



# 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

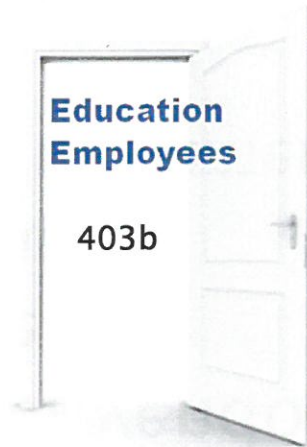
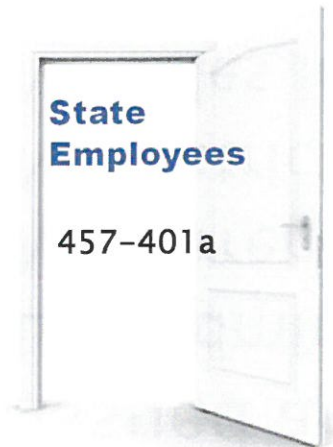


# RIC Purpose

- 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

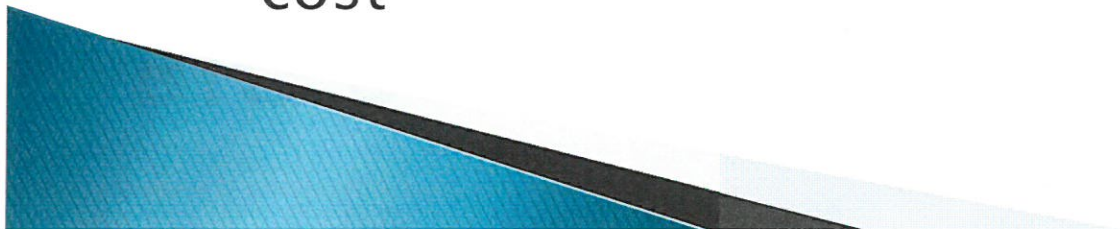
# Historical Selection for 403b plan 2009

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 2<sup>nd</sup> part of ITQ process
- Upon employer adopting inclusion of optional providers, their employees can elect to use the optional vendors