



**Responses to Inquiries
RFP 16-03
Stable Value Manager Services**

1. Please provide the IRS code sections that covers the ASA Plan (i.e. 401(a), 457, 401(k), etc)?

Answer: IRS Code Section 401(a).

2. The RFP lists a number of unique plans administered by INPRS, all or some of which appear to have both a Hybrid and ASA Only option. Can you confirm which plans will be allocating to this stable value mandate and if both the Hybrid and ASA Only options will be included?

Answer: INPRS maintains four distinct DC-like plans, which include the TRF Hybrid ASA, PERF Hybrid ASA, ASA-Only and Legislators DC. Each of these plans will offer a stand-alone stable value fund option.

3. If multiple plans will be allocating to the stable value mandate, what is the expected allocation by plan, and will stable value dollars from all of these plans be commingled or managed as separate stable value portfolios?

Answer: The new Stable Value provider will have one account, while BNY Mellon will unitize the assets appropriately.

4. Are the participating plans only available to state employees or can municipal/city/county employers choose to make the plans available to their employees as well? If so, what is the approximate number of entities participating and their approximate balance?

Answer: Municipal/city/county employers can participate in the PERF Hybrid ASA plan; it is not just for state employees. We currently have approximately 1100 participating employers.

5. Are there restrictions that prohibit any employer electing to offer the ASA from later terminating their participation and rolling the plan dollars to a newly established defined contribution plan?

Answer: Yes. If an employer did not have an alternative retirement plan outside of PERF as of July 1, 2015, they will not be able to create one. If an employer decided to withdrawal from PERF, and they did not have the plan prior to July 1, 2015, they will not be allowed to offer any other retirement plan to their members (DB or DC).

6. We understand the length of the stable value management contract is 5 years with renewal options. Would it be the state's expectation that the wrap contracts have a maturity date that coincides with this 5 year renewal option or could the contracts be evergreen in nature?

Answer: INPRS will properly structure the length of wrap provider contracts with the selected Stable Value provider.

7. Most separately managed stable value funds credit a guaranteed rate of interest that fluctuates daily based on changes to the relative weight of each asset in the fund, assets being the multiple wrap contracts and the fund STIF. Please confirm that the state is not expecting the crediting rate on the new stable value fund to be fixed for a specified period (monthly, quarterly or annually).

Answer: INPRS is not expecting a guaranteed or fixed crediting rate with the new Stable Value provider.

8. When the RFP mentions expected flexibility around equity wash provisions included in wrap contracts, please confirm that the state is concerned only about direct transfers from stable value to the money market option specific to retired participants that have chosen to annuitize.

Answer: Correct. INPRS is only concerned regarding the direct transfers from Stable Value to a Money Market Fund specific to retired participants that have chosen to annuitize.

9. With respect to the annuitizations option:

A: Do both active and inactive participants have the option to annuitize once they reach retirement age, or is this option limited to active participants?

Answer: Only those participants who have reached "vested" status are able to annuitize their ASA balance.

B: Is it required that a decision to annuitize be made on the retirement date or can this decision be made at any time post retirement?

Answer: A vested participant can choose to annuitize post retirement.

C: What is the historic percentage of participants that have chosen to annuitize?

Answer: Approximately 50 percent.

D: What is the entity providing the annuity?

Answer: Currently, INPRS provides the annuity.

10. Approximately what percentage of the \$2.9 billion is expected to be attributable to the custom target date funds?

Answer: As provided in the RFP, the Stable Value portion of the custom Target Date Funds represents approximately \$19.2 million.

The Guaranteed Fund (\$2.9 billion) is not utilized within the construction of the custom Target Date Funds.

11. Can you provide the weighted average fee for the managers listed on page 12 of the RFP? We would like to compare the fees available through Indiana's current manager relationships with those fees that we have negotiated with sub advisors to maximize the value proposition for stable value investors.

Answer: The managers listed in the RFP manage a range of fixed-income mandates for INPRS. Active fees for these managers range from approximately 8 – 25bps.

12. Does the state have a preference for a low-cost single manager proposal, or a preference for manager style diversification?

Answer: While price is included in the evaluation criteria, INPRS' preference is a Stable Value provider that demonstrates strong diversification in terms of wrap coverage and portfolio construction given the size of the mandate.

INPRS is not required and will not be obligated to award this contract to the firm with the lowest cost.

13. Will the newly hired stable value manager have authority to retain external sub-advisers to manage dollars in the stable value option?

Answer: Yes. INPRS expects the new Stable Value provider to select qualified wrap providers and investment managers; however, the Stable Value provider is expected to promptly notify INPRS of any changes to the underlying investment managers and wrap providers. The Stable Value provider is also expected to provide monthly reports to INPRS detailing this information so that INPRS can properly oversee the mandate.

INPRS expects to serve as a resource for contract negotiations, particularly for negotiations with existing INPRS investment managers if they are selected as underlying components for the mandate. In the normal course of business, however, INRPS anticipates the Stable Value provider to manage the contract negotiations.

14. Proposal with multiple managers/sub advisors will naturally have modestly higher fees. Will the fee evaluation and scoring system penalize a proposal with multiple sub advisors because of the modestly higher fees?

Answer: INPRS is not required and will not be obligated to award this contract to the firm with the lowest cost.

15. To assist with potential underwriting considerations, are you able to provide the following:

A: Plan's investment option balances as of a recent period.

