

NEBRASKA STATE TREASURER

REQUEST FOR INFORMATION



Nebraska Achieving a Better Life Experience Program Trust
ABLE Program Manager Services

June 30, 2023

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REQUEST FOR INFORMATION

I. INTRODUCTION

The Nebraska State Treasurer (the “Treasurer”) issues this request for information (“RFI”) from qualified financial services companies (“Providers”) in order to decide the future management of the Nebraska Enable Savings Plan (“Enable”) and any other ABLE program that may fall under Nebraska's purview.

The Program is a qualified ABLE program established and maintained pursuant to Internal Revenue Code (“Code”) Section 529A and Chapter 77 of the Nebraska Revised Statutes.

The Treasurer asks for the courtesy of your response by Friday, August 11, 2023.

Neither the issuance of this RFI nor the receipt of any responses submitted pursuant hereto creates an obligation, express or implied, on the Treasurer or the State of Nebraska (the “State”) to do business with or enter into a contract with any Provider or subcontractor.

II. BACKGROUND INFORMATION

A. Current Program Management Agreement

The Nebraska Treasurer's Office is currently the program manager. The program manager provides administrative, marketing, customer service, investment management and other services to the Program.

B. Current Recordkeeping Agreement

The Nebraska Treasurer's Office contracts with Ascensus College Savings Recordkeeping Services, LLC to provide certain custody, accounting, administrative, tax information return preparation, transfer agency, recordkeeping, customer service, and transaction processing services to the Program. The current recordkeeping agreement between The Nebraska Treasurer's Office and Ascensus will expire June 30, 2024.

C. Contracting State Agreement

The State of Nebraska is always open to contracting with other states and assisting in their ABLE programs. Providers should take this into consideration when preparing their responses.

D. The Treasurer

1. John Murante has served as Nebraska State Treasurer since January 2019. Before becoming Treasurer, he represented Nebraska's 49th Legislative District in the Nebraska Unicameral.
2. Stacy Pfeifer, Assistant State Treasurer has been with the office of Treasurer for over 10 years and has managed the Enable plan since February 2022.
3. Rachel Biar, Assistant State Treasurer, has over 18 years of experience managing Nebraska's college savings and ABLE plans.

E. The Nebraska Investment Council

1. The Council is an independent state agency consisting of an eight-member governing board and a nine-member investment team.
2. The Council retains authority with respect to all investment options offered by the Program.
3. It is the Council's goal that the investment strategy and structure of the Program:
 - a. maximize the return and minimize the risk of loss to each account owner and contributor
 - b. ensure availability of funds to meet the needs of account owners, regardless of their age
 - c. offer account owners ample choice of investment options and fund selections; and
 - d. minimize the overall fees charged to the Program and account owners.

F. The Program

1. It is the Treasurer's goal that the Program is regarded as among the best ABLE programs in the country. To this end, the Treasurer is looking for responses that include strategies to grow the Program and make it more widely recognizable.
2. The Program is available on a nationwide basis, but contributions made to Enable by individuals who file Nebraska state income tax returns may be deductible up to \$10,000.

3. The program is working towards being self- sustaining, and the program manager must assist in working towards that goal with the program.
4. The Program currently offers five investment options, which consist of three target-risk options (conservative, moderate and growth), a bank savings option and a checking account option.
5. The Program currently charges a \$45 annual account fee (assessed quarterly) and a Program Management fee of .40%-.45% on all assets except the checking account. There are no enrollment, investment change, transfer or distribution fees. There are additional fees for the checking account option.
6. The following are the total number of funded accounts and assets in the Program for annual periods since December 31, 2016, and for the period ending May 31, 2023.

Date	# of Funded Accounts	Total Assets	Average Account Balance
5/31/2023	3486	\$32,728,376	\$9,389
12/31/2022	3355	\$28,994,826	\$8,765
12/31/2021	2993	\$26,056,215	\$8,706
12/31/2020	2323	\$17,819,551	\$7,671
12/31/2019	1708	\$11,497,163	\$6,374
12/31/2018	1324	\$7,312,296	\$4,852
12/31/2017	847	\$4,058,612	\$4,137
12/31/2016	345	\$1,233,677	\$3,576

7. Additional information on the Program can be found on the Program’s website at: www.enableavings.com.

III. ANNOUNCEMENTS

A. Response Submission

Providers should submit their responses to this RFI via e-mail to stacy.pfeifer@nebraska.gov no later than 3:00 p.m. CDT on Friday, August 11, 2023.

