



403(b)/457(b)  
**Preferred Provider**  
Request for Information

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Families and educators across America are being asked to take greater responsibility for their retirement income replacement needs. Public school teachers and other school employees must increasingly rely on their personal §403(b) and §457(b) plans for financial support during retirement, a trend which industry analysts expect to accelerate in the coming years.

Public school district officials play a key role in the proper administration of these plans and the determination of the companies that are available to their plan participants is crucial. Complex regulatory requirements must be met, and hundreds of investment companies are available to even the smallest school district. The implication is clear: district officials' administration decisions directly impact their employees' retirement savings.

In light of these circumstances, school district officials, teachers, and other school employees must know that the investment companies and the investment vehicles offered by these companies will not only meet a high standard but also contribute to the proper administration of their plan.

After two years of dialogue with its clients, U.S. OMNI spearheaded an effort to bring together an advisory committee of School Business Officials for the purpose of identifying criteria among service providers that were deemed to be of greatest importance to plan sponsors and participants. As a result of this initiative, a Request For Information was developed and a new set of standards established to vet investment companies offering §403b and §457b product. Another criteria used as part of the evaluation process is the service providers willingness to assume the costs of plan administration on the district's behalf. These standards have provided the foundation for OMNI's Preferred Provider Program.

Companies selected through the Request for Information (RFI) process will be eligible for OMNI's Preferred Provider Program (P3). P3 is offered to OMNI's clients nationwide and includes over 2000 plan sponsors, approximately 500,000 active participant accounts and over \$1.5 Billion in remittances each year.

It is our sincere hope that you will join us in this exciting initiative to maintain and enhance the integrity of the IRC §403(b) and §457(b) market.

## Request for Information

### The OMNI Preferred Provider Program Questionnaire

## I. Company Profile

### A. Organization

1. Provide the name of your company, home office address, and local business address (if available); phone number and company title of the person(s) who U.S. OMNI Consultant may contact about your proposal. Your e-mail address should also be included.
2. What is the name of the product you are offering? Do your proposed products and services comply with all federal and state regulations, as well as all federal securities laws, applicable to this product?
3. How many K-12 clients do you have in School Districts? How many K-12 clients are utilizing this product? How many participants does this encompass (both utilizing this product and not utilizing this product)? What year was this product available to clients?
4. Provide a brief history of your organization, including year of entry into the 403(b)/457(b) marketplace and year of entry into the defined contribution marketplace. Specifically, what year did your company begin offering 403(b)/457(b) products in the U.S.?
5. How many total employees do you have? How many are dedicated to the 403(b) administration services?
6. What is your company's (not parent company):
  - a) Total assets as of last quarter.
  - b) Total assets and number of participants under management for all 403(b) programs as of last quarter.
  - c) Total assets and number of participants under management for all K-12 403(b) programs as of last quarter.
  - d) If a current vendor, total School Districts assets and number of 403(b) and 457 participants as of last quarter. Please list both active and non-active number of participants and separately as well as 403(b) and 457 assets.

Participant Data		
Plan	Active	Non-Active
403(b)		
457		

Asset Data		
Plan	Active	Non-Active
403(b)		
457		

**B. Experience**

1. For how many organizations and participants do you provide 403(b)/457(b) products and services?
2. Identify your five largest K-12 403(b)/457(b) clients. Additionally, please identify your five largest 403(b)/457(b) programs.
3. Does your company maintain errors and omissions coverage? What are the current limits (deductible and maximum coverage)? What is the aggregate coverage? When does current coverage expire? Is there different coverage for representatives and home office employees? Provide a 5-year history of any claims presented or paid. If your firm is utilizing independent agents, please provide proof of insurability regarding these agents.
4. Are you currently involved in any unresolved litigation? If so, provide the same information regarding the basis for the litigation. If your firm is utilizing independent agents, please provide information regarding these agents.
5. Has your company been involved in litigation within the last 5 years arising out of your performance or participation in a defined contribution program? If your firm is utilizing independent agents, please provide information regarding these agents.
6. Has your company been cited, reprimanded or threatened with citation by any state or federal regulators for violations of any laws or impending regulations? If so, describe.
7. In the past five years, has your company had: 1) a license to do business; 2) an agent/broker license; or 3) any other license denied, revoked or suspended? If so, describe.
8. If applicable, detail your company's credit ratings (A.M. Best, Duff & Phelps, Moody's and Standard & Poor's) for each of the last 5 years starting with

