



STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

August 23, 2013

ADDENDUM NO. 1
To
REQUEST FOR PROPOSALS
FOR
Pension Benefit Payments
RFP ERS No. 2013-01
Issued August 2, 2013

OFFERORS:

In accordance to section 1.7 of the Request for Proposals the Employees' Retirement System of the State of Hawaii (ERS) is providing the following responses to questions from potential offerors:

1. Question: Will the Contractors be limited to the Employees' Retirement Systems' standard hours of operations or is there the possibility of working onsite on an after-hours and weekend basis?

Response: The Contractors will be limited to ERS office hours (7:45 am to 4:30 p.m., Monday to Friday excluding State holidays). The ERS may be able to provide access from 7:15 a.m. It's a security and supervisor coverage issue.

2. Question: Section 3.1 Introduction states "Offerors are to submit bound and packaged technical cost proposals." The next paragraph then states "The pages must be placed in a binder with tabs separating the major sections outlined below." Would ERS prefer bound proposals with separating tabs or proposals in three ring binders with separating tabs?

Response: The pages must be placed in a three ring binder with tabs separating the major sections.



Employees' Retirement System
of the State of Hawaii

3. Question: Section 1.8 – Copies of proposals “One original and (8) copies (including one in an electronic file) and one single-sided unbound original of the proposal must be submitted.”

Please confirm the following:

- One original - bound or in a three ring binder?
- Seven (7) printed copies - bound or in a three ring binder?
- One electronic copy
- One single-sided unbound original

Response:

- One original in a three ring binder
- Seven printed copies, each in a three ring binder
- One electronic copy
- One single sided unbound original

4. Question: How many total participants does the Employees' Retirement System of the State of Hawaii have in each of the plans, in the following categories: active, vested terminated, retiree?

Response: As of June 2012: 65,599 active; 6,909 vested terminated; 40,774 retirees.

5. Question: As referenced in Section 2.5, Facilities Provided by the ERS, do the five contractor staff who will be performing benefit calculations have to be in Hawaii or can they work remotely?

Response: Contractor staff must be in Hawaii at the ERS office.

6. Question: How many employers does the State of Hawaii have?

Response: There are seven employers participating in the ERS.

7. Question: Do they all have automated feeds to the System?

Response: All employers have automated feeds to the ERS.

8. Question: What service is included in service credit mentioned in *Section 1.2, "3. Review the number and years and months of service credit segregated by group class."* Does this include military service, portability service, or out-of-state service?

Response: This includes military service, but not portability service or out-of-state service.

9. Question: For processing benefit payments, how much sick leave is included?

Response: An employee must have at least sixty of accumulated sick leave in order to sick leave included; however, there is no cap on the amount of sick leave that may be included.

10. Question: Is this readily available?

Response: Most employers provide sick leave information upon an employee's retirement; however, it is sometimes necessary to follow up with employers if the information is not provided.

11. Question: Does the Employees' Retirement System of the State of Hawaii already have service buyback tables calculated or would the contractor have to calculate?

Response: Service buyback is calculated manually using excel spreadsheet templates.

12. Question: Does the Employees' Retirement System of the State of Hawaii apply 415 limits?

Response: The ERS applies section 415 limits.

13. Question: The Employees' Retirement System of the State of Hawaii has both after-tax and pre-tax employee contributions.

Response: The Employees' Retirement System of the State of Hawaii has both after-tax and pre-tax employee contributions.

14. Question: Would the contractor have to calculate basis?

Response: No, the contractor will not have to calculate basis.

15. Question: How much time does the Employees' Retirement System of the State of Hawaii spend on average for one pension benefit payment?

Response: ERS staff spends an average of eight hours per case.

16. Question: How many HI staff members currently perform this task?

Response: Five staff members are assigned to finalizations.

17. Question: On the Employees' Retirement System of the State of Hawaii's website, you host a Benefits Calculator for participants. Listed under Retirement Options on this Benefits Calculator, there is an initial insurance reserve that is mentioned. Please describe what this initial insurance reserve is.

Response: "At the member's retirement, there shall be established an amount of initial insurance reserve that shall be computed on the basis of actuarial factors. Upon the death of the retirant, there shall be paid to the retirant's beneficiary . . . : any balance remaining after deducting the retirement allowance and, if the retirant retired after November 30, 2004, the post retirement paid to the retirant prior to death." § 88-83(a), Hawaii Revised Statutes.

18. Question: Is it already calculated for current participants, or will the contractor have to calculate this reserve?

Response: The initial insurance reserve is calculated by the ERS's computer system.

19. Question: Also listed on the website calculator is a mention of a hybrid plan. Does the hybrid plan refer to a participant's retirement options or is a hybrid plan (i.e. coordinated with a defined contribution plan) in place for one of the three Employees' Retirement System of the State of Hawaii's plans?

Response: The "Hybrid plan" is one of the ERS's three plans. The other two plans are the "Non-contributory plan" and the "Contributory plan" (this is the original ERS contributory plan). The "Hybrid plan" is a contributory plan. See, §§ 88-301 to 88-344, Hawaii Revised Statutes.

20. Question: Would the contractor be responsible to calculate the annual COLA?

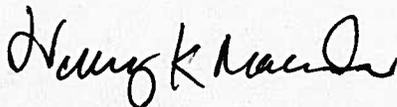
Response: "COLA" is calculated by the ERS's computer system.

21. Question: How far do pay records go back for Average Final Compensation that is referenced in Section 1.2, "7. Verify that the Average Final Compensation was computed correctly and make adjustments when necessary"?

Response: Pay records go back to the initial membership start date.

22. Question: Approximately what percentage of the data needed is electronic vs. manual?

Response: Approximately 60% of the data is electronic.



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