B: Breakdown of current Guaranteed Fund investors by
Active/inactive
Age bands

Answer: The ASA Plan investment options, along with their respective market values and number of accounts, are provided below.

Investment Option	Style	Market Value	% of Plan Assets	# of Accounts
Large Cap Equity Index Fund	Core Equity-Passive	\$827,175,191	16.1%	52,595
Small/Mid Cap Equity Fund	Small Cap Broad	\$580,121,901	11.3%	49,155
International Equity Fund	Core International	\$185,888,473	3.6%	32,153
INPRS 2060 Fund	Lifestyle	\$1,219,991	0.0%	2,318
INPRS 2055 Fund	Lifestyle	\$46,134,069	0.9%	25,890
INPRS 2050 Fund	Lifestyle	\$52,014,313	1.0%	20,198
INPRS 2045 Fund	Lifestyle	\$36,443,886	0.7%	13,375
INPRS 2040 Fund	Lifestyle	\$37,205,422	0.7%	11,823
INPRS 2035 Fund	Lifestyle	\$43,780,054	0.9%	11,478
INPRS 2030 Fund	Lifestyle	\$45,070,023	0.9%	9,778
INPRS 2025 Fund	Lifestyle	\$54,397,177	1.1%	8,592
INPRS 2020 Fund	Lifestyle	\$59,088,639	1.1%	6,920
INPRS Retirement Fund	Lifestyle	\$25,229,981	0.5%	4,796
Inflation Linked Fixed Income Fund	TIPS	\$30,839,755	0.6%	5,673
Fixed Income Fund	Core Bond	\$173,955,816	3.4%	24,759
Wells Fargo Stable Value Fund (LEDC Plan)	Stable Value	\$1,049,562	0.0%	99
Money Market Fund (PERF Plan)	Money Market	\$23,523,018	0.5%	7,481
Guaranteed Fund		\$2,921,628,917	56.8%	172,285
		\$5,144,766,190	100.0%	

All other requested information will be made available to the selected Stable Value provider.

16. Is it possible to share current holdings of the Guaranteed Fund so that we can better assess the impact on transition timeframe and our ability to meet the 1/1/17 deadline?

Answer: No, we are not able to provide a complete list of Guaranteed Fund holdings at this time.

INPRS' preference would be to have the existing Guaranteed Fund assets (\$2.9 billion) transferred in-kind to the new Stable Value provider on January 1st. The goal would be to have the new Stable Value provider assess the current holdings to eliminate any unnecessary trading. Within this scenario, we anticipate the transition from the Guaranteed Fund style to the new Stable Value provider style to be completed within one to two quarters.

17. Is there deemed IRA money in any of the plans that will be part of the SV option?

Answer: Not applicable.

18. Are there municipal bond proceeds in any of the plans that will be part of the SV option?

Answer: No.

19. Per the RFP, it is noted the Guaranteed Fund is ending with proceeds being mapped to stable value funds. Does INPRS expect the Investment Policy Statement Addendum 2 to change significantly, or with the combined stable value option use the provisions already in the statement about stable value?

Answer: INPRS plans to amend the Investment Policy Statement to accommodate the new Stable Value mandate. General investment guidelines recognizing the new Stable Value mandate will be incorporated into the Investment Policy Statement. It is expected that the new Stable Value provider will establish appropriate investment guidelines for the underlying investment managers and wrap providers.

20. IMA Section 2J—Will INPRS provide state and local laws and regulations the investment managers is supposed to comply with?

Answer: No. This has not been required or requested in other similar agreements.

21. IMA Section 9A—Please clarify that investment guidelines attached to the IMA are (1) negotiated with the winning bidder and (2) supersede any conflicting provisions in the IPS?

Answer: No. The investment guidelines are those contained in the IPS and are not negotiable.

22. IMA Section 9—Please clarify if the investment manager is permitted to negotiate and enter into wrap agreements on INPRS’ behalf?

Answer: INPRS’ preference is to have the new Stable Value provider directly contract with external investment managers and wrap providers. However, INPRS reserves the right to discuss this matter more on a case-by-case basis.

23. RFP page 24/IMA Section 18(F)—Please clarify what is meant by “opinion letter from its auditor” (does that mean a SOC-1 report)?

Answer: The “opinion letter from its auditor” is a reference to the opinion letter in the financial statement audit report, which is not the opinion letter in a SSAE16 (aka SOC-1) report.

24. RFP page 27/IMA Section 21(B)—Please provide Indiana’s public records retention schedule.

Answer: Indiana’s public records retention schedule is located at this address:
<http://www.in.gov/iara/files/gr.pdf>

25. RFP page 28/IMA Section 22—Does INPRS agree that the SV manager will be allowed to share certain plan information with wrap providers for ongoing underwriting, and with trading agreement counterparties?

Answer: The selected stable value investment manager will be allowed to share necessary summary plan information with the wrap provider for underwriting purposes and with trading agreement counterparties, subject to applicable limitations on disclosure.

26. RFP page 36/IMA Section 44—Please clarify that we are not required to have a MBE WBE participation plan for this RFP?

Answer: There will not be “MBE/WBE” requirements in this search, due to the nature of the Stable Value market.

27. IPS Addendum 3 Section 3.6—Please clarify that we won’t be required to accept brokerage direction from the system for the stable value option?

Answer: While we do not anticipate utilizing a directed-brokerage process for the stable value option, in accordance with INPRS Investment Policy Statement, the CIO or Executive Director, on behalf of the Board, retain the right to direct brokers and enter into brokerage commission recapture agreements.

