as above set forth, the Contractor shall not assign, sublet or transfer interest in this contract without the prior written consent of the Administrator.

#### 14. Key Person(s)

a. In the event that both parties have designated in an appendix that the individual(s) therein named are essential to the services offered pursuant to this contract, the parties agree that in the event that such individual or individuals are no longer employed during the term of this contract by the Contractor for whatever reason, the Contractor will notify the Administrator immediately and assign a replacement within thirty (30) days. If dissatisfied, the Administrator may require the Contractor to replace any key person, and the Contractor will have sixty (60) days to assign a replacement.

b. In the event that the Contractor is an individual or a closely held corporation (as defined under Indiana law, *see, e.g., Barth v. Barth*, 659 N.E.2d 559, 561, fn.5, [and cited authority therein]), the individual or person on behalf of the corporation responsible for primary contact between the Contractor and the Administrator at the commencement of this contract shall be considered a key person and, as such, essential to the contract. Substitution of another for the Contractor shall not be permitted without express written permission from the Administrator.

c. Nothing in subsections a. and b. above should be construed to prevent the Contractor from using the services of others to perform tasks ancillary to those tasks which directly require the expertise of the key person. Examples of such ancillary tasks include secretarial, clerical, and common labor duties. The Contractor shall, at all times, remain responsible for the performance of all necessary tasks, whether performed by a key person or others.

#### 15. Changes in Work

In the event the Administrator requires a major change in scope, character or complexity of the work after the work has begun, adjustments in compensation to the Contractor shall be determined by the Administrator in the exercise of its honest and reasonable judgment, and the Contractor shall not commence any additional work or change of the scope of the work until authorized in writing by the Administrator. No claim for additional compensation shall be made in the absence of a prior written approval executed by all signatories hereto.

#### 16. Force Majeure

In the event that either party is unable to perform any of its obligations under this contract or to enjoy any of its benefits because of (or if failure to perform the services is caused by) without limitation, labor disputes, riots, war and war-like operations including acts of terrorism, epidemics, explosions, sabotage, failure of power, fire or other casualty, disruptions in orderly trading on any relevant exchange or market, including disruptions due to extraordinary market volume that result in substantial delay in receipt of correct data, natural disaster, actions or decrees of governmental bodies or communication line failure not the fault of the affected party (hereinafter referred to as a "Force Majeure Event"), the party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance. If the period of nonperformance exceeds thirty (30) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may, by giving written notice, terminate this contract.

17. Funding Cancellation.

When the Director of the State Budget Agency makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of this Contract, this Contract shall be canceled. A determination by the Director of State Budget Agency that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.

18. Renewal Option

This contract may be renewed in the sole discretion of the Administrator for successive periods of up to \_\_\_\_\_ years, and under the same conditions.

19. Nondiscrimination

Pursuant to the Indiana Civil Rights Law, specifically including IC §22-9-1-10, and in keeping with the purposes of the federal Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans with Disabilities Act, the Contractor covenants that it shall not discriminate against any employee or applicant for employment relating to this Contract with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of the employee's or applicant's race, color, national origin, religion, sex, age, disability, ancestry, status as a veteran, or any other characteristic protected by federal, state, or local law ("Protected Characteristics"). Contractor certifies compliance with applicable federal laws, regulations, and executive orders prohibiting discrimination based on the Protected Characteristics in the provision of services. Breach of this paragraph may be regarded as a material breach of this Contract, but nothing in this paragraph shall be construed to imply or establish an employment relationship between the State and any applicant or employee of the Contractor or any subcontractor.

20. Termination for Default

- A. With the provision of thirty (30) days notice to the Contractor, the State may terminate this Contract in whole or in part if the Contractor fails to:
1. Correct or cure any breach of this Contract; the time to correct or cure the breach may be extended beyond thirty (30) days if the State determines progress is being made and the extension is agreed to by the parties;
  2. Deliver the supplies or perform the services within the time specified in this Contract or any extension;
  3. Make progress so as to endanger performance of this Contract; or
  4. Perform any of the other provisions of this Contract.
- B. If the State terminates this Contract in whole or in part, it may acquire, under the terms and in the manner the State considers appropriate, supplies or services similar to those

terminated, and the Contractor will be liable to the State for any excess costs for those supplies or services. However, the Contractor shall continue the work not terminated.

- C. The State shall pay the contract price for completed supplies delivered and services accepted. The Contractor and the State shall agree on the amount of payment for manufacturing materials delivered and accepted and for the protection and preservation of the property. Failure to agree will be a dispute under the Disputes clause. The State may withhold from these amounts any sum the State determines to be necessary to protect the State against loss because of outstanding liens or claims of former lien holders.

Additionally, the Administrator may terminate this contract immediately in the event that the Administrator, in its sole discretion, considers such action necessary to protect the Plans.

- D. In the event of any termination of this Agreement, all the terms and conditions herein shall continue to apply through the Effective Termination Date and through any period following such date during which Contractor shall continue to perform the services required under this Agreement, in order to complete any transactions pending on the Effective Termination Date and to facilitate an orderly transition to a successor Contractor (“Transition Period”). Such Transition Period shall not exceed sixty (60) days after the Effective Termination Date. The following provisions shall also apply to any termination of this Agreement. If Administrator terminates this Agreement, and unless otherwise expressly directed by Administrator, Contractor shall take all necessary steps to stop services under this Agreement on the Effective Termination Date.
- E. Upon any termination of this Agreement by Administrator and to the extent directed by Administrator, Contractor shall continue to serve as a Contractor hereunder at the then-existing compensation level for the duration of the Transition Period. After the additional services have been performed, and the Transition Period is completed, Contractor may seek compensation for the Transition Period at its then-existing compensation level. Contractor shall cooperate with Administrator in good faith to effect a smooth and orderly transfer of such services and all applicable records by the Effective Termination Date. Upon termination of this Agreement, Contractor shall retain all Plan Records according to the record retention provisions set forth in the Access to Records Section of this Agreement.
- F. The rights and remedies of the State in this clause are in addition to any other rights and remedies provided by law or equity or under this Contract.

#### 21. Termination for Convenience.

This Contract may be terminated, in whole or in part, by Administrator whenever, for any reason, the Administrator determines that such termination is in the best interest of the Plan(s). Termination of Services shall be effected by delivery to the Contractor of a Termination Notice at least thirty (30) days prior to the effective termination date, specifying the extent to which performance of Services under such termination becomes effective. The Contractor shall be

compensated for services properly rendered prior to the effective date of termination. The Administrator will not be liable for Services performed after the effective date of termination, except as provided in the section of the Contract titled Continuity of Services. The Contractor shall be compensated for services herein provided but in no case shall total payment made to Contractor exceed the original contract price nor shall any price increase be allowed on individual line items if canceled only in part prior to the expiration of the original contract term.

## 22. Continuity of Services

- A. The Contractor recognizes that the Services provided are vital to the Administrator and must be continued without interruption and that, upon Contract expiration, a successor, either the Administrator or another Contractor, may continue them. The Contractor agrees to:
  - 1. Furnish phase-in training, and
  - 2. Exercise its best efforts and cooperation to effect an orderly and efficient transition to a successor.
  
- B. The Contractor shall, upon the Administrator's written request:
  - 1. Furnish phase-in, phase-out Home Office administrative services for up to ninety (90) days after this Contract expires or is terminated, and
  - 2. Negotiate in good faith a plan with a successor to determine the nature and extent of phase-in, phase-out services required.

The transition plan shall specify a training program and a date for transferring responsibilities for each division of work described in the plan, and shall be subject to the Administrator's approval. The Contractor shall provide sufficient experienced personnel during the phase-in, phase-out period to ensure that the services called for by this Contract are maintained at the required level of proficiency.

- C. The Contractor shall allow as many personnel as practicable to remain on the job to help the successor maintain the continuity and consistency of the Services required by this Contract. The Contractor also shall disclose permissible personnel records in accordance with the Contractor's established Human Resources Policies and Procedures at the time and allow the successor to conduct on-site interviews with any interested employees.

The Contractor shall be reimbursed for all reasonable phase-in, phase-out costs (*i.e.*, costs incurred within the agreed period after Contract expiration that result from phase-in, phase-out operations).

## 23. Taxes

The Administrator and Committee are exempt from state, federal, and local taxes. The Administrator and Committee will not be responsible for any taxes levied on the Contractor as a result of this contract.

24. Penalties/Interest/Attorney's Fees

The Administrator will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney's fees, except as required by Indiana and other applicable law.

