



formerly College Savings Plans of Maryland

R60R6400001 College Investment Plan Program Manager RFP

QUESTIONS and ANSWERS

10/3/2016

Q1: What is the nature of Maryland's relationship with the local advertising agency? Please specify the degree to which the local agency supports the Maryland 529 plan. Is the intention to continue with the existing relationship or is there a desire to transition to a new agency?

A1: Maryland 529 has a one year contract with our advertising agency Weber Shandwick. The contract allows for one additional renewal year before we are required to rebid. The agency has a full service relationship with the Plans through media buying, creative, branding, and public relations. At this time we cannot comment on the possibility of renewal of the contract as the current term expires June 30, 2017.

Q2: From a marketing perspective, what are the expectations in terms of materials for non-English speakers? To what extent are you currently utilizing non-English speaking marketing materials?

A2: Maryland 529 has done limited non-English speaking materials. At the current time we only offer a one-page flyer. The Plans have a desire to offer more materials to non-English speakers; however, current staffing does not allow us to support the servicing of those individuals.

Q3: In order to better understand the Maryland 529 investment philosophy, can you please provide a copy of your most current investment policy statement?

A3: Yes. It will be added to www.Maryland529.com/RFP

Q4: What tolerance does the Plan/Board have for deviations from the broad market benchmark? Is there a specified degree of tracking error that you are comfortable taking within an actively managed portfolio?

A4: Please see the Investment Policy Statement available on www.Maryland529.com/RFP page. The Board is looking for the best possible option for Marylanders. If you feel that a different investment philosophy would improve the Maryland College Investment Plan, we encourage you to include those details in your proposal.

Q5: As it relates to marketing the plan, we see that the prepaid and investment plans are combined.

- Do you expect the successful Offeror to draft, create and distribution marketing communications and collateral for both plans?
- Are the plans ever marketed separately?
- Is the Offeror expected to promote the growth of both plans, and if so, by what measures?

A5: Collateral for both Plans is created by the agency. Maryland 529, also, contracts with a fulfillment vendor for distribution of materials. There are occasions where an individual campaign for a specific plan is done; however, both plans are always mentioned. The current model is that the Offeror would be working with the agency of record and the Prepaid College Trust marketing team to promote both Plans through economies of scale. If you feel that there is a better model to utilize, we encourage you to include the details in your proposal.



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- Q6:** As it relates to plan disclosure documents, should the Offeror expect to draft, create and distribute these types of plan communication materials for both plans? If yes to any of the above, what is your preference for allocating costs for these efforts?
- A6:** The Offeror is expected to work with the marketing team, the agency of record and its counsel to produce the College Investment Plan disclosure. The Prepaid College Trust disclosure is created by Maryland 529. Distribution is done through the Maryland 529 fulfillment vendor. The costs are currently allocated by asset split with the program manager paying 80%.
- Q7:** Regarding item #1 on page 36 – Recordkeeping Software
- What type of data is contained in the shared database?
 - What is the frequency of updates (demographics, transactions, prospect info, etc.)?
- A7:** Currently, both plans are using the same recordkeeping system, so all plan data is available in the database and updated daily.
- Q8:** Regarding Customer Service – Call Center, is the database of inbound callers just for the MCIP plan or is it for both the Prepaid and the MCIP plan?
- A8:** The current program manager maintains their own call center software which tracks the College Investment Plan service levels and call volume.
- Q9:** Will the outgoing program manager/investment manager have any right to manage assets or market to account owners post-termination?
- A9:** There will need to be a transition period, but once the assets and records are transferred the previous program manager would not have a right to manage assets. If College Investment Plan account holders have other relationships with the program manager, we could not prevent them from marketing to those clients.
- Q10:** Can you please provide the overall average beneficiary age for the plan?
- A10:** The average age for new accounts is 6 and the median age for existing accounts is 11.
- Q11:** Regarding section 3.2.3, Recordkeeping Software; can you please provide further detail for the requirements on platform integration between the two Maryland 529 plans?
- A11:** Maryland 529 will own all data related to the College Investment Plan. The Offeror’s recordkeeping software must allow for Maryland 529 to access all Plan data through a shared data based. The Plan has not previously had a change in program manager so the specifics are undefined.
- Q12:** Please provide the following data for the past 3 calendar years (2013 – 2015) for non-Maryland plan participants: Ending assets, Ending accounts (unique account owner/beneficiary combination), Annual gross inflows, Annual gross outflows, Annual new accounts, Annual closed accounts



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A12: Maryland 529 does not market outside of Maryland. Those data points are not available as they are not something Maryland 529 uses as metrics.