28. Please provide the existing wrap providers for each of the investment managers.

Answer: The Guaranteed Fund is not a stable value fund and does not utilize wrap providers

29. How is the roughly \$3B in assets allocated among the 3 investment managers?

Answer: The assets are approximately equally distributed among the 3 managers.

30. Is INPRS interested in a single manager single wrap solution?

Answer: INPRS’ preference is a Stable Value provider that demonstrates strong diversification in terms of wrap coverage and portfolio construction given the size of the mandate.

While proposals for custom separate account Stable Value vehicles are preferred, all vehicle types/stable value strategies will be considered.

Crediting rate methodology and transparency will be strongly considered as part of the evaluation criteria for this RFP.

31. What type of IPS would this be? Purely governmental or more expanded with 35-50% corps?

Answer: INPRS plans to amend the Investment Policy Statement to accommodate the new Stable Value mandate. General investment guidelines recognizing the new Stable Value mandate will be incorporated into the Investment Policy Statement. It is expected that the new Stable Value provider will establish appropriate investment guidelines for the underlying investment managers and wrap providers.

32. Given the size of the assets, what type of timeline might be expected to get the money invested?

Answer: INPRS’ preference would be to have the existing Guaranteed Fund assets (\$2.9 billion) transferred in-kind to the new Stable Value provider on January 1st. The goal would be to have the new Stable Value provider assess the current holdings to eliminate any unnecessary trading. Within this scenario, we anticipate the transition from the Guaranteed Fund style to the new Stable Value provider style to be completed within one to two quarters.

33. Please confirm that our pricing should assume \$3 billion in assets in the stable value fund.

Answer: Correct. \$3 billion in assets should be assumed effective January 1st. However, INPRS is evaluating the possibility of offering the Stable Value Fund one to three months prior to the January 1st elimination of the Guaranteed Fund. If the Stable Value Fund is offered before January 1st, only new participant contributions would initially fund the mandate as assets are not expected to be mapped to the new Stable Value Fund until January 1st.

34. 2.3.2 Relevant Experience: What portion of Appendix C Questionnaire should be included in the Relevant Experience section of the business proposal?

Answer: The completion of the Appendix C – Questionnaire information will substitute for the Business Proposal section labeled 2.3.2 Relevant Experience.

35. Please confirm INPRS desires only one hard copy and only one CD of the entire proposal.

Answer: Yes, one hard copy of the response and one CD copy will be sufficient.

36. Do you plan to have a re-enrollment?

Answer: While re-enrollment has been evaluated, there are no plans to do so at this time.

37. Can the participant leave their money in the Guaranteed option or does it automatically move the BNY MMF at termination/retirement? Please provide detail on how this works.

Answer: Participants are allowed to leave their money in the Guaranteed fund following termination/retirement.

38. Please provide the assets transferred to the BNY MMF for each of the last 5 years.

Answer: This information will be made available to the selected Stable Value provider.

39. Please provide the participant demographics by age and account balance in the Guaranteed option.

Answer: This information will be made available to the selected Stable Value provider.

40. Please provide a crediting rate history of the Guaranteed option for at least the last 5 years.

Answer:

2012	2013	2014	2015	2016
1.75%	0.28%	0.26%	0.32%	0.46%

41. Please provide the current investment lineup and corresponding account balances.

Answer: The ASA Plan investment options, along with their respective market values and number accounts, are provided below.

Investment Option	Style	Market Value	% of Plan Assets	# of Accounts
Large Cap Equity Index Fund	Core Equity-Passive	\$827,175,191	16.1%	52,595
Small/Mid Cap Equity Fund	Small Cap Broad	\$580,121,901	11.3%	49,155
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Guaranteed Fund		\$2,921,628,917	56.8%	172,285
		\$5,144,766,190	100.0%	

42. Please provide the cash flow history broken out by (contributions, distributions and participant fund transfers) for 2013, 2014 and 2015.

Answer: More detailed information will be made available to the selected Stable Value provider.

43. Please provide the termination provisions for each fund (Guaranteed and Stable Value).

Is there a put provision and when it would expire?

If termination is at market value or Transfers In Kind, what is the most current market to book value ratio (total underlying market value investments vs. total participant balances in the Guaranteed option)?

Would the payout be at book value over a certain period?

Answer: The Guaranteed Fund assets (\$2.9 billion) will be mapped at book value to the new Stable Value product effective January 1st. Put provisions are not applicable to this product.

As described in the RFP, the Wells Fargo Stable Value Collective Investment Trust Fund is offered as a stand-alone option in two smaller sub-plans of INPRS which accounts for approximately \$1.2 million in assets. The Wells Fargo Stable Value Collective Investment Trust Fund is also utilized within custom-created target date strategies which represent approximately \$19.2 million. A 12-month put notice has been placed for the Wells Fargo Stable Value Collective Investment Trust Fund. Assets from the Wells Fargo Stable Value Collective Investment Trust Fund is expected to be available on or before April 11, 2017. These investments will transfer at book value.

44. Are you contemplating hiring just one stable value manager or more than one stable value manager?

Answer: INPRS expects to hire one Stable Value provider.

45. Are you open to having a combination of stable value pooled funds and/or stable value separate accounts?

Answer: INPRS' preference is a Stable Value provider that demonstrates strong diversification in terms of wrap coverage and portfolio construction given the size of the mandate.