25. Compliance with Laws

- A. The Contractor shall comply with all applicable federal, state, and local laws, rules, regulations, and ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment or modification of any applicable state or federal statute or the promulgation of rules or regulations thereunder after execution of this Contract shall be reviewed by the State and the Contractor to determine whether the provisions of this Contract require formal modification.
- B. The Contractor and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the State as set forth in IC §4-2-6, *et seq.*, IC §4-2-7, *et seq.*, the regulations promulgated thereunder, and Executive Order 04-08, dated April 27, 2004. If the Contractor is not familiar with these ethical requirements, the Contractor should refer any questions to the Indiana State Ethics Commission, or visit the Inspector General's website at <http://www.in.gov/ig/>. If the Contractor or its agents violate any applicable ethical standards, the State may, in its sole discretion, terminate this Contract immediately upon notice to the Contractor. In addition, the Contractor may be subject to penalties under IC §§4-2-6, 4-2-7, 35-44-1-3, and under any other applicable laws.
- C. The Contractor certifies by entering into this Contract that neither it nor its principal(s) is presently in arrears in payment of taxes, permit fees or other statutory, regulatory or judicially required payments to the State of Indiana. The Contractor agrees that any payments currently due to the State of Indiana may be withheld from payments due to the Contractor. Additionally, further work or payments may be withheld, delayed, or denied and/or this Contract suspended until the Contractor is current in its payments and has submitted proof of such payment to the State.
- D. The Contractor warrants that it has no current, pending or outstanding criminal, civil, or enforcement actions initiated by the State, and agrees that it will immediately notify the State of any such actions. During the term of such actions, the Contractor agrees that the State may delay, withhold, or deny work under any supplement, amendment, change order or other contractual device issued pursuant to this Contract.
- E. If a valid dispute exists as to the Contractor's liability or guilt in any action initiated by the State or its agencies, and the State decides to delay, withhold, or deny work to the Contractor, the Contractor may request that it be allowed to continue, or receive work, without delay. The Contractor must submit, in writing, a request for review to the Indiana Department of Administration (IDOA) following the procedures for disputes outlined herein. A determination by IDOA shall be binding on the parties. Any

payments that the State may delay, withhold, deny, or apply under this section shall not be subject to penalty or interest, except as permitted by IC §5-17-5.

- F. The Contractor warrants that the Contractor and its subcontractors, if any, shall obtain and maintain all required permits, licenses, registrations, and approvals, and shall comply with all health, safety, and environmental statutes, rules, or regulations in the performance of work activities for the State. Failure to do so may be deemed a material breach of this Contract and grounds for immediate termination and denial of further work with the State.
- G. The Contractor affirms that, if it is an entity described in IC Title 23, it is properly registered and owes no outstanding reports to the Indiana Secretary of State.
- H. As required by IC §5-22-3-7:
  - 1. The Contractor and any principals of the Contractor certify that:
    - (A) the Contractor, except for de minimis and nonsystematic violations, has not violated the terms of:
      - (i) IC §24-4.7 [Telephone Solicitation Of Consumers];
      - (ii) IC §24-5-12 [Telephone Solicitations]; or
      - (iii) IC §24-5-14 [Regulation of Automatic Dialing Machines];in the previous three hundred sixty-five (365) days, even if IC §24-4.7 is preempted by federal law; and
    - (B) the Contractor will not violate the terms of IC §24-4.7 for the duration of the Contract, even if IC §24-4.7 is preempted by federal law.
  - 2. The Contractor and any principals of the Contractor certify that an affiliate or principal of the Contractor and any agent acting on behalf of the Contractor or on behalf of an affiliate or principal of the Contractor, except for de minimis and nonsystematic violations,
    - (A) has not violated the terms of IC §24-4.7 in the previous three hundred sixty-five (365) days, even if IC §24-4.7 is preempted by federal law; and
    - (B) will not violate the terms of IC §24-4.7 for the duration of the Contract, even if IC §24-4.7 is preempted by federal law.
- I. As required by IC §5-22-16.5, the Contractor certifies that the Contractor is not engaged in investment activities in Iran. Providing false certification may result in the consequences listed in IC §5-22-16.5-14 including termination of this Contract, denial of future state contracts, as well as an imposition of a civil penalty.

26. Governing Laws

This Contract shall be governed, construed, and enforced in accordance with the laws of the State of Indiana, without regard to its conflict of laws rules. Suit, if any, must be brought in the State of Indiana.

27. Order of Precedence

Any inconsistency or ambiguity in this Contract shall be resolved by giving precedence in the following order: (1) this Contract, (2) attachments prepared by the State, (3) RFP#2012-1, (4) Contractor's response to RFP#2012-1, and (5) attachments prepared by the Contractor. All attachments, and all documents referred to in this paragraph, are hereby incorporated fully by reference.

28. Qualification to do Business in Indiana

Contractor certifies that it is duly registered with the Indiana Secretary of State to transact business in Indiana.

29. Indemnification

Contractor agrees to indemnify, defend, and hold harmless the Administrator and the State of Indiana and their agents, officers, and employees from all claims and suits including court costs, attorney's fees, and other expenses arising from or related to any act of bad faith, negligence, intentional or willful misconduct, breach of duty, or any other negligent act or omission of Contractor and/or its agents, if any, in the performance of this contract. The Administrator shall not provide such indemnification to Contractor.

30. Release

Administrator releases Contractor and its affiliates for any claims, demands, liabilities, or expenses arising from or alleged to arise from any action of inaction taken by Contractor and its affiliates pursuant to the direction of Administrator of any authorized agent thereof.

Administrator acknowledges that Contractor, its affiliates and their directors, officers, employees, and authorized representatives are not responsible for investment performance of any authorized investment options under the Plans.

31. Substantial Performance

This contract shall be deemed to have been substantially performed only when fully performed according to its terms and conditions and any modification thereof.

32. Waiver of Rights

No right conferred on either party under this contract shall be deemed waived and no breach of this contract excused, unless such waiver or excuse shall be in writing and signed by the party claimed to have waived such right. Neither the State's review, approval or acceptance

of, nor payment for, the services required under this Contract shall be construed to operate as a waiver of any rights under this Contract or of any cause of action arising out of the performance of this Contract, and the Contractor shall be and remain liable to the State in accordance with applicable law for all damages to the State caused by the Contractor's negligent performance of any of the services furnished under this Contract.

### 33. Payments

All payment obligations shall be made in arrears in accordance with Indiana law, state fiscal policies and procedures.

### 34. Disputes

Should any disputes arise with respect to this contract, the Administrator and the Contractor agree to act immediately to resolve any such disputes. Time is of the essence in the resolution of disputes. Any dispute over the fulfillment of the terms of the contract which cannot be resolved by the agreement of the Administrator and the Contractor shall be decided in the sole discretion of the Administrator. Contractor shall have the right to litigate any disputes that are not resolved by any subsequent Administrator to the satisfaction of the Contractor.

The Contractor agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this contract which are not affected by the dispute. Should the Contractor fail to continue without delay to perform its responsibilities under this contract in the accomplishment of all non-disputed work, any additional costs incurred by the Contractor or the Administrator as a result of such failure to proceed shall be borne by the Contractor, and the Contractor shall make no claim against the State of Indiana for such costs.

The Administrator may withhold payments on disputed items pending resolution of the dispute. The unintentional nonpayment by the Administrator to the Contractor of one or more invoices not in dispute in accordance with the terms of this contract will not be cause for Contractor to terminate this contract, and the Contractor may bring suit to collect without following the dispute procedure contained herein. This section shall not be construed to limit the right of either party to terminate the contract pursuant to the terms of the "Termination" section of the contract.

### 35. Conflict of Interest

A. As used in this section:

"Immediate family" means the spouse and the unemancipated children of an interested party.

"Interested party," means:

1. The individual executing this Contract, on behalf of the Contractor;
2. An individual who has an interest of three percent (3%) or more of Contractor, if Contractor is not an individual; or
3. Any member of the immediate family of an individual specified under subdivision 1 or 2.

“Administrator” means the Indiana Auditor of State.

“Commission” means the State Ethics Commission.

- B. The Administrator may cancel this Contract without recourse by Contractor if any interested party is an employee of the State of Indiana.
- C. The Administrator will not exercise its right of cancellation under section B, above, if the Contractor gives the Administrator an opinion by the Commission indicating that the existence of this Contract and the employment by the State of Indiana of the interested party does not violate any statute or code relating to ethical conduct of state employees. The Administrator may take action, including cancellation of this Contract, consistent with an opinion of the Commission obtained under this section.
- D. Contractor must make reasonable efforts under this Contract to disclose to the Administrator when an interested party is or becomes an employee of the State of Indiana. The obligation under this section extends only to those facts that Contractor knows or reasonably could know.