Q13: Please provide the following data for the past 3 calendar years (2013 – 2015) for Maryland plan participants: Annual new accounts and Annual closed accounts.

A13: See below:

New/Closed Accounts	2013	2014	2015
New - Including Exchanges	27,565	29,480	29,925
New - Excluding Exchanges	24,519	26,604	26,749
Closed Accounts (zero balance accounts)	68,248	79,450	84,007

Q14: For 2015, please provide the monthly breakdown of transactions by type:

- Check
- EFT
- Payroll contribution
- Rollover-in
- Rollover-out
- Qualified withdrawal
- Payment via ACH
- Payment via Check
- Account maintenance (address change, etc.) by paper form

A14: See Below:

New/Closed Accounts	2013	2014	2015
New - Including Exchanges	27,565	29,480	29,925
New - Excluding Exchanges	24,519	26,604	26,749
Closed Accounts (zero balance accounts)	68,248	79,450	84,007

Rollover Data	2015
Rollovers In - Count	1,232
Rollovers In - \$	\$24,227,743
Rollovers Out - Count	922
Rollovers Out - \$	\$15,447,419



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No. of Accounts with no Financial Activity	2015
Accounts with activity	195,828
Accounts with balance at the end of 2015	227,745

Transaction Volumes	2014	2015	2016 YTD (August)
Contributions Check - Count	38,224	59,387	72,468
Contributions AMC - Count	1,111,588	1,215,749	866,296
Contributions Payroll - Count	102,307	104,159	68,420
Redemptions - Count (Includes Rollovers Out)	39,891	44,517	32,498

Q15: What percentage of accounts had no financial activity in 2015?

A15: 14%

Q16: How do you measure the success of the plan’s marketing campaigns and can you please share that data?

A16: At a high level, the marketing team looks at click through rate, ROI for cost of campaign and new assets of new accounts opened, ROI for cost of campaign and increases to Automatic Monthly Investments and metrics captured in the new enrollment process. You can view the progress in the Marketing Plan posted on the RFP page.

Q17: Does that state require a response to sections 3.3 – 3.10 or is an acknowledgement of receipt and understanding sufficient?

A17: There is no required response to sections 3.3 – 3.10. An acknowledgement of receipt and understanding is sufficient.

Q18: Please provide the following data for the past 3 calendar years (2013 – 2015) the Maryland Prepaid College Trust (MPCT): Ending assets and Ending accounts

A18: These figures are available on our website in the Annual Report and Annual Report Summaries. They can be found at <https://maryland529.com/annual-report>.

Q19: For each portfolio investment option, please provide the number of accounts and total assets invested in the option.

A19: See Below:



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As of August 2016	# of Funded Accounts	AUM
2036	1,118	\$4,118,283
2033	14,284	\$87,902,770
2030	21,166	\$217,728,106
2027	24,695	\$426,755,431
2024	27,078	\$599,189,020
2021	26,928	\$735,687,190
2018	24,421	\$731,541,596
College	31,868	\$586,067,581
Equity	22,300	\$495,998,348
Global Equity Mkt Index	12,345	\$181,511,776
Balanced	16,670	\$300,137,747
Bond and Income	6,721	\$82,984,701
Inflation Focused Bond	2,649	\$28,240,520
US Treasury Money Market	4,224	\$68,056,794
TOTAL	236,467	4,545,919,863

Q20: How many accounts are charged an annual account maintenance fee if applicable?

A20: In 2015, 76,100 accounts were charged an account maintenance fee.

Q21: Will the new program manager have access to all forms, program documents and program disclosure documents in Microsoft Word or InDesign?

A21: Please refer to Q5. If needed, yes, the program manager will have access to the files.

Q22: Is the incoming program manager expected to pay any outgoing program manager costs such as conversion costs?

A22: The new program manager would only be responsible for their related conversion costs.



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Q23: Does the plan utilize a Lockbox? If so, please provide monthly volumes by transaction type for 2014, 2015 and YTD 2016.

A23: Yes. A lockbox is used. The volumes aren't tracked by type. Annually the plan receives over 107,000 checks with a steady year over year increase.

Q24: For the plan, please provide the monthly breakdown of transaction volumes (i.e. contributions, EFT, AIP, Payroll, rollovers-in, withdrawals) broken out by qualified and nonqualified for 2014, 2015 and YTD 2016.

A24: Since 529 plans are self-certifying on the part of the participants, the Maryland College Investment Plan does not indicate a qualified or non-qualified withdrawal. See Q14 for data.

Q25: Which telephone vendor supplies the toll free number?