While proposals for custom separate account Stable Value vehicles are preferred, all vehicle types/stable value strategies will be considered.

Crediting rate methodology and transparency will be strongly considered as part of the evaluation criteria for this RFP.

46. Do you have specific investment guidelines for the stable value mandate in conjunction with your Investment Policy Statement?

Answer: INPRS plans to amend the Investment Policy Statement to accommodate the new Stable Value mandate. General investment guidelines recognizing the new Stable Value mandate will be incorporated into the Investment Policy Statement. It is expected that the new Stable Value provider will establish appropriate investment guidelines for the underlying investment managers and wrap providers.

47. Could you provide cash flow info (monthly net cash flow info broken down by contributions, withdrawals, transfers, etc.) for as far back as you have available?

Answer: More detailed information will be made available to the selected Stable Value provider.

48. Do you have any specific contractual requirements, e.g., redemption provisions?

Answer: Participants should be able to trade daily.

There are no redemption provisions associated with the Guaranteed Fund.

A 12-month put notice has been placed for the Wells Fargo Stable Value Collective Investment Trust Fund. Assets from the Wells Fargo Stable Value Collective Investment Trust Fund are expected to be available on or before April 11, 2017.

49. Do you have any issuer contractual requirements, e.g., as it relates to the rebalancing of your custom-created target date funds?

Answer: Currently, there are no issuer contractual requirements as it relates to the rebalancing of the custom-created Target Date Funds. The custom Target Date Funds are built utilizing some of the

existing investment options offered in the ASA Plan. The Target Date Funds are rebalanced on a monthly basis.

50. Please elaborate INPRS’ unique objectives for your stable value mandates.

Answer: Please refer to Section 3—Scope of Services’ section of the RFP, particularly “Additional Information”.

51. Would you please provide a fact sheet for the current INPRS Guaranteed Fund?

Answer: <http://www.in.gov/inprs/fundfactsheets.htm>

52. Would you please provide a fact sheet on your custom target date funds?

Answer: <http://www.in.gov/inprs/fundfactsheets.htm>

53. Do you anticipate the replacement stable value mandate/s for the INPRS Guaranteed Fund to be utilized within your custom target date funds?

Answer: Yes.

54. How is the current and anticipated stable value mandate factored into the construction, asset allocation and glide path rebalancing decisions within target date funds?

Answer: The custom Target Date Funds are built utilizing some of the existing investment options offered in the ASA Plan. The current construction of the Target Date Funds is provided below.

Target-Date Retirement Funds										
	2060	2055	2050	2045	2040	2035	2030	2025	2020	Retire- ment
Investment Options:										
Large Cap Equity Index	25%	25%	25%	25%	25%	22%	15%	10%	6%	4%
Small/Mid Cap Equity	6%	6%	6%	6%	6%	5%	4%	3%	2%	0%
International Equity	39%	39%	39%	39%	38%	34%	23%	15%	10%	6%
Fixed Income	27%	27%	27%	27%	28%	34%	48%	48%	43%	38%
Inflation-Linked Fixed Income	3%	3%	3%	3%	3%	5%	10%	15%	21%	27%
Stable Value	0%	0%	0%	0%	0%	0%	0%	9%	18%	25%
Total Equity	70%	70%	70%	70%	69%	61%	42%	28%	18%	10%
Total Fixed Income	30%	30%	30%	30%	31%	39%	58%	72%	82%	90%

The Stable Value manager is made apprised of the construction, cash flows and rebalancing procedures of the Target Date Funds.

55. What has been the typical cash flow pattern of the stable value mandate in the target date funds?

Answer: Over the last two years, a total of approximately \$75 million in net inflows have occurred each year in the custom Target Date Funds. As shown in the chart below, the Stable Value allocation only represents a portion of the closer to and in retirement Target Date Funds. Therefore, it is anticipated that the Stable Value allocation represents just a small portion of the \$75 million of net inflows that have occurred each year over the last two years.

Target-Date Retirement Funds										
	2060	2055	2050	2045	2040	2035	2030	2025	2020	Retire- ment
Investment Options:										
Large Cap Equity Index	25%	25%	25%	25%	25%	22%	15%	10%	6%	4%
Small/Mid Cap Equity	6%	6%	6%	6%	6%	5%	4%	3%	2%	0%
International Equity	39%	39%	39%	39%	38%	34%	23%	15%	10%	6%
Fixed Income	27%	27%	27%	27%	28%	34%	48%	48%	43%	38%
Inflation-Linked Fixed Income	3%	3%	3%	3%	3%	5%	10%	15%	21%	27%
Stable Value	0%	0%	0%	0%	0%	0%	0%	9%	18%	25%
Total Equity	70%	70%	70%	70%	69%	61%	42%	28%	18%	10%
Total Fixed Income	30%	30%	30%	30%	31%	39%	58%	72%	82%	90%

56. With regard to the hard copy submission, will INPRS accept a FedEx receipt showing that the package was accepted by FedEx on or before May 11th in lieu of a postmark?

Answer: Yes.

57. On page 21 of the RFP it states that the Manager shall provide written monthly reports. Can you provide examples of what is received from your current manager?

Answer: INPRS will work with the new Stable Value provider to determine appropriate monthly reports. At a minimum, the Stable Value provider is expected to promptly notify INPRS of any changes to the underlying investment managers and wrap providers as part of the monthly reports.