### 36. Changes

Contractor shall notify Administrator in writing within three (3) business days of any of the following changes: (1) Contractor becomes aware that any of its representations, warranties and covenants set forth herein cease to be materially true at any time during the term of this Agreement; (2) there is any material change in Contractor’s senior personnel assigned to perform service under this Agreement; (3) there is any material change in ownership or control of Contractor; (4) Contractor becomes aware of any other material change in its portfolio management structure or its business organization, including without limitation the filing for bankruptcy relief.

### 37. Investigations and Complaints

To the extent permitted by applicable law, Contractor shall promptly advise Administrator in writing of any extraordinary investigation, examination, complaint, disciplinary action or other proceeding, which in the sole discretion of Contractor, relates to or affects Contractor’s ability to perform its duties under this Agreement which is commenced by any of the following: (1) the Securities and Exchange Commission of the United States; (2) the New York Stock Exchange; (3) the American Stock Exchange; (4) the National Association of Securities Dealers; (5) any Attorney General or any regulatory agency of any state of the United States; (6) any U.S. Government department or agency; or (7) any governmental agency regulating securities of any country in which Contractor is doing business. Except as otherwise required by law, Administrator shall maintain the confidentiality of all such information until investigating entity makes the information public.

### 38. Notice to Parties:

Whenever any notice, statement or other communication shall be sent to the Administrator or Contractor, it shall be sent to the following addresses, unless otherwise specifically advised.

Notices to the Administrator shall be sent to:

Administrator, State of Indiana Deferred Compensation Plans  
c/o Auditor of State of Indiana  
240 State House  
200 West Washington Street  
Indianapolis, IN 46204

Notices to the Contractor shall be sent to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

39. Authority to Bind

Notwithstanding anything in this Agreement to the contrary, the signatory for the Contractor represents that he/she has been duly authorized to execute agreements on its behalf.

40. Debarment and Suspension

Contractor certifies, by entering into this Contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from entering into this Contract by any federal agency or department, agency or political subdivision of the State of Indiana. The term "principal", for purposes of this Contract, means an officer, director, owner, partner, key employee, or other person with primary management or supervisory responsibilities, or a person who has a critical influence on or substantive control over the operations of Contractor.

41. Default by Administrator

If the Administrator, ninety (90) days after written notice, fails to correct or cure any material breach of this Contract, then Contractor may cancel and terminate this Contract and collect all monies due up to and including the date of termination, subject to the provision governing Continuity of Services.

42. Drug-Free Workplace Certification

As required by Executive Order No. 90-5 dated April 12, 1990, issued by the Governor of Indiana, the Contractor hereby covenants and agrees to make a good faith effort to provide and maintain a drug-free workplace. The Contractor will give written notice to the State within ten (10) days after receiving actual notice that the Contractor, or an employee of the Contractor in the State of Indiana, has been convicted of a criminal drug violation occurring in the workplace. False certification or violation of this certification may result in sanctions including, but not limited to, suspension of contract payments, termination of this Contract and/or debarment of contracting opportunities with the State for up to three (3) years.

In addition to the provisions of the above paragraph, if the total amount set forth in this Contract is in excess of \$25,000.00, the Contractor certifies and agrees that it will provide a drug-free workplace by:

- A. Publishing and providing to all of its employees a statement notifying them that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Contractor's workplace, and specifying the actions that will be taken against employees for violations of such prohibition;
- B. Establishing a drug-free awareness program to inform its employees of (1) the dangers of drug abuse in the workplace; (2) the Contractor's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace;
- C. Notifying all employees in the statement required by subparagraph (A) above that as a condition of continued employment, the employee will (1) abide by the terms of the statement; and (2) notify the Contractor of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- D. Notifying the State in writing within ten (10) days after receiving notice from an employee under subdivision (C)(2) above, or otherwise receiving actual notice of such conviction;
- E. Within thirty (30) days after receiving notice under subdivision (C)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) taking appropriate personnel action against the employee, up to and including termination; or (2) requiring such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement, or other appropriate agency; and
- F. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (A) through (E) above.

#### 43. Employment Eligibility Verification

As required by IC §22-5-1.7, the Contractor swears or affirms under the penalties of perjury that:

- A. The Contractor does not knowingly employ an unauthorized alien.
- B. The Contractor shall enroll in and verify the work eligibility status of all his/her/its newly hired employees through the E-Verify program as defined in IC §22-5-1.7-3. The Contractor is not required to participate should the E-Verify program cease to exist. Additionally, the Contractor is not required to participate if the Contractor is self-employed and does not employ any employees.

- C. The Contractor shall not knowingly employ or contract with an unauthorized alien. The Contractor shall not retain an employee or contract with a person that the Contractor subsequently learns is an unauthorized alien.
- D. The Contractor shall require his/her/its subcontractors who perform work under this Contract to certify to the Contractor that the subcontractor does not knowingly employ or contract with an unauthorized alien and that the subcontractor has enrolled and is participating in the E-Verify program. The Contractor agrees to maintain this certification throughout the duration of the term of a contract with a subcontractor.

The State may terminate for default if the Contractor fails to cure a breach of this provision no later than thirty (30) days after being notified by the State.

#### 44. Non-Collusion and Acceptance

The undersigned attests under penalties of perjury that he is the contracting party, or that he is the representative, agent, member or officer of the contracting party, that he has not, nor has any other member, employee, representative, agent or officer of the firm, company, corporation or partnership represented by him, directly or indirectly, to the best of his knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he has not received or paid, any sum of money or other consideration for the execution of this agreement other than that which appears upon the face of the agreement.

The parties having read and understood the foregoing terms of the contract do by their respective signatures dated below hereby agree to the terms thereof, including, if this contract is in excess of \$25,000, the Drug-Free Workplace Certification.

**Contractor**

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By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Attested By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**AUDITOR OF STATE TIM BERRY  
AS ADMINISTRATOR**

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Tim Berry, Indiana Auditor of State  
As Administrator of the Indiana Public  
Employees Deferred Compensation  
Plan and Matching Plan

Date: \_\_\_\_\_

## **ATTACHMENT A - SCOPE OF SERVICES**

### **I. Recordkeeping Services Provided by Contractor under this Agreement**

Contractor agrees to establish and maintain complete and accurate plan participant accounts and related services.

#### **A. Initial Transition**

Contractor will establish on its recordkeeping system Participant and related data from the prior recordkeeper(s). Such data includes, but is not limited to, indicative data (name, address, birth date, etc.). Detailed instructions will be provided to the prior recordkeeper(s) in advance for the format, compilation, timing, and forwarding of required data. Participant changes to indicative data that occur between the date that data is transferred and the Agreement effective date will be communicated by the prior recordkeeper(s) and updated accordingly on the recordkeeping system.

Assistance will be provided by Contractor to coordinate the transition of Participant contribution processing from the prior recordkeeper(s) to Contractor's recordkeeping system. Contractor will process Participant contributions received after the Effective Date. The prior recordkeeper(s) will process Participant contributions received prior to the Effective Date, and issue their last quarterly statements to Participants accordingly.

Data applicable to Plan Participants who are presently in payout status and who are receiving any type of non-annuity systematic withdrawal or periodic payments will be transitioned from the prior recordkeeper(s). Such data includes, but is not limited to, indicative data (payee name, address, etc.), type of systematic or periodic withdrawal payout, payment amount, payment frequency, issue dates, etc. Contractor will provide detailed instructions in advance to the prior recordkeepers for the format, compilation, timing, and forwarding of the required data.

#### **B. Participant Account Information**

1. A Participant account will consist of the following Participant indicative data when received by Contractor in good order at its Home Office:
  - a. Name
  - b. Gender
  - c. Social Security Number
  - d. Mailing Address
  - e. Telephone Number

- f. Date of Birth
  - g. Beneficiary Information.
2. Current investment allocation for each investment option authorized by the Administrator.
  3. History of investment allocations by the Participant since the Effective Date of this Agreement.
  4. Current account balances of each Participant in each investment option authorized by the Administrator.
  5. Record of each transaction made to each investment option authorized by the Administrator since the Effective Date of this Agreement.

C. Investment Options

1. Authorized Investment Options

The Indiana Deferred Compensation Committee (hereinafter referred to as the “Committee”) has selected initially the investment options listed in the Authorized Investment Option Exhibit, incorporated by reference, and as mutually agreed to by the parties to this Agreement (hereinafter referred to as “Authorized Investment Options”).