A25: Verizon

Q26: Please provide the monthly call volumes and statistics such as speed of answer; abandoned rate and average talk time for phone calls received for the plan for each month in 2014 and 2015.

A26: We have provided the service level expectations in the RFP. The current program manager is meeting those requirements. The average call volume per month is:

Average Call Volumes	2014	2015	2016 YTD (August)
Sales	555	503	421
Service	6,099	6,824	7,380

Q27: Is there a requirement for the call center to support foreign languages and if so, what languages and please provide a breakdown of materials required, fulfillment volumes and monthly call.

A27: Refer to Q2.

Q28: Please provide the percentages of accounts that use electronic delivery for statements, confirms, and tax reports.

A28: That functionality is not currently available with the current record keeping system.

Q29: Please provide incoming mail volumes for each plan for regular and overnight deliveries and by type of mail.

A29: The Plan receives about 100,000 annually. Plan volumes are typically higher than the industry because of the minimal online servicing options available through the Banner recordkeeping system.

Q30: Which party owns the URL and toll number?



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A30: Maryland 529 owns the URL and the toll free number.

Q31: Please provide a copy of the most recent board report(s).

A31: This question is not specific enough to answer.

Q32: Who owns the intellectual property rights to the code for the website(s)?

A32: Maryland 529 owns the intellectual property rights to the code for the website.

Q33: In which coding language is the website code written?

A33: The front end is written in HTML and the backend content management is .Netnuke written in C#.

Q34: Who owns the intellectual property rights, to the Maryland College Investment Plan's:
Forms, Brochures and Web Copy?

A34: Maryland 529 owns the intellectual property rights to the code for the forms, brochures and web copy.

Q35: Please provide the annual marketing budget for 2017 and the last 3 years. (National Marketing vs. in state by percentage, if allocated as such.)

A35: Please refer to Maryland529.com/RFP for the budgets. Also, reference Q12.

Q36: How many events were held nationally and in Maryland for 2015 and YTD 2016 and planned for 2017?

A36: Reference Q12. Within the State of Maryland, the marketing team attended 212 events. Please refer to the 2016-2017 Maryland 529 Marketing Plan document slide 19 listed on www.Maryland529.com/RFP.

Q37: We seek further clarification on marketing budget and commitment as follows:

Does the 80% of the \$1,068,000 and the minimum marketing contribution of \$950,000 refer to the same commitment or are they separate and distinct?

In Section 3.2.5.1, page 39, RFP states that:

[Contractor] Will be required to pay a portion of the marketing costs associated with the joint in-state marketing of MD529's programs during the enrollment period. In FY2016 the combined marketing budget totaled just over \$1,068,000, and based on the current asset split the program manager has contributed a proportionate share of 80% of the marketing budget. The MPCT marketing portion has historically increased by 3% year over year.

In addition, on page 39, the RFP states the following:

The Board expects a minimum marketing contribution of \$950,000 in contract year one and an

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increase each subsequent year of the contract. Discuss your proposed contribution amount and your suggested increase each year of the contract;

Additionally, in section 3.2.2 of the RFP in item # 14, it states:

14. As part of the financial proposal you will propose an Administrative Fee, which is a fee paid by Contractor to MD529 in consideration for administrative and marketing expenses incurred by MD529 in administering the MCIP. This fee will be paid as an asset-based fee on a monthly basis (as basis points on average monthly assets. If awarded this contract, will you agree to a minimum Administrative Fee of \$2 million for each year of the Contract paid to MD529 due to fluctuations in the market that may cause the % of administrative fees to fall below than \$2 million per year? This calculation will be assessed at the end of each Contract year and retroactively bill the difference in payments made

A37: The \$1,068,000 was the total marketing budget for fiscal year 2016 which includes the amount contributed by the Prepaid College Trust. The \$950,000 is the minimum marketing contribution expected from the program manager for the first year of the contract.

Q38: The above item 14 refers to certain "marketing expenses". Are any of the amounts referenced in section 3.2.5.1 of the RFP included in this Administrative Fee Amounts?

A38: The administrative fee is the contribution made to the plan as a whole and is separate from the marketing contribution. The dollars used for the marketing contribution can be part of what the contractor receives as a program management fee.

Q39: Are you willing to allow the respondent to submit summary prospectus for the underlying investment options (Section 3.2.2 Financial Services, Question 11 on page 33).

A39: Yes, if there is access to the full prospectus online.

Q40: Section 4, 4.2.1 states that each volume shall contain an unbound original, so identified, and four (7) copies. Please let us know if this is a request for four (4) copies or seven (7) copies?

A40: Please provide (7) copies