

REQUEST FOR INFORMATION

Auto-IRA Interstate Partnership

Nevada State Treasurer's Office

On Behalf of the Board of Trustees of the Nevada Employee Savings Trust

RFI Date of Issuance: September 30, 2024

Responses Due: October 28, 2024 at 5:00 p.m. Pacific Standard Time ("PST")

CONTACT

Lesley Mohlenkamp, Deputy Treasurer, Financial Literacy and Security
Nevada State Treasurer's Office
101 N. Carson Street, Suite 4
nest@nevadatreasurer.gov

SECTION I: GENERAL INFORMATION

BACKGROUND INFORMATION

The Nevada Employee Savings Trust Program (“NEST” or the “Program”) – established by Senate Bill 305 of the 82nd Session of the Nevada State Legislature under Nevada Revised Statutes (NRS), Chapter 353D – requires certain private-sector employers to facilitate employee payroll contributions to individual retirement accounts (“IRAs”) that are created within the Program. Employers are required to participate if they do not currently offer a workplace retirement plan, have five or more employees and have been in business for at least 36 months. Currently participation is optional for employers with less than five employees.

Employees are automatically enrolled in the Program but may opt out at any time. After enrollment, the Program opens an IRA for the participant. Participants will be able to set their own contribution rate (with a default contribution rate provided by the Program) and will be able to choose one of several investment options, depending on their risk preference. Participants may withdraw their contributions tax- and penalty-free at any time, and generally earnings will grow, if withdrawals are made in accordance with the provisions governing the applicable IRA.

Per the Statistics of U.S. Businesses (SUSB), as of June 30, 2023, approximately 12,000 employers would be eligible to participate (employers with 5+ employees). This number represents approximately 290,000 employees. An alternative estimate of eligible workers as calculated using the U.S. Census Bureau's Current Population Survey, indicates that approximately 590,000 workers would be eligible to participate¹.

FACTS AND ASSUMPTIONS

- The Program is governed by the Board of Trustees of the Nevada Employee Savings Trust (the “Board”) and maintains all oversight and final approval of any decisions affecting the Program.
- The Nevada State Treasurer’s Office (the “State”) provides professional and administrative support for the Board.
- Nevada statute directs that the Program must be available by July 1, 2025; however, the Board may implement the Program in waves.

¹ Source: *The Pew Charitable Trusts, Retirement Savings Project (2024)*

SECTION II: PURPOSE OF REQUEST FOR INFORMATION

This Request for Information (the “RFI”) is to determine potential state partners for NEST. The State is soliciting information from established automatic-enrollment IRA programs (“Auto-IRA programs”) in other states. Potential partners must have an established Auto-IRA program with structure similar to NEST as established under [NRS, Chapter 353D](#).

THIS IS A REQUEST FOR INFORMATION ONLY

The information provided in this RFI is subject to change and is not binding on the State of Nevada. The Board has not made a commitment to procure any of the items discussed, and release of this RFI should not be construed as such a commitment or as authorization to incur cost for which reimbursement would be required or sought.

SECTION III: REVIEW PROCESS

SCHEDULE

- RFI Issued: Monday, September 30, 2024
- Respondent Questions Due: Wednesday, October 9, 2024, by 5:00 p.m. PST
- Answers to Questions Posted: Wednesday, October 16, 2024, by 5:00 p.m. PST
- **RFI Due:** Monday, October 28, 2024, by 5:00 p.m. PST
- Review of RFI Responses: October 29, 2024 – November 8, 2024

The Nevada State Treasurer’s Office, on behalf of the Board, may decide to amend this timeline in whole or in part at any time.

SUBMISSION OF REQUEST FOR INFORMATION DOCUMENTS

Respondents should submit two (2) electronic copies (one in PDF format and one in Word format) to nest@nevadatreasurer.gov no later than 5:00 p.m. PST on October 28, 2024.

Respondents should be aware that RFIs received will be reviewed and discussed during an open and public meeting. If the Respondent designates any portion of the RFI as being a non-public record, the Respondent must submit one (1) copy of the document from which the non-public record is deleted or redacted. See Section V: Other Considerations and Restrictions / Confidentiality further below.

RFIs received after that deadline will not be considered. Telephone or faxed submissions will not be considered.

RESPONSE FORMAT

Responses should be prepared in a concise manner, delineating the Respondent's capabilities to satisfy the requirements of this RFI. Responses must include substantial evidence of the Respondent's commitment and ability to undertake the services required and outlined in this RFI.

The response must be accompanied by a cover sheet (not to exceed two (2) pages), dated and signed by the individual(s) authorized to bind the Respondent contractually. The cover sheet must indicate that the signer is so authorized and must indicate the title or position the signatory holds.

All submissions (data, material, and documentation) pursuant to the RFI, shall become the property of the State and will not be returned. All submissions are subject to public inspection in accordance with the Nevada Public Records Act.

Respondent's submission document shall answer the questions under SECTION IV: INFORMATION REQUESTED.