Contractor agrees to replace the Authorized Investment Options with other Authorized Investment Options selected by the Committee as directed by the Administrator. Administrator agrees to replace the Authorized Investment Options no more than twice per year, except in situations where Administrator determines that the retention of a particular investment option until the end of the six (6) month period would not be in the best interest of the Plan Participants (hereinafter referred to as “extraordinary situations”).

Sixty (60) days advance written notice of the intent by either party to add or terminate an investment option is required. Contractor will cooperate with the Administrator to terminate or add new investment options and Contractor will assist the Administrator in appropriately notifying Participants of any changes via Participant quarterly statements. Contractor agrees that such replacement(s) in extraordinary situations will be made as soon as practicable, as agreed to by the parties.

2. Default Investment Option

Administrator initially identifies as designated by the Committee the applicable lifestyle investment options (herein after referred to as the “Default Investment Option”) for amounts received from Participants,

including contributions, transfers and direct rollovers, without complete allocation instructions. This designation shall remain in effect until the Administrator has identified new Default Investment Option as designated by the Committee. Such amounts will be deposited and held in the Default Investment Option until complete allocation information has been received from Participants in good order. Once complete allocation instructions have been received, Participant allocation instructions will be updated on the system for future contributions.

3. Indiana Stable Value Fund Accounting Services

Accounting for the Indiana Stable Value Fund will be in accordance with the Resolution of the Indiana Deferred Compensation Committee approved August 23, 2003 and as amended from time to time. Administrator agrees to provide 60 days notice to Contractor should resolutions be adopted modifying the accounting of the fund. Administrator acknowledges and agrees that the Indiana Stable Value Fund is not a security subject to either the Securities Exchange Act of 1933 or the Investment Company Act of 1940.

4. Custom Options

Administrator hereby provides instruction to Contractor to record keep the custom portfolios according to the Custom Options Exhibit attached to, and form a part of, this contract.

These instructions and authorizations shall remain in effect until the Administrator notifies Contractor in writing that such instructions and authorizations have been revoked.

5. Mutual Fund Redemption Fees

Contractor agrees to work to enhance its recordkeeping system to gain the capability to assess redemption fees pursuant to the specific requirements of the various mutual funds. Contractor also agrees to enter into agreements with each mutual fund company to begin assessing redemption fees by each mutual fund's deadline. Funds may impose redemption fees on certain transfers, redemptions or exchanges if assets are held less than the period stated in the fund's prospectus or other disclosure documents. Any and all fees imposed by the provider of any investment option offered by the Plan and selected by the Participant, including but not limited to redemption fees, shall be deducted from the Participant's account.

D. Valuation of Participant Account Balances

Participant Account Balances held with respect to the Plan will be accounted for as follows:

1. Amounts that are not guaranteed as to principal or interest will be accounted for at their fair market value as of the close of each Business Day. The term “Business Day” is defined as any day, and only for as many hours as, the New York Stock Exchange is open.
2. Amounts receiving a guaranteed interest rate and a guarantee of principal will be accounted for at book value. Interest will be accounted for on a daily effective method.

E. Contributions, Transfers and Limitations

1. Contributions

Plan Service Center with ACH

Contributions sent directly online to Contractor’s recordkeeping system (currently called “Plan Service Center”) and processed by \_\_\_\_\_ will be allocated effective the next Business Day (at that Business Day’s unit value). If contributions are processed via Plan Service Center after \_\_\_\_\_, they will be effective two (2) Business Days thereafter. Funds must be sent via Automated Clearinghouse (ACH) within the Plan Service Center system functionality.

Methods Other Than Plan Service Center with Wire/Check

Contributions sent directly to Contractor before the close of the New York Stock Exchange (typically 4:00 p.m. Eastern Time) will be allocated effective that Business Day (at that Business Day’s unit value) if complete and accurate records and the funds via wire or check are received by Contractor that Business Day. If accurate records and the corresponding contributions are received on a Business Day by Contractor after the close of the New York Stock Exchange, they will be effective the next Business Day after receipt.

2. Transfers

Participant initiated transfers will be processed and effective the Business Day they are received at Contractor’s Home Office, if received before the close of the New York Stock Exchange (typically 4:00 p.m. Eastern Time) and will be processed and effective the same Business Day. If transfers are received at Contractor’s Home Office after the close of the New York Stock Exchange, transfers will be processed and be effective the next Business Day. However, transfer timing will be subject to any investment option restrictions or future applicable regulations.

3. Transfer Limitations

Administrator hereby acknowledges receipt of and agrees to adhere to the terms and conditions of the Market Timing Prevention Policies attached to this Agreement as the Market Timing Prevention Policies Exhibit.

F. Automated Voice Response System

Participants will have access to a toll free, automated voice response system to inquire or make applicable changes with respect to their account from a touch-tone telephone.

As an optional service, Contractor can provide for deferral processing via automated voice response system and the website (see below) if elected by the Administrator. In order to provide this service, the Administrator must utilize the Plan Service Center system and must provide for the initialization of all the Participant's deferral amounts. Participants may access the website to input the following required payroll deferral amount/percentage information. In order to deduct the payroll deferral amount/percentage from the Participant's paycheck, the Administrator agrees to upload the payroll deferral amounts into their payroll system and remit them electronically via Plan Service Center.

The recordkeeping system is available 24 hours a day, except for routine maintenance of the system, which when necessary generally takes place on \_\_\_\_\_ between the hours of \_\_\_\_\_ and \_\_\_\_\_. However, the recordkeeping system may be unavailable at other times if necessary for maintenance.

G. Internet Site

Participants will have access to a web site with the current web site address [www.hoosierstart.com](http://www.hoosierstart.com)), to be maintained by the Contractor, to inquire or make changes with respect to their account(s) via the Internet.

The appearance (content) of the Internet web site will be customized in terms of such items as the Administrator's logo, information and colors. The web site functionality and access to system data cannot be customized. Mutually agreeable enhancements to the web site's content and errors in the web site's content will be completed/corrected on a weekly basis after written notification is received at the Home Office. Corrections to the functionality of the Contractor's recordkeeping system or data records maintained on the recordkeeping system shall be made only as mutually agreeable.

The web site is available 24 hours a day, except for routine maintenance of the system, which when necessary generally takes place on \_\_\_\_\_ between the hours of \_\_\_\_\_ and \_\_\_\_\_. However, access to the web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades, maintenance or for other reasons.

H. Client Service

Client service representatives will be available toll-free from Contractor's Home Office to answer Participant questions and process applicable transactions requested between the hours of 9:00 a.m. to 8:00 p.m. Eastern Standard/Day Light Time each Business Day and from 9:00 a.m. to 3:00 p.m. Eastern Standard/ Day Light Time on Saturday. Contractor also agrees to establish a local call center in Indianapolis within one hundred eighty (180) days of reaching 200,000 Participants collectively between the Plans included in this contract and the plan(s) established for the Public Employees Retirement Fund of the State of Indiana.

I. Administrator Access to Recordkeeping System

Administrator may access online the recordkeeping system (currently called "Plan Service Center") to inquire or make changes and access reports while administering the Plan.

Representative(s) will be made available to assist and train employees of the Administrator in properly accessing and processing transactions on to the recordkeeping system as requested.

The recordkeeping system is available consistent with the availability of the automated voice response system.

J. Reporting

1. Participant Statements

Each Participant will receive a statement of his/her account summarizing all activity for the previous calendar quarter, including:

- a. Beginning and ending balances.
- b. All transactions processed during the quarter, including contributions.
- c. Interest or change in value.
- d. Fees/Charges (if applicable).
- e. Transfers and withdrawals for each of the investment options for the quarter.
- f. Vested percentage (as applicable).

Participants will have the option to access such statements via the Electronic Filing Cabinet within the web site or continue to receive such

statements via the mail. Participant statements will continue to be mailed for those Participants who do not specifically elect to access their statement via the web site. However, if a Participant elects to access their Participant statement via the web site, no future Participant statements will be mailed to that Participant. For those Participants who desire to change their election (from website to mail), future statements for those Participants will be mailed each quarter after the election change.

Such statements will be available on the website or mailed within fifteen (15) Business Days of the end of each calendar quarter, or within ten (10) Business Days after receipt of information in good order from third party sources, whichever is later. The parties acknowledge that the first quarterly statement may be available at a later date while records are being established.

If Participant statements are to be mailed, statements will be mailed to each Participant's last known home address as provided by Plan Sponsor and/or Prior Recordkeeper.

Additionally, each Participant will receive a confirmation of every completed change. Participants will also have access to their account activity via a voice response unit and the web site. Should notification of any errors on a Participant's statement be received at the home office within ninety (90) days after the statement date, retroactive correction of such error(s) identified made within the previous statement period will be made. However, should errors not be identified within ninety (90) days of the statement date, or the errors have been made by the Participant, Plan Sponsor or other third party, the error(s) will be corrected, but not made effective retroactively.