58. To better enable us to develop and propose a complete investment strategy, would it be possible to receive cash flow information (contributions and withdrawals) for the past 3 to 5 years as more detailed demographic information on the members invested in the existing Guaranteed Fund? We would be particularly interest in the number of plan members invested in the Fund and the percentage of the Fund held but those members using the following designations: active, retired, disabled, beneficiary and terminated.

Answer: More detailed information will be made available to the selected Stable Value provider.

59. Will the custodian (BNY Mellon) be unitizing the proposed Stable Value Fund for investment by the various plans and the custom Target Date Funds allocations?

Answer: Yes. It is INPRS' preference for BNY Mellon to continue unitizing all of the ASA Plan's investment options.

60. Section 2.3.3(iii) request Respondent's financial statements, including an income statement and balance sheet for each of the two most recently completed fiscal years and the most recent financial statement audit report. We are a wholly owned subsidiary of a global financial services company. Would INPRS like us to include the financial statements and audited financial statement for our parent company?

Answer: If audited financial statements are not available for the operating unit responding to this RFP, then submit the unaudited financial statements of the operating unit and the audited financial statements of the parent entity.

61. Section IV, question E, include a table with reference to underlying holdings. Please provide more specific directions on what you are requesting we provide in this instance.

Answer: In Question E, INPRS is seeking to gain an understanding of how you plan to invest the Stable Value mandate. If this table is not applicable to your product, please provide a more appropriate table in your response.

62. In addressing the transition plan, it would be helpful to know the current Guaranteed Fund holdings. Can you share a portfolio report of the underlying securities managed by Logan Circle, SSgA and Reams?

Answer: No, we are not able to share a complete listing of each manager's account holdings.

63. Can member annuitize their balances in the ASA at any time in retirement?

Answer: Vested members are able to annuitize at any time in retirement.

64. Can you share any historical information on the percentage of members that annuitize their ASA balances at retirement?

Answer: Approximately 50 percent.

65. Is there an existing market-to-book value gain embedded in the Guaranteed Fund that would be transferred to the proposed Stable Value Fund?

Answer: No.

66. The RFP describes the INPRS ASA Plan as "a defined contribution-like plan". Specifically, what type of plan (e.g., 401(k), 403(b), etc) is it?

Answer: IRS Code Section 401(a).

67. Question G in section V, asks our preference for in-kind assets or all cash transfer. Can you generally describe the underlying assets within the Guaranteed Fund?

Answer: They are short duration fixed income securities.

68. Will INPRS retain an external transition manager for the liquidation/transfer of assets into the new stable value fund or will that be the responsibility of the new stable value manager?

Answer: INPRS' preference would be to have the existing Guaranteed Fund assets (\$2.9 billion) transferred in-kind to the new Stable Value provider on January 1st. The goal would be to have the new Stable Value provider assess the current holdings to eliminate any unnecessary trading.

As described in the RFP, the Wells Fargo Stable Value Collective Investment Trust Fund is offered as a stand-alone option in two smaller sub-plans of INPRS which accounts for approximately \$1.2 million in assets. The Wells Fargo Stable Value Collective Investment Trust Fund is also utilized within custom-created target date strategies which represent approximately \$19.2 million. A 12-month put notice has been placed for the Wells Fargo Stable Value Collective Investment Trust Fund. Assets from the Wells Fargo Stable Value Collective Investment Trust Fund is expected to be available on or before April 11, 2017.

69. Could you please provide historical cash flow for the Guaranteed Fund?

Answer: More detailed information will be made available to the selected Stable Value provider.

70. What are the other investment options offered in the ASA Plan? Are there any competing funds (e.g., money market fund, etc)?

Answer: The ASA Plan investment options, along with their respective market values and number of accounts, are provided below. It is expected that only the Money Market Fund, which is solely offered in the Public Employees Retirement Plan, would be considered a competing option.

Investment Option	Style	Market Value	% of Plan Assets	# of Accounts
Large Cap Equity Index Fund	Core Equity-Passive	\$827,175,191	16.1%	52,595
Small/Mid Cap Equity Fund	Small Cap Broad	\$580,121,901	11.3%	49,155
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Guaranteed Fund		\$2,921,628,917	56.8%	172,285
		\$5,144,766,190	100.0%	

71. If there are competing funds, is there an equity wash in place? If not, would INPRS consider establishing the rule?

Answer: INPRS is comfortable with adding an equity wash rule to the Public Employees Retirement Plan once a Stable Value Fund is offered to the participants effective January 1st. INPRS is only concerned regarding the direct transfers from Stable Value to a Money Market Fund specific to retired participants that have chosen to annuitize.

72. It looks as though the Guaranteed Fund has a fixed annual rate. Is INPRS requiring a fixed rate for the stable value fund?

Answer: INPRS is not expecting a guaranteed or fixed crediting rate with the new Stable Value provider.

73. At the end of 2016 will there be any difference between the aggregate market value of the three sub-portfolios in the Guaranteed Fund compared to the aggregate value of the participant balances in the Guaranteed Fund that the stable value manager may have to address in porting valuations over to the new Stable Value Fund?

Answer: No.

74. Can you confirm that any existing INPRS external managers used within the new Stable Value Fund would sign an IMA directly with INPRS?

Answer: INPRS' preference is to have the new Stable Value provider directly contract with external investment managers. However, INPRS reserves the right to discuss this matter more on a case-by-case basis.