EVALUATION OF RESPONSES

A Committee, consisting of the Nevada State Treasurer's Office staff (herein referred to as the "Committee"), will objectively review and evaluate the responses submitted. The Committee has the authority to conduct interviews, request presentations, conduct onsite visits and request any other information from the Respondent as it deems necessary. The Committee expects to present its conclusions, rankings and/or determinations to the Board for consideration at the November 20, 2024 NEST Board of Trustees meeting.

The State reserves the right to request additional information from Respondents. The State reserves the right to waive any minor informality in a response, to request clarification of information from any Respondent, and to affect any agreement deemed by the State to be in the State's best interest with one or more Respondents. The State reserves the right to amend or cancel this RFI at any time. Modifications or additions may be made to this RFI as a result of questions submitted. Written notification of any such change will be made in writing to all known Respondents. The Respondent has the right to withdraw and resubmit a response prior to the response deadline. No withdrawals or re-submissions will be permitted after the response deadline.

QUESTIONS

Questions regarding this RFI shall be submitted in writing by email to nest@nevadatreasurer.gov. Verbal questions will NOT be accepted. Answers to questions

will be posted to the NEST Program webpage on the Nevada State Treasurer website; accordingly, questions shall NOT contain proprietary or classified information. The Board does not guarantee that questions received after 5:00 p.m. PST, October 9, 2024 will be answered.

SECTION IV: INFORMATION REQUESTED

A. GENERAL PROGRAM

- 1) Discuss your state's experience in administering an Automated IRA program. Please discuss specifics on account and asset growth of the program. Please also include answers to the following questions in your response:
 - a. Who is the current (i) third-party Program Administrator (Program Administrator)/recordkeeper for the program (ii) investment manager and (iii) auditor?
 - b. Are partner states able to rely upon the financial audit services provided by your auditor or are partner states expected to engage their own auditors?
 - c. Will the SOC reports for your Program Administration partners be available to partner states?
 - d. How many business owners opened/adopted a retirement account/plan in the first year? (Number and Percentage)
 - e. How many opened a retirement account in 2-5 years? (Number and Percentage)
 - f. How many employees opted out, contributed to, or closed accounts in the first year? (Numbers and Percentages)
 - g. How many in 2-5 years? (Numbers and Percentages)
- 2) What advantages would you see for Nevada in potentially partnering with your state's Auto-IRA program?
- 3) Discuss timeline. If Nevada were to enter into an agreement with your state, approximately when do you anticipate Nevada would be able to initiate its pilot and then fully launch the program? Are there events or circumstances that could delay the launch or timeline?
- 4) Do you currently have any state partners, are you onboarding any state partners, or are you in discussions with other states about partnering? Please describe. If so, how would those additional states impact the fees that would apply to NEST participants, or change the proposed timeline?
- 5) Identify the source of your statutory or other authority to serve as the lead or host state for a partnership or consortium.
- 6) Has your third-party Program Administrator already committed to supporting your partnership? How many years remain on the term of your contract with your Program Administrator?

- 7) Describe the governance structure of your program. Please list all entities involved in oversight or administrative support and include the names and professional titles of chair(s), voting members, advisory committee members and program staff.
- 8) Discuss how decision making would be shared between or among the states. Please address what types of decisions will be handled via partner vote, and what types of decisions (if any) will be left solely to the lead state. Have you developed a formal framework governing the terms of any prospective partnership or consortium? If so, please attach to your response.
- 9) What type of IRAs are offered as part of the program (e.g., Roth IRA, Traditional IRA, both)? If limited to only one choice, please explain the administrative and/or pricing advantages. Additionally, if limited to one choice, is the other a possibility for rollover IRAs?
- 10) Describe the trust structure of the partnership. Are there separate trusts for each partner program, or is there one trust where assets are held? Is the accounting separate for each state?
- 11) Describe the terms for exiting your partnership. Are there restrictions on exiting? Do NEST accounts stay with Nevada, or with the partnership?

B. FEES

- 12) Discuss your fee structure, including applicable asset and account breakpoints. Include projections on how long it is anticipated before reaching these breakpoints.
- 13) What are the total annual fees a participant can expect to pay (please include any expenses that may not be captured in the standard AUM / BP calculations such as enrollment fees, minimum required deposit amounts, returned checks, copies of previous statements/reports, distribution/conversion, and/or any other transaction fees)? Would our participants pay the same fees as your state participants?
- 14) What fees would Nevada receive? Is there a difference in the amount of fees received by your state versus Nevada (if so, what is the breakdown)? How are all parties compensated?
- 15) Are there any costs associated with your partnership that would be charged to Nevada? Specifically, has your Program Administrator confirmed whether it will charge any start-up or ongoing fees to new partner states? If so, list those expenses and describe whether any such payment is due in lump sum or can be made in installments.
- 16) Would pricing change if Nevada legislation doesn't include a mandate for employers to participate?

C. INVESTMENTS

- 17)** Discuss your investment lineup for participants. How are investments selected and monitored? What are the participants' choices? How often is the lineup evaluated and updated? What are state partner options in selecting the investment menu; are you willing to modify the existing lineup based on Nevada's input?
- 18)** Please identify the firm that serves as independent investment consultant. May the partner states rely upon this entity's monitoring and recommendations or is each partner state expected to engage its own, independent investment consultant?