B. Clarification of Information

It is the Provider’s responsibility to seek clarification of the information contained in the

RFI. Inquiries should include a specific reference to the question in the RFI for which clarification is sought. Questions for clarification should be submitted via e-mail to stacy.pfeifer@nebraska.gov no later than 3:00 p.m. CDT on Wednesday, July 19, 2023.

C. Interviews

Following the receipt and evaluation of responses, the Treasurer may wish to conduct interviews of respondents. Providers are not guaranteed an interview. More information will be provided to respondents regarding the interview format at a later date.

D. Timeframe

The Treasurer and the Council anticipate announcing the Program’s new program manager in December 2023.

IV. SCOPE OF SERVICES

The Provider is expected to provide all administrative, recordkeeping, compliance, customer service, marketing, distribution, trust custody, transition, and implementation services for the Program as outlined below and in accordance with applicable federal and state law, administrative rules and regulations (“Services”).

A. General Requirements

1. Compensation and Payment. The Provider will be compensated for Services solely through fees collected from account owners. The Provider must pay all its direct and indirect expenses in connection with the Program (including the Provider’s annual marketing commitment, the preparation and distribution of program disclosure materials, and investment fees).
2. Audits. The Provider will supply to the Treasurer and the Council all accountings, reports and information as may be required by either party, Code Section 529A, federal or state securities laws, the Municipal Securities Rulemaking Board (“MSRB”) or State statutes. Nebraska law requires an annual audit by either the Auditor of Public Accounts or an independent, licensed accounting firm designated by the Treasurer. Any Provider must submit to these audit requirements at **no cost** to the State, the Treasurer, the Council or the Program.
3. Americans with Disabilities Act (“ADA”). The Provider should consider its ability to provide Services that are ADA compliant.

B. Financial Services

The Provider must possess the requisite knowledge and demonstrate previous experience in providing investment management services. The Provider must have the

ability to develop and recommend, for the Council's approval, investment options, underlying funds and fee structures that appeal to Program investors.

C. Account Administration and Compliance

The Provider must possess the requisite knowledge and demonstrated experience in effectively administering investment accounts. At a minimum, it must:

1. Manage the Program in compliance with:
 - a. All applicable federal, state and local laws, administrative rules, regulations and guidance, including but not limited to the ADA, Securities Exchange Commission rules and regulations and Financial Industry Regulatory Authority rules; and
 - b. Guidelines established by the Treasurer and/or the Council.
2. Monitor federal and state laws and regulations that may affect the Program, advise the Treasurer and/or the Council of these changes, and work with the applicable parties to implement any changes.
3. Draft, prepare and distribute all Program documents, subject to the Treasurer's approval, including but not limited to program disclosure statements, participation agreements, and amendments or supplements thereto, as well as account owner communications, Program enrollment materials, and sweepstakes rules. All Program documents must be in compliance with all federal and state regulations. All such materials must be available online and in print and submitted to regulatory entities in a timely manner, as required by law or as requested by the Treasurer.
4. Provide Program enrollment online and through a central mailing location that can receive express deliveries by normal U.S. postal services.
5. Process all contributions and withdrawals, maintain all records and comply with all applicable tax and securities laws and any performance criteria established by the Treasurer.
6. Display its ability to provide account access and servicing in an ADA compliant manner.
7. Provide payment processing for Enable's crowdfunding platform, and record keeping for those payments that are processed.
8. Utilize current technologies to streamline processes and make them as customer friendly as possible.

D. Marketing and Distribution

The Provider must possess the requisite knowledge and demonstrated experience in marketing investment products (preferably qualified tuition or ABLE programs) to motivate and assist families in investing for disability expenses. Marketing efforts include advertising (television, radio and print), marketing materials (enrollment kits and brochures), a toll-free number and website, and face-to-face marketing (group presentations, event marketing and education). Marketing must be conducted in an ADA compliant manner.

The Treasurer expects the Provider to provide a proposed marketing plan, including a budget. The Provider should expect that the Treasurer will have limited available funds to contribute to the marketing of the Program.

The Treasurer will have final approval of all marketing and public relations decisions, including how funding is allocated among various marketing efforts.