75. As described in the RFP, the Guaranteed Fund has an allocation within the custom target date solutions. Please provide the amount of the Guaranteed Fund that is attributable to the custom target date strategies, as well as the current target allocation to the Guaranteed Fund of each of the target date solutions (reflecting the announced allocation changes effective 4/1/2015 or any subsequent changes). Additionally, please briefly describe how the custom target date fund allocations are determined, how frequently the model is updated, and how frequently the funds are rebalanced.

Answer: The custom Target Date Funds are built utilizing some of the existing investment options offered in the ASA Plan. The current construction of the Target Date Funds is provided below.

Target-Date Retirement Funds										Retire- ment
	2060	2055	2050	2045	2040	2035	2030	2025	2020	
Investment Options:										
Large Cap Equity Index	25%	25%	25%	25%	25%	22%	15%	10%	6%	4%
Small/Mid Cap Equity	6%	6%	6%	6%	6%	5%	4%	3%	2%	0%
International Equity	39%	39%	39%	39%	38%	34%	23%	15%	10%	6%
Fixed Income	27%	27%	27%	27%	28%	34%	48%	48%	43%	38%
Inflation-Linked Fixed Income	3%	3%	3%	3%	3%	5%	10%	15%	21%	27%
Stable Value	0%	0%	0%	0%	0%	0%	0%	9%	18%	25%
Total Equity	70%	70%	70%	70%	69%	61%	42%	28%	18%	10%
Total Fixed Income	30%	30%	30%	30%	31%	39%	58%	72%	82%	90%

The Stable Value manager is made apprised of the construction, cash flows and rebalancing procedures of the Target Date Funds. The glide path of the Target Date Funds is reviewed once per year. The “roll down” of the Target Date Funds typically occur on April 1st each year. INPRS would work with the new Stable Value manager to properly communicate and plan for any material cash flows.

The Guaranteed Fund is not utilized within the construction of the custom Target Date Funds. As provided in the RFP, the Stable Value portion of the custom Target Date Funds represents approximately \$19.2 million.

76. We understand the current Guaranteed Fund rate for the period 7/1/2015 to 6/30/2016 has been set at 0.46%. Could you please provide the weighted average yield and duration of the underlying fixed income assets as of 3/31/2016? Can you please provide the yield and duration (as 3/31/16) for each of the existing Guaranteed Fund portfolios?

Answer: The weighted average yield of the aggregate portfolio as well as each underlying manager portfolio is approximately 1.5 percent, with a duration of approximately 2 years.

77. With respect to the current Guaranteed Fund, what is the current total guaranteed value and how is the guaranteed value determined/tracked? Is there a differential between the value guaranteed to participants and the market value of the underlying investments? If so, please provide the market value-to-guaranteed value ratio as of 3/31/2016. Is any difference (gain or loss) between the market value and guaranteed value expected to be ported to the new Stable Value Fund on 1/1/17?

Answer: The current Guaranteed Fund value is approximately \$3 billion. Each year the INPRS Board of Trustees establishes an interest crediting rate which is then applied to participant accounts. Only the value of participant accounts will be transferred to the stable value fund, any excess market value within the underlying investment manager accounts will not be transferred.

78. In the current Guaranteed Fund, it is our understanding the underlying fixed income portfolios are separately managed accounts. In the newly established stable value portfolio, would the State prefer to maintain separately managed underlying fixed income portfolios or is a commingled vehicle of interest?

Answer: INPRS’ preference is a Stable Value provider that demonstrates strong diversification in terms of wrap coverage and portfolio construction given the size of the mandate.

While proposals for custom separate account Stable Value vehicles are preferred, all vehicle types/stable value strategies will be considered.

Crediting rate methodology and transparency will be strongly considered as part of the evaluation criteria for this RFP.

79. We understand the State would like the new stable value manager to consider the fixed income managers currently utilized within the DB plan and/or the Guaranteed Fund as part of the solution. Can you please provide a fee range for each of the current managers identified in the RFP? The current Guaranteed Fund fact sheet lists the operating expense ratio of 0.0%. Are these fees paid by INPRS directly? Please also provide the total assets managed by each of the INPRS Guaranteed Fund fixed income managers.

Answer: Active fees for the INPRS' fixed income managers listed in the RFP range from 8 – 25bps. Guaranteed Fund participants are guaranteed a net interest crediting rate which is established each year by INPRS Board of Trustees. Management fees are paid out of the investment account; therefore, each of the underlying Guaranteed Fund managers are asked to target a net total return in excess of the Board-established crediting rate.

80. For the overall Plan and the current Guaranteed Fund, please provide the historical monthly cash flows for the last five years as of 3/31/2016 and plan participant demographics as of a recent date.

Answer: More detailed information will be made available to the selected Stable Value provider.

81. Please provide the total plan option balances (i.e. total assets) of the other investment options offered within the INPRS plans.

Answer: The ASA Plan investment options, along with their respective market values and number of accounts, are provided below.