## 2. Employer Reporting

### a. Employer Plan Summary

The Administrator will receive an Employer Plan Summary Report summarizing plan level assets and Participant account balances no later than thirty (30) Business Days after each calendar quarter end, or within ten (10) Business Days after receipt of information in good order from third party sources, whichever is later. However, the first report may be delayed beyond this thirty (30) Business Day period while records are being set up. The following plan information is outlined in the report:

- 1) Account summary—a summarization of plan transactions and assets.
- 2) Summarization of contributions processed.

- 3) Withdrawals.
- 4) Annuities purchased.
- 5) Periodic payments.
- 6) Investment option grand totals—summarizes both dollars and units/shares and plan activity.
- 7) Investment option totals by money type—summarizes both dollars and units/shares and money type activity.
- 8) Participant summary—report of account activity for each Participant.
- 9) Amount of Administrative Fee collected by Contractor for the quarter.

b. Annual Plan Review

The Administrator will receive an Annual Plan Review in writing and accompanied by an oral presentation from Contractor including the following information:

- 1) Review of enrollment efforts.
- 2) Asset allocation information/contribution distributions (investment options and fixed/variable split).
- 3) Voice response usage and enhancements.
- 4) Benefit payments.
- 5) Direct online system access - current services and available services.
- 6) Legislative updates.
- 7) A breakdown of participating local subdivisions by number of active and inactive participants and total assets per local subdivision.

c. Plan Reconciliation

Within (90) calendar days of the end of each calendar year, Contractor shall prepare reconciliation of the Plans for the Administrator. The following items will be included:

- 1) Total amount of compensation paid to the Contractor

- 2) Annual amount of redemption fees assessed by investment option
- 3) All 12(b)(1) marketing allowances and/or other shareholder service fees received on behalf of the Plans.

Funds received by Contractor on behalf of the Plans shall be placed into the revenue sharing account maintained under the plan.

3. Investment Consultant

Contractor shall provide a quarterly report to the Investment Consultant selected by the Committee in a format and on a timeframe to be mutually agreed to by the Contractor and Investment Consultant in order to provide reasonably necessary information to enable the Investment Consultant to prepare a complete and timely quarterly investment performance report to the Committee and otherwise perform its duties and obligations.

K. Regulatory Updates

Contractor agrees to periodically make information available concerning federal legislative activity of which Contractor is aware which may affect the Plan and related funding contracts. Such information, however, does not constitute legal or tax advice regarding the legal sufficiency of the Plan.

L. Benefits, Tax Withholding and Reporting

Upon receipt of complete payment instructions from the Administrator by Contractor at its Home Office, benefit payments to Participants and beneficiaries will be made within five (5) Business Days. For the purposes of this Agreement, "complete payment instructions" means that all of the requested information on the Participant benefit request form has been completed along with the required signature(s). The benefit payments with respect to each Participant account will be made, tax withheld and the tax reporting reported as follows:

1. A record will be maintained of any distribution from the Plan made with respect to the Participant and the reason for the distribution.
2. Appropriate federal and state income tax withholding and tax reporting that is applicable at the time of the distribution will be performed and sent to the Participant or beneficiary for each benefit payment from the Plan with respect to the Participant or beneficiary.
3. The income tax withholding will be forwarded to the Internal Revenue Service and other appropriate state entities will be completed by the applicable due dates.

4. Information will be provided to the Internal Revenue Service annually showing an accounting of all Participants who have received distributions during the previous calendar year.

If the Participant makes more than two voluntary changes to the frequency or amount of their benefit payments in any calendar year, Contractor reserves the right, with the prior written consent of Administrator, to charge the amount listed in the Fees section of this Agreement for each subsequent change. A change in amount due to a pre-programmed periodic payment, or a change necessitated by regulatory limits or requirements is not counted as a voluntary change. At the present time, this fee is not being imposed. However, Contractor reserves the right to impose this fee, with advance notice, if voluntary benefit payment changes become excessive in the opinion of Contractor.

M. Qualified Domestic Relations Orders (QDROs)

The Administrator's approved model form of Qualified Domestic Relations Order ("QDRO") is attached to this Contract. Administrator hereby approves and instructs Contractor to treat as qualified each QDRO received by Contractor in good order using the model QDRO form, or a form that is similar in all material respects to the model QDRO form. Contractor is instructed to process the QDRO, without Administrator signature, by establishing a separate account for the Alternate Payee or making a lump sum distribution to the Alternate Payee if elected by the time the QDRO is processed. Administrator instructs Contractor to send a copy of each QDRO confirmation or rejection letter.

Contractor is further instructed to process distribution requests received in good order, and in a manner acceptable to Contractor, from Alternate Payee accounts approved prior the effective date of this Contract. Administrator instructs Contractor to calculate any Alternate Payee's QDRO amount based solely on the Participant's account records on Contractor's recordkeeping system and to reject any QDRO that specifies a valuation date prior to the date Contractor began providing recordkeeping services to the Plan.

N. Loans

Should loans become available under the Plans, Administrator agrees that all loans shall be account reduction loans repaid by payroll deduction and consistent with the loan policy and the procedures established by the recordkeeper from time to time. Participants will be subject to the fees of Contractor at the time loans are available under the Plans.

O. Vesting

Vesting schedules will be administered according to the provisions of the Administrator's Plan Document and the following vesting information and services will be maintained for each Participant:

1. Maintain the vesting percentage, process withdrawals according to the vested/non-vested amounts and documents these amounts on Participant quarterly statements;
2. Utilize the vested amount when calculating a loan amount and when performing loan modeling services (if applicable).
3. Vesting will be tracked contingent upon the following conditions:
  - a. Administrator provides a current Plan Document;
  - b. The vesting schedule described in the Plan Document is a standard industry schedule agreeable to Contractor; and
  - c. Administrator or the relevant local subdivision's payroll center agrees to provide the necessary information directly online to the recordkeeping system required to track vesting such as the years of service completed for each Participant up to the effective date of this Agreement. Administrator agrees that no vesting services will be provided when incomplete or inaccurate information has been provided.

P. Rollovers From Other Eligible Code Section 457 Governmental Plans, Code Sections 401(a), 401(k) & 403(b) Plans & IRAs

457 Plan

If the Plan(s) accepts pre-tax rollovers from other eligible retirement plans, including Individual Retirement Accounts or Annuities (hereinafter referred to as "IRAs"), separate accounts will be maintained for rollovers from eligible Code section 457 plans, Code section 401(a), 401(k) and 403(b) plans and IRAs. Other accounts may be established from time to time for plan administration.

401(a) Plan

If the Plan(s) accepts rollovers from other eligible retirement plans, including Individual Retirement Accounts or Annuities (hereinafter referred to as "IRAs"), separate accounts will be maintained for rollovers from eligible Code Section 457 plans, Code Section 401(a), 401(k) and 403(b) plans, IRAs and direct rollovers of after-tax contributions from an Code Section 401(a) or 401(k) plan, if any. Other accounts may be established from time to time as required for plan administration.

Administrator agrees that rollovers will be administered according to the rollover policy and procedures established by the Contractor from time to time.

Amounts distributed from rollover accounts will be tax reported pursuant to the internal revenue laws in effect on the date of the distribution.

Q. 415 (c) Compliance Services

Contractor agrees to provide to the Administrator, if applicable to the 401(a) Plan, IRC 415(c) (annual additions) contribution limit testing at no additional cost.

R. Mandatory Cash-outs

If the Plan mandates the cash-out of account balances less than \$5,000 and more than \$1,000 and Treasury Regulations require the Plan to designate an IRA provider to receive unclaimed accounts, a separate IRA product will be made available to the Plan.

S. Code Section 402(f) Notice

Contractor shall provide the Internal Revenue Service Model Notice, as amended from time to time, to Participants pursuant to Code Section 402(f).

T. SAS 70 Report

SAS 70 Reports will be made available to the Administrator as requested.

U. Insurance

A primary general liability insurance coverage against claims for injuries to persons or damage to property including contractual liability that may arise from work performed under this Agreement. This insurance shall cover such claims as may be caused by any act, omission, or negligence of Contractor, its affiliates, their officers, agents, representatives or assigns shall be obligated to pay as damages by reason of the liability imposed by law upon Contractor, its affiliates, their officers, agents, representatives or assigns. A certificate of Commercial General Liability and Commercial Automobile Liability (Occurrence Coverage), to include bodily injury and property damage with combined single limits of \$5,000,000 per claim and \$10,000,000 aggregate per year will be provided to the Administrator. This certificate shall name the Plan and the Administrator as additional insureds under the policy.