2013? Have there been any upgrades or downgrades of your credit ratings in the past 2 years? If so, please explain the reason for the changes.

9. Provide three K-12 403(b) client references which are currently using your bundled services. The consultant will be checking references. Please include names, addresses, and telephone numbers of KEY contact persons.
10. Provide two references of K-12 403(b)/457(b) clients you have lost. Include name, address, and telephone number.

## ***II. Record keeping and Administration***

### ***A. Systems Maintenance and Remittance Procedures***

1. When was the most recent independent quality control audit of your record keeping system performed? How often are these audits performed? Please provide a copy of auditor's most recent SAS 70 opinion as well as their opinion letter.
2. What participant data can be held in your system?
3. What is your turn around time for processing and mailing checks for hardship withdrawals? In-service withdrawals? Standard termination requests? Loan requests?
4. Do you provide monthly electronic data files for participant accounts in the industry standard SPARK Institute format. If so what is the frequency you can provide such data?
5. Do you accept the transmission of employee data electronically to a secure site as well as deposits via ACH transfer?
6. Are you willing to pay for a plan sponsor's TPA fees? If so, do you prefer to be billed 1. monthly or quarterly? 2. for each contributing participant or for each contribution transaction?

### ***B. Compliance***

1. What correction procedures does your firm employ should participants exceed IRS limits? Please describe in detail.

2. Do you separately track data in regards to employee and employer contributions, earnings on contributions and rollover contributions?

### ***III. Legal Issues***

1. Do you require any written agreement between you and the plan sponsor? If so, please provide a sample.
2. Does your company comply with all federal security laws?
3. Describe any pending agreements to merge or sell your company.

### ***IV. Investment Management Services***

#### ***A. Communications***

1. If selected, please discuss your marketing campaign to inform participants of your services. What do you think is the most effective means to communicate the program? Please provide a sample participant statement.
2. What type of ongoing education and communication support do you provide?
3. Please identify the case manager and list all agents that will be assigned from your firm to the school districts involved. State whether the individual(s) are salaried or commission based employees. Please describe their background and experience.
4. Please describe how your firm trains individuals to become representatives for your company. How long does this process usually take?
5. How will you determine if the number of representative is adequate for these School Districts?
6. If your firm utilizes independent agents, how are they selected? Will they have an exclusive arrangement to sell your product to School Districts? What type of due diligence process does your firm conduct to select these agents?

7. Is there any insurance policy covering acts/omissions of your firm's independent agents and/or financial advisors?
8. Have there been any written complaints filed against any of your agents (either active or terminated) within the past 5 years? If so, please describe. If your firm is utilizing independent agents, please provide the same information regarding these agents.
9. Please describe your firm's policy of contacting current participants to review their investment objectives.
10. How often are your firm's representatives required to meet with participants? If there is no annual meeting requirement, how does your firm, on an ongoing basis, ensure that your client's objectives match their investment allocation? If your firm is utilizing independent agents, please provide this information regarding these agents.
11. Does your program continue to compensate representatives if there is not an annual meeting with participants?
12. If your firm requires an annual meeting, but one is not held, describe the process of how your home office is notified? How quickly is compensation withheld?
13. Do your firm's representatives only solicit one firm's product or products for multiple firms? Please list all products solicited by the proposed representative.
14. Does your firm, its principals and agents employ a due diligence process to ensure that your firm's product is suitable for School Districts participants based upon their financial situation and needs? If so, please describe the approval process.