The Provider is expected to:

1. Describe its proposed distribution plan within Nebraska, the Midwest and remaining U.S. regions.
2. Work with the Treasurer or his authorized representative on all aspects of marketing and public relations campaigns.
3. Conduct marketing in Nebraska and any other states who Nebraska may administer to and out of state year-round.
 - a. Develop and execute a multi-year marketing plan. Submit the proposed plan to the Treasurer on an annual basis for editing and approval.
 - b. Budget and expend sufficient funds each year to fund approved marketing efforts.
 - c. Separately identify proposed annual marketing spending on in-state (Nebraska and any other states NE may administer) and out-of-state efforts for the Treasurer's feedback and approval.
4. Fund any trademark and copyright searches associated with the Program's marketing efforts. (Note that the Trust will own any trademarks and copyrights regardless of how such searches are funded.)
5. Employ data analytics and benchmarks to assess the effectiveness of the Program's marketing and outreach efforts and report such findings to the Treasurer on an annual basis, in advance of the presentation of the upcoming year's marketing plan.

6. Ensure that the Program's websites will, at all times, be the sole source of detailed information available via the Internet regarding Enable. Any inquiries made on the Provider's website about the Program must be linked directly to the applicable Program website. Each Program website must be compliant with the accessibility standards set forth in Title III of the ADA.
7. Provide innovative ways to increase participation and contributions to the Program through technology and partnerships.
8. Conduct annual public opinion surveys, in a format and content approved by the Treasurer, to gauge the effectiveness of marketing efforts.

E. Customer Service

The Provider must possess the requisite knowledge and demonstrated experience in providing customer service for qualified ABLE programs or similar products in a manner that substantially meets the performance guidelines specified in this Section. All customer service options must be ADA compliant. This includes, but is not limited to:

Call Center

1. Interacting with prospective participants via inbound telephone calls and online inquiries and answering any questions they may have about the Program, and by taking their names and addresses to send them additional information.
2. Maintaining a comprehensive call center located in the United States, from 8:00 a.m. to 8:00 p.m. CST, Monday through Friday, except U.S. bank holidays. Customer service representatives must be trained by the program manager using materials approved in advance by the Treasurer. An automated voice response unit and Internet servicing access must be available at all other times. The call center must be staffed with a sufficient number of customer service representatives who are licensed or registered in accordance with applicable law.
3. Interacting with account owners over the phone and via e-mail to service their accounts.
4. Maintaining a database of inbound callers seeking enrollment materials, including information such as:
 - a. Caller's name, address and telephone number
 - b. County of residence (Nebraska callers only); and
 - c. How the caller heard about the Program.

5. Providing the Treasurer with a monthly report monitoring daily call volumes, call durations, times of calls, hold time, and abandoned calls.
6. Updating or changing prerecorded messages, question-and-answer scripts, and training scripts as needed throughout the year using scripts approved by the Treasurer.
7. Providing a means for individuals to express concerns, comments or complaints regarding the Program and creating and maintaining a website and toll-free voice response unit for customer service inquiries, account balance information, enrollment, and withdrawal and marketing requests.
8. Providing a means for participants to contribute to their Program account through the workplace.
9. Maintaining the confidentiality of all account owner and beneficiary information.
10. Providing best-in-class website capability, including online enrollment, account maintenance and withdrawals.

Customer Service

1. Serving as the first and main point of contact and managing all incoming and outgoing correspondence for the Program.
2. Establishing and maintaining accounts, collecting contributions, processing withdrawals, and providing accurate, easy-to-understand information (including quarterly and annual account statements) to account owners.
3. Maintaining robust quality control procedures to minimize error rates.
4. Evaluating customer satisfaction through focus groups, surveys and customer feedback and providing findings to the Treasurer on a regular basis.
5. Having the ability to receive mail each day the U.S. Postal Service is open for business through a physical address and a post office box whose location is acceptable to the Treasurer.
6. Encourage electronic forms of communication when possible.

Service Level Requirements

1. Telephone Inquiries

- a. Abandonment Rate – less than 2%
 - b. Percent of Calls Answered within 30 seconds – 85%
2. Correspondence:
- a. Financial Correspondence Timeliness – 99% of financially related correspondences are sent within two business days of receipt
 - b. Non-Financial Correspondence Timeliness – 99% of non-financial correspondences are sent within seven business days of receipt
3. Check & Money Processing:
- a. Accuracy of Posting Payment – 99% of checks, wire transfers, payroll deductions and Electronic Funds Transfers received are accurately posted to a matching account with the correct amount and with the day of receipt’s trade date
 - b. Posting Timeliness – 99% of checks, wire transfers, payroll deductions and Electronic Funds Transfers are posted to the account owner’s account by the day after receipt
4. Statements, Confirmations & Reporting
- a. Timeliness of Monthly, Quarterly and Year-End Account Owner Statements – 99% are mailed or emailed within seven business days of approval
 - b. Timeliness of Daily Confirmations – 99% of daily confirmations are mailed or emailed within five business days
 - c. Accuracy of Confirmations, Statements and Tax Reports – 99% of confirmations, statements and tax reports are accurate
 - d. Timeliness of Tax Reporting – 99% of federal tax reports are mailed on the agreed-to date

The Provider will propose the fees it will put at risk for failing to meet the Service Level Requirements.