Contractor will maintain a Financial Institution Bond in the amount of \$5,000,000 against loss resulting directly from dishonest or fraudulent acts committed by an employee. Considered to be first party protection against losses suffered, the Plan and Administrator may not be specifically named as additional insureds under the Financial Institution Bond. Applicable restitution to the Plan and Administrator will be made for any related losses experienced and subsequent claims paid them to the extent of any direct financial losses experienced by the Plan and the Administrator and covered under the Financial Institution Bond.

Contractor and its subsidiaries maintain statutory workers' compensation benefits and employers liability coverage in the amount of \$1,000,000 bodily injury by accident and \$1,000,000 bodily injury by disease (policy limit and each person). Contractor will provide a certificate of such coverage to the Administrator.

Professional Liability Insurance Policy (Errors and Omissions) will be maintained for Contractor and its subsidiaries in amount of \$10,000,000 per occurrence and in aggregate for the wrongful acts unintentionally committed in conjunction with the performance of professional services. The Plan and the Administrator may not be specifically named as additional insureds under the Professional Liability Policy. Applicable restitution to the Plan and Administrator will be made for any related losses experienced and subsequent claims paid them to the extent of any direct financial losses experienced by the Plan and the Administrator and covered under the Professional Liability Insurance Policy.

#### V. Plan Participant Surveys

The following surveys shall be performed by the Contractor at no charge to the Plan:

1. Up to two (2) surveys per year, one of which can be plan-wide survey and the other survey can be directed to a target group via mail or web site or to a focus group as selected by the Administrator.
2. A survey will be placed on the Plan web site as often as the Administrator elects.

All survey results will be reported to the Administrator within sixty (60) days following conclusion of the survey period.

The Contractor will coordinate with the Administrator in developing the surveys referenced in (1) and (2) above and to consider other survey and market research alternatives that may benefit the Plan. Other alternatives in addition to (1) and (2) above may involve additional fees.

#### W. Death Benefit Claim Processing

Administrator instructs and authorizes Contractor to process Death Benefit Claim forms received in good order from beneficiaries under the Plan. Contractor is instructed to determine the beneficiary pursuant to the most recent beneficiary designation available to Contractor. If a Participant does not designate a beneficiary, or if no designated beneficiary survives the Participant, the Participant's beneficiary shall be determined pursuant to the terms of the Plan, as amended from time to time.

Death Benefit Claim forms remitted with incomplete information will not be processed and the claimant will be notified of the deficiency. Processing will continue once Contractor receives all required information in good order.

Claimants determined not to be a beneficiary will be notified that their claim has been rejected.

Administration agrees to make determinations with respect to any competing or other questionable death claims. Administrator and Contractor will jointly develop procedures and communications for reviewing and processing Death Benefit Claim forms.

X. Unforeseeable Emergencies

Administrator agrees to provide up-to-date vesting, if applicable, and address information on all Participants in the Plan with each payroll remittance (full PDI). Administrator instructs Contractor to process, without Administrator signature, all Unforeseeable Emergency Requests ("Requests") received in good order, and in a manner satisfactory to Contractor, due to an unforeseeable emergency as described below resulting in a severe financial hardship to the Participant that cannot be alleviated by any other means available to the Participant. Administrator further instructs Contractor to rely on any and all representations made by a Participant in a Request, including, but not limited to:

1. An illness or accident of the Participant, the Participant's primary beneficiary, spouse or dependent (as defined in Internal Revenue Code §152, without regard to §152(b)(1), (b)(2) and (d)(1)(B));
2. Loss of the Participant's property due to casualty;
3. The following extraordinary and unforeseeable circumstances if they arise as a result of events beyond the control of the Participant:
  - a. The imminent foreclosure of or eviction from the Participant's primary residence;
  - b. The need to pay for medical expenses, including nonrefundable deductibles, as well as the cost of prescription drug medication; and
  - c. The need to pay for the funeral expenses of the Participant's primary beneficiary, spouse or dependent (as defined in Internal Revenue Code §152, without regard to §152(b)(1), (b)(2) and (d)(1)(B)).

**SITUATIONS NOT QUALIFYING FOR WITHDRAWAL**

Except in extraordinary circumstances, the following are examples of situations that are not considered eligible for withdrawal:

1. Purchase of real estate;

2. Payment of college tuition;
3. Unpaid rent or mortgage payments, except in the event of imminent foreclosure or eviction;
4. Unpaid utility bills;
5. Loan repayments;
6. Personal bankruptcy (except when resulting directly and solely from illness, casualty loss or other similar extraordinary and unforeseeable circumstances beyond your control);
7. Payment of taxes, interest or penalties; or
8. Marital separation or divorce.

Administrator will make the determination with respect to any unforeseeable emergency distribution request that does not clearly fall within the guidelines set forth above and shall be the arbitrator of all appeals.

In the event of any changes to applicable laws and/or regulations, Contractor may revise this authorization and instruction from time to time and without further notice to the Administrator. This authorization and instruction shall remain in effect until revoked by either party.

For each Participant receiving an unforeseeable emergency distribution, Administrator instructs Contractor to notify Administrator to suspend elective deferrals for the period required by the Plan, if any. For each Request that cannot be processed due to its failure to satisfy an unforeseeable emergency event, Administrator instructs Contractor to notify the Participant to contact the Administrator if he or she wishes to appeal the determination.

## **II. Communication Responsibilities Under the Agreement**

### **A. Special Representations**

1. Representative(s) assigned to perform services under this Agreement will be properly licensed, trained, qualified and supervised with respect to the conduct of their business activities.
2. Representative(s) will provide information in a manner consistent with applicable insurance and securities law. However, information supplied to Participants shall not constitute “investment and/or tax advice” upon which the Administrator may rely.
3. No representative may discriminate with respect to investment options provided under the Plan. Representative(s) will give equal and fair

representations when describing the various investment options available under the Plan.

4. Compensation to representative(s) will not vary based upon investment options selected by the Participants.

**B. Seminars and Communication Materials**

Contractor will provide Participant forms necessary for the administration of the Plan (and will customize them as mutually agreed to by the parties to this contract), educational materials and seminars regarding financial investing and retirement options. These materials and seminars may include, but are not limited to, newsletters, brochures, and seminars as described in the Marketing and Communication Materials Exhibit attached to this contract. Contractor will provide electronic and printed retirement seminars and materials that incorporate the impact of healthcare and dependent care costs on retirement planning.

**C. Group Presentations**

Representative(s) will conduct group meetings at which some or all of the following will be communicated:

1. Summary of the key provisions of the Plan.
2. Summary of investment options.
3. Discussion of services including automated voice response system inquiry, retirement planning, and investment seminars.
4. Instructions on how to sign up for the Plan or request an individual counseling session.

**D. Individual Counseling Sessions**

Upon request, representative(s) will conduct prescheduled individual counseling sessions utilizing a Participant paycheck analysis, an asset allocation model and retirement counseling services as approved by the Administrator.

**E. Local Office and Full Time Staff**

Contractor agrees to establish a local office including \_\_\_\_\_ full-time staff assigned to provide communication, marketing and administrative services exclusively to the Plans. Such staff will be responsible for group meetings and counseling sessions as directed by the Administrator. Contractor also agrees to assign a Vice President to the local office within one hundred eighty (180) days of reaching 200,000 Participants collectively between the Plans included in this contract and the plan(s) established for the public employees retirement fund of the state of Indiana.

F. Indiana Association Conferences

Contractor agrees to attend Indiana government associated groups, as mutually agreed, to provide information to clients and prospective clients of the benefits of the plan or information to adopt the Hoosier Start plan.

G. Online Enrollment

As optional service, Contractor can also provide for online enrollment via the web site as elected by the Administrator. In order to provide this service, the Administrator must utilize the Plan Service Center and must provide a Payroll Data Interchange (PDI) file with a listing of all employees eligible for the Plan that includes the following indicative data:

- Employee Name
- Social Security Number
- Mailing Address
- Date of Birth
- Date of Hire
- Contribution/Loan Fields
- Participation Date
- Eligibility Code

Once the Administrator has transmitted the PDI file, employees eligible to enroll in the Plan will be mailed a Personal identification Number (PIN) for the purpose of enrolling online. Employees may access the web site to input the following required information necessary to enroll in the Plan:

- Payroll Deferral Amount/Percentage
- Allocation Percentages among the authorized investment options for the Plan
  - Beneficiary Designations (if administered under this Agreement)

In order to deduct the Payroll Deferral Amount/Percentage from the Participant's paycheck, the Administrator agrees to upload the Payroll Deferral Amounts into their payroll system and remit them electronically via the Plan Service Center.