Investment Option	Style	Market Value	% of Plan Assets	# of Accounts
Large Cap Equity Index Fund	Core Equity-Passive	\$827,175,191	16.1%	52,595
Small/Mid Cap Equity Fund	Small Cap Broad	\$580,121,901	11.3%	49,155
International Equity Fund	Core International	\$185,888,473	3.6%	32,153
INPRS 2060 Fund	Lifestyle	\$1,219,991	0.0%	2,318
INPRS 2055 Fund	Lifestyle	\$46,134,069	0.9%	25,890
INPRS 2050 Fund	Lifestyle	\$52,014,313	1.0%	20,198
INPRS 2045 Fund	Lifestyle	\$36,443,886	0.7%	13,375
INPRS 2040 Fund	Lifestyle	\$37,205,422	0.7%	11,823
INPRS 2035 Fund	Lifestyle	\$43,780,054	0.9%	11,478
INPRS 2030 Fund	Lifestyle	\$45,070,023	0.9%	9,778
INPRS 2025 Fund	Lifestyle	\$54,397,177	1.1%	8,592
INPRS 2020 Fund	Lifestyle	\$59,088,639	1.1%	6,920
INPRS Retirement Fund	Lifestyle	\$25,229,981	0.5%	4,796
Inflation Linked Fixed Income Fund	TIPS	\$30,839,755	0.6%	5,673
Fixed Income Fund	Core Bond	\$173,955,816	3.4%	24,759
Wells Fargo Stable Value Fund (LEDC Plan)	Stable Value	\$1,049,562	0.0%	99
Money Market Fund (PERF Plan)	Money Market	\$23,523,018	0.5%	7,481
Guaranteed Fund		\$2,921,628,917	56.8%	172,285
		\$5,144,766,190	100.0%	

82. Does INPRS allow political sub-divisions within the State of Indiana (e.g. cities, school districts, etc.) to *electively* participate in the INPRS ASA Plan or its sub-plans?

Answer: Yes. However, if an employer did not have an alternative retirement plan already set up prior to July 1, 2015, whether they are currently with INPRS or not, they will not be able to offer any type of retirement plan other than PERF.

If so, is a political sub-division allowed to terminate its participation in the INPRS plan and transfer plan balances to another provider?

Answer: No, unless they had an alternative retirement plan up and running prior to July 1, 2015.

If both questions are answered affirmatively, please provide the concentration of the Guaranteed Fund's balances by the top 10 electively participating entities (i.e. those that could withdraw assets on behalf of participants in the event they terminate participation).

83. Are there any additional plan option changes contemplated with the move to the new recordkeeper on or around April 1, 2017?

Answer: No additional investment option changes are anticipated at this time.

84. Can we provide references confidentially?

Answer: Yes, reference material may be submitted and marked confidential. Follow the instructions in section 1.9 of the RFP.

85. Can we provide our fee proposal confidentially?

Answer: The proposed fee is not considered confidential, but the criteria and factors that are used to determine a price or rate have been considered a trade secret and therefore confidential.

86. The instructions note that you prefer we save the file in a pdf format. Given we will have multiple attachments, is it ok to save the file in word format and include pdf attachments imbedded throughout the document? Or do you prefer that all files are separate?

Answer: The PDF format is preferred, but not required. Any reasonable combination of Word and PDF formats will be acceptable.

87. The RFP indicates the INPRS ASA Plan is "DC-like". Can you provide more information regarding the nature and qualified tax status under the Internal Revenue Code of the INPRS ASA Plan and other plans using the Guaranteed Fund, Stable Value Fund, and the relevant custom Target Date Funds as investment options?

Answer: All plans fall under IRS Code Section 401(a).

88. Is there a master trust structure under which all the participating plans operate and offer the Guaranteed Fund, custom Target Date Funds, and existing Stable Value Fund options?

Answer: Each of the participating plans is managed by INPRS. For this mandate we anticipate creating a unitized structure where the Stable Value manager would be responsible for managing a single investment account, and INPRS and its custodian (BNY Mellon) would create unit accounts to track the individual plan's ownership share of the investment account

89. Can you provide summary balances associated with participants invested in and eligible to invest in the Guaranteed Fund grouped by age (5 or 10 year increments as available)? Can you also provide the balance of assets in the Guaranteed Fund associated with all non-active (i.e. retired or terminated) participants?

Answer: This information will be made available to the selected Stable Value provider.

90. Can you provide historical monthly summary of the contributions, disbursements, and transfer activity in and out of the Guaranteed Fund? If available, at least a three year history would be helpful?

Answer: More detailed information will be made available to the selected Stable Value provider

91. Appendix C Section V. question I. indicates the potential for offering a Stable Value Fund before the elimination of the Guaranteed Fund. Would the Stable Value Fund be funded with assets from another source or start with a zero balance when the Fund is opened for contributions from participants? If it is to be funded initially, how many assets are expected to fund?

Answer: INPRS is evaluating the possibility of offering the Stable Value Fund one to three months prior to the January 1st elimination of the Guaranteed Fund. If the Stable Value Fund is offered before January 1st, only new participant contributions would initially fund the mandate as assets are not expected to be mapped to the new Stable Value Fund until January 1st.

92. Can you provide us with the Guaranteed Fund's participant's demographics, including active versus in-actives, segmented by age and dollars?

Answer: This information will be made available to the selected Stable Value provider.

93. Can you provide us with 3 years of cash flow history for the Guaranteed Fund?

Answer: More detailed information will be made available to the selected Stable Value provider.

94. How much does INPRS want to be involved in selection and oversight of the providers after the initial placement?

Answer: INPRS expects the new Stable Value provider to select qualified wrap providers and investment managers; however, the Stable Value provider is expected to promptly notify INPRS of any changes to the underlying investment managers and wrap providers. The Stable Value provider is also expected to provide monthly reports to INPRS detailing this information so that INPRS can properly oversee the mandate.

