



STATE OF WISCONSIN
Department of Employee Trust Funds
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Deferred Compensation Board
Request for Information (RFI)
ETH0011
for
Investment Guidance, Advice and Managed Account Services

Issued: January 31, 2008

Responses Requested No Later Than
February 18, 2008 for a Board Meeting on March 4, 2008

**State of Wisconsin
Deferred Compensation Board
Request for Information (RFI) ETH0011
For Investment Guidance, Advice and Managed Account Services**

I. Introduction

On behalf of the Deferred Compensation Board (Board), the Wisconsin Department of Employee Trust Funds (ETF) has issued this non-binding request for information (RFI) from your company regarding offering the following potential services to Wisconsin Deferred Compensation Program (WDC) participants:

- Investment guidance
- Investment advice
- Managed accounts

As of December 31, 2007, the Wisconsin Deferred Compensation Program (WDC) had approximately 45,000 participants holding assets worth over \$2.2 billion in 22 different investment options. A list of the current investment options offered to participants may be found on the WDC's Web site (www.wdc457.org) under the "Investment Options" tab.

The RFI will be posted on the ETF web site at <http://etfextranet.it.state.wi.us>.
The RFI will not be mailed.

II. Purpose of the Request for Information

The purpose of this RFI is to gather information from vendors to specifically address the Board's questions as outlined in this document. The Board is considering offering three separate services to WDC participants and is primarily interested in a cost comparison of like services:

INVESTMENT GUIDANCE

This service would provide participants guidance on how to invest their WDC accounts by recommending specific asset classes, but not make recommendations on which specific funds to select.

INVESTMENT ADVICE

This service would provide participants with specific asset allocation advice and recommendations based on the investment options offered through the WDC.

MANAGED ACCOUNTS

This service would assume the investment responsibility for participants electing to use managed accounts. The investment decisions would be derived from asking participants to answer a series of profile questions that would determine the appropriate level of risk based on the responses to the questions and the age of the participant. These accounts would be reviewed on a regular basis and changed according to the profile information provided by the participant.

The services provided will be offered as an option to participants, at an additional cost to them, and will not be mandated. Participants must take the initiative to use the services; the services will not be offered on an "opt-out" basis. The cost for the services used will be deducted from individual participants' accounts.

Vendors responding to this RFI should have a thorough understanding of investment theories and offer a product that uses widely accepted investment principles, including:

- Modern Portfolio theory for advice, management and investment services
- Compliance with Department of Labor, IRS and ERISA regulations
- Demonstrated effectiveness of advice tool for participants
- Secure data access, account privacy and confidentiality

III. RFI Questions

1) Firm Information

- a) Identify:
 - i) Key factors that distinguish your firm from your competitors
 - ii) How long your firm has provided these services to other companies
 - iii) When your program was most recently updated
 - iv) The number of record keeping firms/plan sponsors that use your services
 - v) How many of those clients represent public employees
- b) Describe the average results your system has achieved in the last year for all your clients.

2) General Service

Would your firm provide investment advice and managed accounts services independently to WDC participants? (that is, without being the WDC's record keeper?) If no, why not?

3) Methodology/Software

- a) Provide a summary of the methodology your firm uses to construct recommended portfolios for investment guidance, advice and managed accounts.
- b) Identify the underlying investment software program your company uses to make recommendations regarding investment guidance, advice and managed accounts.
- c) How many years has the underlying investment program been used and how often is it reviewed?

4) Costs

Please estimate the costs for:

- a) Plan sponsor, including potential costs to the Board or the record keeper if the record keeper is changed after initial implementation
- b) Participants, broken down for specific services (advice, managed accounts, etc.)
- c) Initial set up/implementation
- d) Licensing
- e) Maintenance
- f) Technical support
- g) Other (please describe)

5) Systems

- a) Explain how your system would interface with the systems of the WDC record keeper (Great-West Retirement Services) and the Department of Employee Trust Funds.
- b) Explain your computer system security, including when sharing or transferring information electronically.
- c) How do you protect the privacy of the data entered on your system?

- d) Is participant data downloaded? What data is the participant required to enter and what optional data may be entered by the participant?
- e) What customization is available to have services look like part of the WDC?
- f) Identify potential issues if the WDC record keeper changes.

6) Participant Services

- a) Describe how your firm would propose to provide participants with information regarding investment guidance, advice and managed accounts.
- b) Describe how a participant would take the recommendations made through your program and implement the changes to the record keeping service.
- c) How would you tailor your marketing to WDC participants?
- d) Explain what support would be available for your products when participants have questions or need other help (call center, Web site, etc.)
- e) Does your program take into account assets outside of the WDC when determining asset allocation advice for WDC assets? Note: Actual recommendations should only be related to the participant's WDC account.
 - i) If yes how does your firm incorporate information regarding Social Security or a traditional retirement plan?
 - ii) How do participants enter assets other than WDC?

7) Legal/Liability

- a) Provide a sample of your firm's standard contract for investment guidance, advice and managed accounts. Include any statements indicating your firm's willingness to assume fiduciary responsibility.
- b) If your firm offers investment advice or managed accounts, do you assure liability or offer any liability insurance to cover any potential lawsuits based on improper advice or system errors?
- c) What is the maximum amount of assured liability or insurance, on a plan level and on an individual claim level?

IV. Response/Due Date

Please provide a cost estimate and briefly explain how your firm could provide the services outlined above.

If you need further information, please contact Shelly Schueller at telephone 608-266-6611 or email to shelly.schueller@etf.state.wi.us or Sharon Walk at telephone 608-267-2417 or email to sharon.walk@etf.state.wi.us

In order to provide the Board with as much information as possible, all responses are requested back no later than February 18, 2008. You may submit them electronically to the Department via an email with an attachment to shelly.schueller@etf.state.wi.us, or in paper format.

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