H. Communications and Marketing Plan

Contractor agrees to prepare an annual communications and marketing plan for review by the Administrator

### **III. Miscellaneous Provisions**

Contractor specifically accepts and agrees to each of the following requirements:

#### **A. Confidential Use of Information**

All information obtained by Contractor, and its affiliates from any individual employees, whether the employee becomes a Participant or not, will be kept in absolute confidence (as set forth in the Confidential Section of this Agreement) and will not be utilized by Contractor, its affiliates or any of their officers, directors, agents or employees in connection with any other matter without prior written consent of the Administrator. Contractor may disclose information as required by law without prior written consent of the Administrator. Administrator agrees Contractor may use non-Participant information regarding the Plan(s) in responses to Requests for Proposals and other publications.

#### **B. Responsibilities at Termination**

Upon relinquishing responsibilities at the termination of the Agreement, the following information will be provided within thirty (30) Business Days of termination of the Agreement in the recordkeeping system's standard format:

1. All Participant indicative data maintained on the recordkeeping system, including beneficiary information;
2. Each Participant account balance as of the termination date;
3. Participant current investment allocation and deferral information (i.e. if Contractor is selected as the deferral recordkeeper for the Plans);
4. Information regarding outstanding periodic payments, QDROs and hardships, if any.

Participant statements and Employer Plan Summaries will be provided up to and including the statement for the last calendar quarter covered by this Agreement.

#### **C. Licenses**

The Hoosier S.T.A.R.T.<sup>®</sup> name and logo and the slogan "Save Today and Retire Tomorrow"<sup>®</sup> are registered trademarks of the Indiana Auditor of State, as Administrator. Each party grants to the other parties a non-exclusive non-transferable license to use such party's (including Affiliates of such party) trade name, logo, trademark and service marks in order to market services to Programs, as necessary, within the scope and in accordance with the terms and conditions of this Agreement. The grant of such license shall terminate upon the termination of this Agreement. Otherwise, no parties shall use the name, logo, or trademarks or service marks of the others, except such use as would be lawful in the absence of a license, without prior written approval of the applicable party.

Each party agrees that the high quality of the services associated with the respectively licensed marks and the goodwill associated therewith are essential elements of this Agreement and that the provision of services under the marks shall be of a high quality. Each party's uses of the marks of the other party shall in no manner reflect adversely upon the marks or the good will of the respective Licensor of the marks. Each party shall submit to the other party a sample of all uses of the other party's marks for approval of the design and quality of such use of the marks and to assure that the marks are used in connection with the proper provision of services, the nature and quality of which has been approved by the respective Licensor. Such approval shall not be unreasonably withheld, conditioned or delayed by the respective Licensor. Approval shall be deemed given, and the submission of a sample shall not be required, if (I) the uses of the marks by the respective Licensee are the same as or similar to its past approved practices, or (ii) evidenced by written notice executed by the respective Licensor. The respective Licensor's failure to approve or disapprove any such sample within thirty (30) days shall be deemed approval of such sample.

#### **IV. Administrator Responsibilities**

- A. Administrator hereby acknowledges and agrees that Contractor may assign any interest in this Agreement and will utilize the service of any affiliate within its controlled group to perform any services of this Agreement.
- B. Administrator hereby appoints Contractor to exclusively provide the non-discretionary recordkeeping, communication and other services set forth in this Agreement for the Plan for the term of this Agreement.
- C. Administrator authorizes that employees may be contacted at (his/her) home or business address to obtain information needed to perform the services set forth in this Agreement.
- D. Administrator agrees to provide all information necessary to perform its duties set forth in this Agreement.
- E. Administrator agrees to use its best efforts, including, if necessary, recommending to the Committee the termination of a participating investment provider(s), to secure and maintain the cooperation of the participating investment provider(s) in providing the timely and accurate transmittal of data, including providing daily interest rates and unit/share values, required by Contractor pursuant to its responsibilities to the Plan.
- F. Should Administrator choose a custodial or trust account, the trustee/custodian must be able to interface with the recordkeeping system in a "passive" role and all the monies must be sent to the omnibus custodial bank account. Administrator agrees to require trustee/custodian to provide all information in the possession of trustee/custodian that is necessary for the performance of the recordkeeping duties under this Agreement.

- G. Administrator agrees to facilitate the scheduling of group and individual presentations and to provide facilities at which both the Administrator and Contractor mutually agree that satisfactory attendance can be expected.
- H. Administrator will be responsible for making final decisions approving early withdrawals of amounts due to “unforeseeable emergency” as that term is defined in the Code Section 457 Plan, the Code, and all Regulations issued pursuant to the Code. Contractor shall receive, review, coordinate, communicate, schedule, and host at the local office the monthly meetings of the Emergency Withdrawal Committee and shall communicate the decision of the Emergency Withdrawal Committee to any affected participant.
- I. Administrator will be responsible for making final decisions approving early withdrawals of amounts due to “hardship” as that term is defined in the 401(a) Plan, the Code, and all IRS Regulations issued pursuant to the Code. Contractor shall receive, review, coordinate, communicate, schedule, and host at the local office the monthly meetings of the Emergency Withdrawal Committee and shall communicate the decision of the Emergency Withdrawal Committee to any affected participant.

**ATTACHMENT B - SCHEDULE OF FEES**

**AUTHORIZED INVESTMENT OPTION EXHIBIT**

<b>Authorized</b>	<b>Authorized</b>
<b>Investment Option Name</b>	<b>Investment Option Name</b>
Indiana Stable Value Fund	Indiana 2055 Fund Indiana 2050 Fund Indiana 2045 Fund Indiana 2040 Fund Indiana 2035 Fund Indiana 2030 Fund Indiana 2025 Fund Indiana 2020 Fund Indiana 2015 Fund Indiana Retirement Fund
Indiana Flexible Bond Fund	Wells Fargo Advantage Capital Growth Fund
Vanguard Institutional Index Fund	Domini Social Equity Fund
Perkins Mid Cap Value Fund	PIMCO Total Return Fund
Fidelity Diversified International Fund	Fidelity Low-Priced Stock Fund
Ironbridge SMID Fund	American Funds Euro Pacific Growth Fund
State of Indiana Inflation-Linked Bond Fund	BlackRock Large Cap Value Fund
Vanguard Capital Opportunity Fund	

## CUSTOM OPTIONS EXHIBIT

### OPERATING DOCUMENT

1. This Exhibit confirms how the Custom Options will operate. It is agreed that the Contractor will create and administer the Custom Options for use by the State of Indiana Public Employees' Deferred Compensation Plan and Public Employees' Matching Plan ("Plans"), in accordance with the allocation of each portfolio as set and approved by the Administrator from time to time. The Administrator has approved the following allocation for each Fund.

#### Indiana Target Date Funds

Underlying Funds	2055	2050	2045	2040	2035	2030	2025	2020	2015	Retire
Vanguard Institutional Index	48%	48%	47%	44%	41%	37%	33%	28%	22%	18%
Ironbridge SMID	12%	12%	12%	11%	10%	9%	8%	7%	5%	5%
American Funds EUPAC	20%	20%	19%	18%	17%	16%	14%	11%	9%	7%
PIMCO Total Return	20%	20%	22%	27%	32%	38%	40%	38%	37%	37%
State of IN Inflation-Linked Bond	0%	0%	0%	0%	0%	0%	2%	7%	11%	13%
Indiana Stable Value	0%	0%	0%	0%	0%	0%	3%	9%	16%	20%
<b>Total Equity</b>	<b>80%</b>	<b>80%</b>	<b>78%</b>	<b>73%</b>	<b>68%</b>	<b>62%</b>	<b>55%</b>	<b>46%</b>	<b>36%</b>	<b>30%</b>
<b>Total Fixed</b>	<b>20%</b>	<b>20%</b>	<b>22%</b>	<b>27%</b>	<b>32%</b>	<b>38%</b>	<b>45%</b>	<b>54%</b>	<b>64%</b>	<b>70%</b>

#### State of Indiana Inflation-Linked Bond Fund

Asset Class Composition	Asset Class Composition Weightings	Investment Option Name	Investment Option Weightings
Fixed Income	100%	BlackRock Inflation Protected Bond (BPLBX)	100%
Equities	0%		0%
<b>TOTAL</b>	<b>100%</b>		<b>100%</b>

#### Indiana Flexible Bond Fund

Asset Class Composition	Asset Class Composition Weightings	Investment Option Name	Investment Option Weightings
Fixed Income	100%	PIMCO Unconstrained Bond Reams Unconstrained Fixed Income Lazard Global Core Plus	33.3% 33.3% 33.3%
Equities	0%		0%
<b>TOTAL</b>	<b>100%</b>		<b>100%</b>

## Indiana Stable Value Fund

Asset Class Composition	Asset Class Composition Weightings	Investment Option Name	Investment Option Weightings
Fixed Income	100%	Dreyfus Gov Cash Mgmt Fund	10%
		Fidelity MIP II	45%
		Logan Circle Partners Core Fixed Inc	45%
Equities	0%		0%
<b>TOTAL</b>	<b>100%</b>		<b>100%</b>

The Custom fund portfolios and accounting treatment thereof with respect to the plan shall be as follows:

1. The Custom Portfolios shall be created initially using the investment options and the allocation percentages mutually agreed upon by the Indiana State Auditor and Contractor. The Indiana State Auditor may change the investment options and/or allocation subject to Paragraph 5 below.