**B. Participant Directed Investments**

1. Provide a brief overview of the participant products being offered, their features and benefits, pricing, expenses of each program provided? This can be provided in summary form through a participant fact sheet.
2. What tools are available to participants to assist in the allocation of their account? Do you provide investment advice to participants?

**C. Fixed/Variable Annuity Providers Only**

1. Please identify which types of investment programs your firm offers and the number of investment options:

<u>Product Type</u>	<u>Number of Investment Options</u>
a. Annuities	
• Fixed	_____
• Variable	_____
• Equity - Index	_____
b. Mutual Fund	_____
c. Other programs such as asset allocation program, managed accounts, please specify	_____

**D. Loan feature**

1. Does your contract allow loans? What is the interest rate charged on loans and repayments? What is the interest rate credited back to participant's accounts? What are the loan origination and maintenance fees? What are your loan minimums and maximums? How are outstanding loans for both active and terminated employees handled?
2. Does your system provide all required tax data for plan distributions? How are withheld taxes processed for payment? Can you perform state tax withholding? Are tax statements issued?

**Interactive Participant Service**

**A. Voice Response Unit (VRU)**

1. Do you offer voice response services? What are the days and hours of availability? What is the 800 number to reach the VRU?
2. What information is available and what transactions can be initiated through voice response? What will the employee hear when the call is first answered by the VRU?
3. How does the VRU interface with the record keeping system? How frequently? Are hard copy confirmations sent to participants?

4. What security is provided through the voice response system?
5. Do you provide usage reports regarding VRU? What information is tracked?

***B. Administration Center***

1. Does your organization offer live administrative support? If so, do you tape calls? What is the 800 number participants can call to reach a representative?
2. What are the days and hours of availability for telephone account service representatives? Are they FINRA registered?
3. What is the capacity of your call center? How many representatives are available to participants at busy times? What is your average response time (in seconds) to participant calls for each of the past 5 years? How do you manage call capacity during periods of extreme market volatility?
4. Do account representatives have on-line real-time access to the record keeping system?
5. Do you offer phone services (both VRS and live administrator) to non-English speaking and hearing-impaired participants?

***Internet Capabilities***

What information can participant's access?

How long have information-only services been available? How long have transactions been available?

What types of transactions can be processed at your Internet site:

- a) Loan initialization?
- b) Confirmation reports?
- c) PIN resets?
- d) Request prospectus?

How frequently is investment performance information refreshed for your funds (monthly, quarterly, annually)? Outside funds?

What is your normal daily volume? What is the maximum you can handle?

Do you have back-up procedures in the event your server goes down during extreme market conditions? Please explain.

What security protocols and guarantees are in place?

Does your web site offer investment advice? If so, please describe.

What makes your Internet site unique from your competitors?

#### ***D. Interactive Software***

1. What additional interactive services/software are provided (directly and on-line)? Please describe your capabilities and any related costs.
2. Do you provide participants with the ability to forecast future benefit accumulations?
3. Do you provide participants with the ability to calculate the after-tax impact of a deduction on their take-home pay?
4. Do you provide loan-modeling software for participants who are seeking loans with repayment scheduling and other "what-if" information?
5. Do you provide personalized dollar-weighted returns on your statements?

#### ***V. Project Team and Implementation Approach***

##### ***A. Implementation***

1. Provide an organizational chart of your implementation team that details the depth of team, experience of members and responsibility of each member.

#### ***VI. Quality and Performance Standards***

How do you measure overall client satisfaction? How do you report results to clients?

Describe your process of resolving customer complaints. How do you measure superior service?

Given the large number of available 403(b)/457(b) providers, what makes your program unique?