95. Do you envision participating in contract negotiations?

Answer: INPRS expects to serve as a resource for contract negotiations, particularly for negotiations with existing INPRS investment managers if they are selected as underlying components for the mandate. In the normal course of business, however, INPRS anticipates the Stable Value provider to manage the contract negotiations.

96. Do you have a preference for a single wrap or multi wrap product?

Answer: Diversification in wrap providers is strongly preferred.

97. Would your preference be an insurance company separate account product?

Answer: While proposals for custom separate account Stable Value vehicles are preferred, all vehicle types/stable value strategies will be considered.

98. Do have a preference for a bundled product which includes investment management, wrap and custody or have individual contract for each?

Answer: INPRS' preference is a Stable Value provider that demonstrates strong diversification in terms of wrap coverage and portfolio construction given the size of the mandate.

While proposals for custom separate account Stable Value vehicles are preferred, all vehicle types/stable value strategies will be considered.

Crediting rate methodology and transparency will be strongly considered as part of the evaluation criteria for this RFP.

It is INPRS' preference for BNY Mellon to continue unitizing all of the ASA Plan's investment options.

99. Who are the existing wrap providers for the Guaranteed Fund?

Answer: The Guaranteed Fund is not a stable value fund and does not utilize wrap providers. INPRS Board of Trustees sets an interest crediting rate each year to be applied to participant accounts.

100. Which plans are intended to be pooled into the Stable Value strategy and under what internal revenue code do they fall?

Answer: The Stable Value strategy will be offered in the PERF Hybrid ASA Plan, TRF Hybrid ASA Plan, ASA-Only Plan, and the Legislators DC Plan. Each of these plans fall under Section 401(a).

101. We would like to respond to this RFP for Stable Value Manager Services, however would you please confirm that firms may respond with investment management only, working with an INPRS selected wrap provider? Or is the INPRS seeking a stand-alone stable value product?

Answer: INPRS is seeking a stand-alone Stable Value product. Investment management only RFP responses will not be accepted.

102. If investment managers may respond to just the investment management aspects of the search, would you please clarify the desired benchmark for this Stable Value mandate (short duration, intermediate duration, etc.)? The current Guaranteed fund managers listed on pg. 12 of the RFP are listed as short duration, benchmarked to the ML 1-3yr Government/Credit Index.

Answer: Not applicable. INPRS is seeking a stand-alone Stable Value product. Investment management only RFP responses will not be accepted.

103. Which, if any, of the plans are DC plans?

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Answer: Today, only the Legislators Plan is a DC; effective April 1, 2017, the TRF ASA, PERF ASA, and PERF ASA-only will each be considered DC plans.

104. What is the preferred or current structure of the target date strategy vehicles, are they – collective fund or separate account?

Answer: The custom Target Date Funds are built utilizing some of the existing investment options offered in the ASA Plan. The current construction of the Target Date Funds is provided below.

Target-Date Retirement Funds										Retire- ment
	2060	2055	2050	2045	2040	2035	2030	2025	2020	
Investment Options:										
Large Cap Equity Index	25%	25%	25%	25%	25%	22%	15%	10%	6%	4%
Small/Mid Cap Equity	6%	6%	6%	6%	6%	5%	4%	3%	2%	0%
International Equity	39%	39%	39%	39%	38%	34%	23%	15%	10%	6%
Fixed Income	27%	27%	27%	27%	28%	34%	48%	48%	43%	38%
Inflation-Linked Fixed Income	3%	3%	3%	3%	3%	5%	10%	15%	21%	27%
Stable Value	0%	0%	0%	0%	0%	0%	0%	9%	18%	25%
Total Equity	70%	70%	70%	70%	69%	61%	42%	28%	18%	10%
Total Fixed Income	30%	30%	30%	30%	31%	39%	58%	72%	82%	90%

Each of the underlying investment options are custom white-labeled funds built from commingled and separate account mandates. For instance, the International Equity Fund is constructed of 60% BlackRock MSCI ACWI ex-US Index (commingled), 10% Altrinsic Global Equity (separate account), 15% Arrowstreet International (separate account) and 15% Baillie Gifford ACWI ex-US (separate account).

105. Would you consider blending together multiple insurance company separate accounts that can provide access to alternative fixed income asset classes (e.g., privates) as part of a single melded stable value fund?

Answer: INPRS’ preference is a Stable Value provider that demonstrates strong diversification in terms of wrap coverage and portfolio construction given the size of the mandate.

While proposals for custom separate account Stable Value vehicles are preferred, all vehicle types/stable value strategies will be considered.

Crediting rate methodology and transparency will be strongly considered as part of the evaluation criteria for this RFP.

106. Please confirm that there will be no Minority and Women’s Business Enterprise “MBE/WBE” requirements associated with this mandate due to the nature of the Stable Value market.

Answer: There will not be “MBE/WBE” requirements in this search, due to the nature of the Stable Value market.

107. The RFP makes multiple references to sub-advisors. Is INPRS open to proposals from single managers managing the entire fund (or portion of a split mandate) or is INPRS looking for a manager-of-managers approach?

Answer: INPRS expects to hire one Stable Value provider.

While proposals for custom separate account Stable Value vehicles are preferred, all vehicle types/stable value strategies will be considered.

INPRS' preference is a Stable Value provider that demonstrates strong diversification in terms of wrap coverage and portfolio construction given the size of the mandate

108. The RFP document states that the INPRS ASA Plan is a “defined contribution-like plan.” Can you please confirm whether it qualifies as a 401(a) or 457 plan?

Answer: IRS Code Section 401(a).