It is intended that an investment in Custom Portfolios will represent an investment in the constituent “stand alone” options, and not a separate security “Stand alone” for the purposes of this document shall mean the investment options available for individual investment under the plan.

2. Accounting for the Custom Portfolios will be reported each day the New York Stock Exchange is open on a “unitized” basis by dividing the market value of the Custom Portfolio by the number of units, subject to the Procedural Requirements for the Indiana State Auditor’s Custom Fund. The starting unit value for each Custom Fund shall be the ending unit price of the previous Contractor or a unit price mutually agreeable, or any unit value selected by the Indiana State Auditor on the-date such funds are established under this document.
3. The Custom Portfolios will be automatically rebalanced quarterly to bring the accounts back in line with the established percentages referred to in paragraph # 1 above. Such rebalancing will be accomplished by the sale and purchase of the appropriate underlying investment options. The automatic rebalancing will be effected during each calendar quarter. Rebalancing is defined as the process required to maintain a predetermined allocation among the investment asset classes in each Custom Fund as described in paragraph 1. During the quarter, underlying funds may perform differently, thus creating an “out of balance” according to the predetermined allocation among the individual investment funds that make up each Custom Fund.
4. Participants will be able to monitor the unit value(s) on a day-to-day basis on the web site and voice response unit. The composition of each of the Custom Funds will be included in communications material distributed to participants.

5. The composition of the above listed Custom Fund may only be replaced upon a mutually agreeable timetable and replacement should not be done more frequently than annually, except in the event that special circumstances created by market conditions or plan changes dictate a replacement. The Indiana State Auditor shall notify Contractor at least sixty (60) days prior to replacement of any of the underlying funds or should a new asset class be added to the Custom Fund or the allocation percentages change among the underlying funds.
6. In the event of an error in computation of a Custom Portfolio's unit value, the pricing error shall be corrected as follows:
  - 1.) if the pricing error results in a difference between the erroneous unit value and the correct unit value of less than \$0.01 per unit, then no corrective action need be taken;
  - 2.) if the pricing error results in a difference between the erroneous Unit Value and the correct Unit Value equal to or greater than \$0.01 per share, but less than 1/2 of 1% of the Custom Option's Unit Value at the time of the error, then the responsible party shall reimburse the Custom Fund for any loss that result from its errors, after taking into consideration any positive effect of such error; however, no adjustments to participant accounts need be made; and
  - 3.) if the pricing error results in a difference between the erroneous Unit Value and the correct Unit Value equal to or greater than 1/2 of 1 % of the Custom Fund's Unit Value at the time of the error, then the responsible party shall reimburse the Custom Funds for any loss (after taking into consideration any positive effect of such error) and
  - 4.) if an adjustment is necessary to correct a material error which has caused. participants to receive less than the amount to which they are entitled, the number of units of the applicable profile of such participants will be adjusted and the amount of any underpayments shall be credited by the Contractor or the investment option manager for crediting of such amounts to the applicable participants' accounts.
7. The standards set forth herein are based on the understanding of the views expressed by the staff of the Securities and Exchange Commission (hereafter called "SEC"). In the event the views of the SEC staff are later modified or superseded by the SEC or judicial interpretation, the provisions will be amended to comport with the appropriate applicable standards.
8. Contractor shall prepare all written/printed communications for the Custom Funds, including participant fact sheets. All written/printed communications distributed to Participants will clearly indicate that these are Custom Funds which participants who wish to diversify MAY choose but they may also select their own "customized" allocation from the "stand alone" investment options. Any "stand alone" investment option prospectuses and annual and semi-annual reports will be made available to participants by the Contractor.

## STATE OF INDIANA ETHICS EXHIBIT

Basic Rule: As of July 5, 2004, no person who has a business relationship with a state employee's agency shall provide gifts, favors, services, entertainment, food, or drink in any amount to such employee, except as permitted under Executive Order 04-08 or 40 Indiana Administrative Code § 2-1-6(b)(1)-(6), or any amendments to the same.

Such rules, which may apply to the prospective donor as well as the recipient of such gifts, seek to have the business of the state conducted impartially, free of influences of personal gain. Government employees' decisions should be made with the interest of the public in mind.

### Definition of Business Relationship

"Business relationship" means dealings an agency has with a person seeking, obtaining, establishing, maintaining, or implementing:

- (1) a pecuniary interest in a contract or purchase with an agency; or
- (2) a license or permit requiring the exercise of judgment or discretion by the agency.

Question: Our company often makes a sales pitch over lunch. Is there any ethical problem if we do this for state agency personnel?

Answer: There is a problem if you are buying the lunch. While few, if any, employees will be influenced in their decision-making by a chicken salad sandwich — or even a steak — it does violate ethics rules (40 IAC 2-1-6(a)) for a donor to offer, or for an employee to solicit or accept, something of value when the donor has a business relationship with the employee's agency, or when it could reasonably be inferred that the donor was trying to influence the state employee in their official capacity. The rule applies to all gifts other than mementos or souvenirs of nominal value.

### Travel Issues

Basic Rule: (a) An employee shall not accept payment for travel expenses, including lodging, transportation, and registration fees, for attending events concerning state business from a person who has a business relationship with the employee's agency. An employee's state officer or appointing authority may allow exceptions to this guideline in individual cases when consistent with the public interest. An appointing authority or state officer may designate the agency's ethics officer to exercise approval on behalf of the appointing authority or state officer. Such designation shall be in writing and filed with the state ethics commission.

(b) A person that has a business relationship with an employee's agency shall not pay such employee's travel expenses if the employee would not be permitted to accept the payment under this guideline.

This rule does not prohibit gifts that are accepted by an agency (rather than the employee as an individual) in accordance with applicable law. In general, however, the Ethics Commission discourages agencies from soliciting or accepting gifts (travel or otherwise) from entities seeking to do business with the state.

Question: Our company feels that our product would be most effectively demonstrated if the potential customer sees it in action first-hand. Are we allowed to pay for a state employee's travel expenses to visit another installation site?

Answer: If seeing the product in place in a different location would benefit the agency, we would recommend that the agency fund the trip. However, once the contract is in place, the Ethics Commission has waived the travel rule to allow vendors to pay for transportation of state employees to another site for training purposes.

### **Employing State Officers and Employees**

Basic Rule: A person or business that may want to offer a job to a state officer or employee with whom it does state business, should be aware that job negotiations create a financial interest for that employee or officer. As such, that person would no longer be lawfully permitted to act in the state's interest regarding that company.

Question: Our company's contract with the State Board of Widgets is handled through the Board's deputy director. We are quite impressed with her professionalism and would like to raise the question of her coming to work for us. Do we have to wait until our contract expires to do so?

Answer: No, but be aware that the deputy director would have to be screened from any involvement in handling your contract. If job negotiations occur while she exercises any discretion over the contract as a state employee, she would likely be violating IC 4-2-6-9 (conflict of interest).

### **Contract Provision**

The Commissioner of the Department of Administration shall ensure that all future contracts and other agreements with persons who contract with agencies shall contain a provision requiring that the contractor and its agents abide by all ethical requirements that apply to persons who have a business relationship with an agency, as set forth in Indiana Code § 4-2-6 et seq., the regulations promulgated there under, and this Executive Order. The Commissioner shall further require that if the contractor is not familiar with these ethical requirements, the contractor should refer any questions to the Indiana State Ethics Commission, or visit the Indiana State Ethics Commission website at <http://www.in.gov/ethics/>.

### **Penalties**

The Commissioner shall further require that if the contractor or its agents violate any applicable ethical standards, the agency may terminate the contract immediately in its sole discretion.