



Department of Administrative Services Iowa Retirement Investors' Club

Public Retirement Systems Committee
December 9, 2015



Iowa Retirement Investors' Club (RIC)

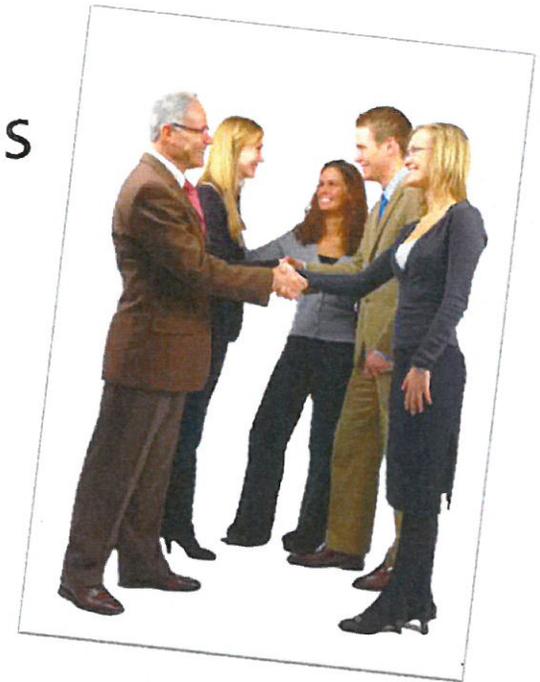
RIC is a supplemental retirement savings program that provides 457, 401a, and 403b plan administration and compliance, as well as investment options and services for participating Iowa public sector and education-related employers and employees.

Authorizing Legislation

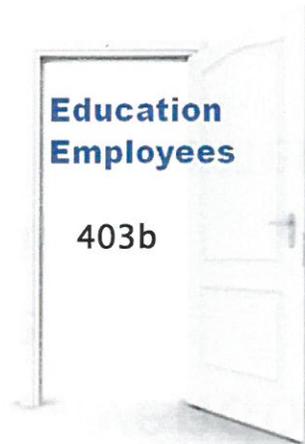
- **Iowa Code sec. 8A.433**
Establishes the 457 plan and allows RIC to offer plan to eligible employers
- **Iowa Code sec 8A.434**
Establishes the 457 trust fund
- **Iowa Code sec 8A.435**
Establishes match trust fund
- **Iowa Code sec 8A.438**
Allows RIC to offer 403b plan to eligible employers

RIC Purpose

- Supplement fixed pension benefits
- Encourage retirement readiness
- Help attract/retain quality employees
- Meet diverse/transient workforce needs



RIC Participants / Employees



- State agencies/branches (except Regents)
- 457 - employee contributions (pretax and Roth)
- 401a - employer contributions and rollovers

- Public school districts, AEAs, community colleges
- 403b - employee contributions (pretax and Roth), employer contributions (if any) and rollovers

- IPERS covered employees
- 457 - employee contributions (pretax and Roth)
- 401a - employer contributions (if any) and rollovers

Historical Selection for 403b plan 2009

As required by SF 2424, a transition plan was offered for calendar year 2009.

2010–2015

RIC issued an RFP for vendors that required:

- Low administrative fees
- No surrender penalties
- No restrictions on movement of funds
- No sales loads
- Access to statewide financial experts at no extra cost

RFP and Invitation to Qualify (ITQ)

- DAS received requests to provide a more open market to local employers for 403(b) providers
- Iowa Code sec. 8A.311 requires DAS to use a competitive bidding process for all services
- In response to the requests, DAS conducted an ITQ for optional 403(b) providers parallel to an RFP for core providers.
- The ITQ process is outlined in 11 IAC 117.9(7) and provides a two-step competitive bidding structure
 - Step 1 DAS pre-qualifies and makes available a list of vendors that meet administrative requirements
 - Step 2 - employers have flexibility to use their own review process to determine which ITQ prequalified vendor(s) to select

CY 2016 Provider Bid Process

Vendors could submit proposals for one or both processes.

Provider Requirements

Core Providers

Request for Proposal (RFP)

- 457/401a/403b products
- Various customer service options
- Plan sponsor web access
- Default fund offered
- Fee disclosure
- Subject to specific plan reporting
- Annual service/performance metrics
- Subject to annual fund reviews
- Investment Policy compliant
- No surrender fees/restrictions
- Low administrative fees
- Vendors chosen based on scoring

403b Optionals

Invitation to Qualify (ITQ)

- 403b products
- Various customer service options
- Plan sponsor web access
- Default fund offered
- Fee disclosure
- Subject to specific plan reporting
- All who met requirements were pre-qualified

Provider Results

Core Providers

- Successful vendors
 - Horace Mann
 - MassMutual
 - VALIC
 - Voya
- Fund options (each provider)
 - Fixed rate
 - Variety of mutual funds
 - Self-directed brokerage
- Admin fee range (excludes fund fees)
 - 0 – .20%

403b Optionals

- Successful vendors
 - Annuity Investors Life Ins. Co.
 - AXA Advisors
 - EFS Advisors
 - Lincoln Investment
 - Security Benefit
- Fund options
 - Fixed annuities (2 providers)
 - Variable annuity (1 provider)
 - Mutual funds (3 providers)
- Admin. fee range (excludes fund fees)
 - .35 – 1.25%

Participation Process

Core Providers

- Provide 457, 401a, 403b plans
- Available to all State Employees
- Available to all employees of public employers participating in RIC
- Available to all employees of 403b employers who participate in RIC

403b Optionals

- Available to all 403b employers to select as a part of their plan when completing RIC adoption agreement
- Employer completes selection through 2nd part of ITQ process
- Upon employer adopting inclusion of optional providers, their employees can elect to use the optional vendors