## VII. *Alternative Plan Designs*

### *Pricing:*

The School Districts we service as their Third Party Administrator are exploring the benefits of consolidating the existing program to include a Preferred Provider Vendor Program for all 403(b) and/or 457(b) record keeping, investment management, communication, education and administrative services. If you are interested in submitting a bid to be one of the members of the Preferred Provider Program, please re-complete Sections II, III, IV and V of this RFP (provided you have responded to the full RFP for multi-vendor services) assuming a Preferred Provider vendor award. Preferred Provider vendor Proposers should also respond to the questions in Part X. If your proposed fees or services change based upon the design of the program, it is your responsibility to provide adequate disclosure of any material change. Any failure to note changes in fees and/or services will be deemed as a response that nothing changes.

***Please note the ISA and Amendment documents should be completed and returned with your responses. It is a separate document.***

### *Servicing:*

Provide a detailed timeline that summarizes your communication strategy, enrollment process and services assuming the School Districts implements a Preferred Provider vendor design. Specifically detail the number of representatives dedicated during the conversion and then assigned to the account on an ongoing basis. Please include number of enrollment days and ongoing meeting days that these representatives are made available to meet with participants.

### *Miscellaneous:*

Provide a brief discussion that summarizes your firm's concerns or benefits of a Preferred Provider vendor solution.

### *VIII. Miscellaneous Preferred Provider Vendor Additional Questions*

1. How long has your record keeping system been in place? If an outside vendor provides your system, provide details of this arrangement including terms and guarantees.
2. Describe the hardware platform and software system you use to record keep and administer defined contribution plans.
3. Was the software developed internally, leased, or bought from another provider? Who has the ultimate responsibility/authority to make sure the software remains current to laws, regulations, client needs, etc?
4. How many participant accounts have you maintained on your system each year over the past 3 years? Discuss your firm's ability to add a large number of participant records to your system. What is the maximum number of participants your current system can maintain with out any hardware updates?
5. Were there any exceptions noted in the most recent SSAE 16 report? If so, please list.
6. Briefly describe how the system processes and you administer:
  - a. Eligibility solicitation/determination
  - b. Enrollments
  - c. Sending enrollment materials to participants
  - d. Assignment of PIN numbers and distribution of numbers
  - e. Contributions
  - f. Investment election and contribution rate changes
  - g. Loans
  - h. In- Service Withdrawals
  - i. Hardship Withdrawals (who approves hardship and amount)
  - j. QDROs
  - k. Rollovers from 401(k), 403(b), 457(b)
  - l. Final Distributions
  - m. Beneficiary changes

7. How do you provide coordination between your proprietary funds and outside investments? Are trades with outside managers settled the same day? If not, describe timeframes.
8. Describe your back up and disaster recovery plans. Have these procedures been tested? Are the files archived and stored at a location off-site? How often are files backed-up? If your software was lost, is the raw data accessible to standard queries?
9. Do you offer on-line access at both the plan sponsor, TPA (U.S. OMNI) and participant level? If so, please provide demo links and passwords.

What information can the plan sponsor and U.S. OMNI access? Modify?

How many clients are currently using your Internet product? What percent of your client base?

Please identify the number of Internet "hits" and number of unique Internet users over the past three calendar years (2013, 2012 and 2011).

How are requests for outside fund prospectuses handled?

Please provide a sample timeline of activities. Describe who and how this process will be managed.

If your organization is selected, from what location(s) will the primary client-level service be delivered from?

What has been your firm's historical turnover rate of case managers managing clients like these School Districts?

How many accounts does the typical case manager handle at one time?

Are you willing to enter into the attached agreement? If so, please have a duly authorized representative sign and date the agreement. If you are selected for OMNI's program, you will be provided with a fully executed original.

## *IX. Proposal Submissions*

Two (2) copies of the proposal must be **submitted electronically in non-PDF format** to the following address:

[rmclean@omni403b.com](mailto:rmclean@omni403b.com)

Please do not respond via PDF Format as it will only slow down the analysis. Responses are preferred in Microsoft Word or Excel.

## *X. Questions*

Questions concerning this request for proposal should be directed to:

Robert F. McLean, II  
President/CEO  
U.S. OMNI  
Water Tower Office Park  
1099 Jay Street, Bldg. F  
Rochester, NY 14611  
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