

**REQUEST FOR PROPOSALS FROM  
FINANCIAL ORGANIZATIONS FOR THE PROVISION OF TARGET DATE FUND  
AND BALANCED FUND MANAGEMENT SERVICES FOR THE DEFERRED  
COMPENSATION PLAN FOR EMPLOYEES OF THE STATE OF NEW YORK AND  
OTHER PARTICIPATING PUBLIC JURISDICTIONS (“PLAN”)**

**RFP RESPONDENT QUESTIONS AND ANSWERS**

- 1. Please confirm that Section 12 of Exhibit A and Exhibit B only applies to individuals employed in the state of New York.**

These apply to the entire firm, not just for employees in New York State.

- 2. To the extent any New York employment law were applicable, will compliance with Federal EEO law be deemed to achieve compliance with New York law?**

The firm needs to comply with Appendix A, Standard Clauses for New York State Contracts.

- 3. We would also like to confirm our understanding that if New York employment law is applicable, minority hiring quotas are not required for this contract.**

Correct.

- 4. Please confirm that the Plan is intended to satisfy the requirements for an eligible deferred compensation plan under Section 457 of the Internal Revenue Code, as amended (the “IRC”), applicable to governmental employers described in Section 457(e)(1)(A) of the IRC (i.e., a State, political subdivision of a State, and any agency or instrumentality of a State or political subdivision of a State). The cover letter referred to 457(e)(1)(B) instead of (A). Please confirm.**

Our Plan is a deferred compensation plan under Section 457(e)(1)(A) of the IRC.

- 5. Does the Plan Document authorize the Plan to participate in collective or commingled trust funds and if so, does the Plan specifically or in substance and effect adopt the governing instruments of such funds in which the Plan participates?**

Yes.

- 6. We will be responding to the RFP for Target Date funds. Our General Counsel asked the following question with regards to the applicability of the standard state contract provisions in a pooled vehicle context: The commingled trust product being proposed in this RFP is a pooled investment vehicle. As such, the trust has standard paperwork completed by each investor that participates in the investment pool. We would like to inquire as to the applicability of the standard contract provisions in this context where there is no investment management agreement directly between the investor and the ABC Investments.**

See Answer to Question 5, above.

- 7. Items V. F and V. G reference a contract to be entered into for the selected manager(s) including the “Standard Clauses for New York State Contracts.” Our target date fund is a registered investment company under the Investment Company Act of 1940 and we provide our services directly to the fund, not to shareholders. Accordingly, investors in the fund do not make a fiduciary appointment under a contract, but simply sign an account application. Would the Board consider utilizing a 40 Act fund where no contract would be involved?**

No.

- 8. Exhibit B, “Affirmative Action /Equal Employment Opportunity/Non-Discrimination Policy references that “contract awards will include a review of evidence as supplied by each potential contractor regarding compliance with the aforementioned Affirmative Action/Equal Employment Opportunity/Non-Discrimination policy.” What evidence is to be supplied by the potential contractor? Is there a specific format to follow? Is it to be supplied with the RFP response or at a later point prior to the contract award?**

No specific format; this can be supplied at the time of the contract award.

- 9. We understand that the “Standard Clauses for New York State Contracts” would be included in the contract for the selected manager, but is a sample of the intended contract form also available for review?**

No.

- 10. Can you confirm that the tax forms and vendor responsibility forms do not have to be submitted until a contract is awarded for the mandates referenced in this RFP?**

The Vendor Responsibility Form must be supplied with the RFP response. See Section IV.B.

- 11. Under the product design requirements for the Balanced Funds, you mention that you are not looking for a strategy that dynamically allocates between stocks and bonds. Our balanced portfolios do have a modest tactical overlay, which does not change the risk profile of the funds, but is considered an alpha source and risk management tool. Can you define what you mean by dynamic and whether our use of a modest tactical overlay prohibits our balance strategies from consideration?**

Modest shifts in the asset allocation of the portfolio relative to the designated benchmark would not eliminate you from consideration. Generally, we would expect the portfolio to be +/-5% of the benchmark asset class weights. The use of tactical overlays has not specifically been discussed; any strategies employing tactical overlays would need to substantively demonstrate value-added relative to the costs of implementation and any potential risks.

**12. Are you looking for an off-the-shelf solution or a custom solution?**

We are only accepting off-the-shelf solutions.

**13. In regards to the \$5 billion product minimum, is the minimum required for the specific product chosen or can the minimum apply to all target-date solutions managed by that provider?**

\$5 billion applies to all target-date solutions managed by the provider. However, NYSDC does not wish to be more than 20% of the assets of the specific product being proposed.

**14. Would you consider an off-the-shelf solution where the solution as a package does not have a 5 year track record however the underlying managers and glide path can demonstrate a tested track record?**

No.

**15. Is there a particular income replacement ratio and/or multiple of salary objective at retirement? Are there any other explicit goals such as minimizing the probability and/or severity of losses at retirement?**

No.

**16. Has a fee budget been established and if so, what is it?**

No.

**17. Will any demographic information be shared with us during the evaluation process so that it can be incorporated into an indicative glide path? If so, could you provide some details of the process?**

No.

**18. What level of operational support is being provided today for The Deferred Compensation Plan for Employees State of New York that should be retained going forward? Are there any operational services that aren't being provided that should be going forward? Any insight that can be shared regarding the level of importance, needs and support that The State of New York might need operationally would be appreciated.**

No more operational issues than with any other mutual fund or collective trust.

**19. As far as education and communication, can you provide some background regarding the expected role of the TDF provider?**

Nothing specific is required.

**20. Is NYSDC looking for a "to" or "through" glidepath?**

We will consider both.

**21. Is NYSDC considering all investment vehicles including mutual funds, SMAs, CITs?**

All except for separately managed accounts.

**22. Is there a specific price range they will not deviate from?**

No.

**23. For the active/passive option, do they have any preference on which asset classes should be active?**

NYSDC is seeking proposals for off-the-shelf target date strategies that are best in class.

**24. Do they have any active managers/funds that they prefer?**

NYSDC is adhering to an open bidding process to identify best in class solutions.

**25. Would fully passive TDF or balanced fund solutions be considered?**

No.