D. PROGRAM PRACTICES

- 19)** We assume that Nevada will have full access to data and contact lists specific to NEST account holders and employers, and that Nevada will control the communications with these groups. Please confirm or describe how your structure differs. What types of reports would be available to the NEST Board?
- 20)** Please describe the current user experience that would be offered to Nevada employers utilizing your program. What is the practice for employers to register utilizing your system? What is the practice for employers to integrate payroll when submitting a pay file (include details on the process for employers to upload the plan participant census, how often it is required, and what specific data points must be collected and included in the census?) Please specify if payroll process is manual, automated, or both and describe.
- 21)** Please describe the current user experience that would be offered to Nevada employees utilizing your program. What would the steps or process be to allow employees to opt-out of automatic enrollment? What is the process for a distribution, including how distributions are requested?
- 22)** Briefly describe your program's practices related to risk management. Describe your program's security against fraud. What is the audit process, if any, used to determine the employer's compliance with the program? What is the process to approve a distribution (e.g. does it require a third-party notary or medallion stamp)?
- 23)** Are there systems in place to identify non-compliant contributions (e.g. how are late or missing deposits monitored, managed, and communicated)? What is the process for a correction (e.g. how many days are required to correct an erroneous contribution and what steps are taken to avoid a penalty by the IRS?)
- 24)** What support, if any, is available to Nevada in implementing and marketing, the program (e.g. marketing, outreach financial literacy, investment tools or resources) either from your state or the Program Administrator? What practices are in place for employer education regarding the retirement saving program? What is the specific

support for launching the program to employers? What support, if any is for continuing outreach to employers after launch? What tools are available to help employees adopt into the program? Is your Program Administrator willing to assign an in-person field representative?

SECTION V: OTHER CONSIDERATIONS AND RESTRICTIONS

CONTACTS AND LOBBYING

No contact with any employee or official of the State, or the NEST Board, is permitted with respect to this RFI, any documents submitted in response to the RFI, or any subsequent contract to be awarded pursuant to this RFI. This prohibition includes, but is not limited to, any lobbying efforts directed at any Board members, officers, or employees who might reasonably be considered to have influence over the process and outcome. Violations of the provision may result in immediate disqualification from this and any future business opportunities with the State and/or the Board.

CONFIDENTIALITY

The State shall treat all documents submitted by a Respondent in response to this RFI as public records upon finalization of a partnership agreement. The release of public records is governed by the Nevada Public Records Act (NPRA) [NRS Chapter 239](#) - Public Records. Respondents are encouraged to familiarize themselves with this law before submitting the RFI.

By submitting the RFI, Respondent agrees that the State and/or the Board may reproduce Respondent's submittal for purposes of facilitating the evaluation of the information or to respond to requests for public records. Respondent consents to such reproduction and further warrants that such reproduction does not violate its rights or the rights of any third parties.

Any request by Respondent that records submitted by them be exempt from being considered public records must be included in the cover letter with the Respondent's RFI. In addition, Respondent must enumerate the specific grounds upon which the NRS 239 or other applicable law support treatment of the documents as exempt from being considered a public record, and further, the factual basis, if any, upon which they rely in asserting that the documents should be exempt. Any request for treating records submitted as being exempt must also include: the name, address, and telephone number of the person authorized by the Respondent to respond to any inquiries by the State and/or the Board regarding such an assertion.

Any RFI submitted which contain non-public records must be conspicuously marked on the outside as containing non-public information, and each page upon which non-public information appears must be conspicuously marked as containing non-public information. Identification of the entire RFI as being non-public records may be deemed non-responsive and may disqualify the Respondent.

If the Respondent designates any portion of the RFI as being a non-public record, the Respondent must submit one (1) copy of the document from which the non-public record is deleted or redacted. This copy shall be submitted in addition to the number of copies requested in Section IV of this RFI. The non-public records must be excised in such a way as to allow the public to determine the general nature of the information redacted and retain as much of the RFI as possible.

The State and/or the Board will treat the records marked as non-public as being confidential information to the extent such information is determined confidential under NRS 239 or other applicable law. The Respondent's failure to request records submitted as being non-public records will be deemed as a waiver of any right to confidentiality, which the Respondent may have had.

RESTRICTIONS ON GIFTS

State ethics laws restrict gifts which may be given or received by employees and Board members and requires certain individuals to disclose information concerning their activities with State government. Respondents are responsible for determining the applicability of these laws to their activities and to comply with the requirements. In addition, it is a felony offense to bribe or attempt to bribe a public official.

STATE CODE OF ETHICS

The State is committed to maintaining the highest standards of ethics. Respondents should be familiar with and abide by NRS Chapter 281A, and any additional regulations as provided on the Nevada Commission on Ethics website: <https://ethics.nv.gov/>.

NON-DISCRIMINATION

All RFIs shall be considered based on their merit in accordance with the criteria specified herein and shall not exclude any person, firm, or other entity, from consideration on the grounds of race, color, religion, sex, sexual orientation, gender identity or expression, age, national origin, or disability.