F. Reports

The Provider will generate reports to evaluate the effectiveness of all aspects of the Services. Such reports will be produced individually or combined and will be provided to the Treasurer and/or the Council, as applicable. Reports will include, at a minimum:

- 1. Quarterly Reports
 - a. Market performance overview

- b. Review of short- and long-term performance
- c. Asset changes based on market movement versus cash flows
- d. Portfolio performance
- e. Returns versus benchmarks
- f. Fees
- g. Contribution volumes by portfolio
- h. Average account balance
- i. Average contribution amount
- j. Total contributions
 - (i) For the quarter
 - (ii) Year-to-date
- k. Total distributions for the quarter
- l. Number of accounts
- m. Amount of distribution
- n. Nebraska account owner information
 - (i) Residence of account owners by county
- o. Call center performance statistics
 - (i) Average second delay
 - (ii) Number of calls
- p. Abandon rate Performance data for all investment options
- q. Program data
 - (i) Total number of accounts
 - (ii) Total market value
 - (iii) Total dollars paid out
 - (iv) Total number of account owners with withdrawals
- r. Account demographics
 - (i) Average account owner age
 - (ii) Residence of account owners by state

2. Monthly Reports

- a. Financial reports
- b. Market value
- c. Total number of account owners and beneficiaries
- d. Number of new accounts
- e. Number of closed accounts
- f. Total contributions for the month
- g. Total distributions for the month
- h. Call center performance statistics

3. Annual Reports

- a. Annual tax information for Nebraska state income tax purposes
- b. Calendar year contributions by account owner name and arbitrary identifier
- c. Rollovers from another state's ABLE program, reported by account owner name and arbitrary identifier

- d. Other information as requested by the Treasurer for state income tax reporting purposes
- e. In addition, the Provider must provide the Treasurer with annual report data no later than October 15 each year.

The Provider will provide such other information as the Treasurer may request to monitor and control the Program Management Agreement, and as reporting needs grow and change. The Provider must be available to attend Council meetings in person to review the investment management services to be provided under the Program Management Agreement.

G. Transition & Implementation

The Provider must provide transition-related services and be able to provide:

- 1. A detailed timeline for conversion of Program assets;
- 2. A detailed communication plan to ensure account owners are fully informed of the transition and understand the transition timeline;
- 3. A description of how Program assets will be accounted for prior to and after conversion;
- 4. The resources it will contribute to the transition process; and
- 5. Whether Program assets will be continuously invested during the transition period.

H. Privacy & Information Security

The Provider must implement and comply with a written information security program.

- 1. The Provider must no less often than annually conduct a thorough risk assessment that includes:
 - a. Identification of reasonably foreseeable internal and external threats;
 - b. Assessments of the likelihood and potential damage of identified threats; and
 - c. Assessments of the sufficiency of policies, procedures, customer information systems, and other arrangements in place to control risks.
- 2. The written information security program must require the Provider to implement technical, administrative, and physical safeguards that are reasonably designed to safeguard customer information in light of the

Provider's own size and complexity, the nature of the Program, and the sensitivity of the customer information that the Provider will obtain in connection with the Program, and the risks identified in the risk assessment.

3. The Provider must select and supervise third-party service providers that use appropriate safeguards to protect the confidentiality, integrity, and availability of customer information, must require those safeguards by contract, and must regularly audit or monitor service providers for compliance with those steps.
4. The Provider must develop and implement a risk-based response program to handle data breaches, including appropriate customer and regulatory notifications.
5. The Provider must designate one or more employees to coordinate its written information security program.
6. The Provider must sufficiently train its staff with respect to the written information security program and any known risks or vulnerabilities.
7. The Provider must regularly test the written information security program's key controls, systems, and procedures, and must adjust the program to reflect the results of ongoing risk assessments.
8. The Provider must obtain board-level approval of its written information security program, or equivalent approval within its organizational structure.

V. SUBMISSION REQUIREMENTS

A. Response Format

Responses must be typewritten in 8.5" x 11" digital format (though larger sizes are permissible for tables, spreadsheets, etc.) and consecutively numbered from beginning to end. The response must contain a declaration of confidential sections, if any.

The subject line when responses are submitted via e-mail should read, "Response to Request for Information for Nebraska ABLE Program."

B. Confidentiality

The Treasurer does not intend to disclose the contents of responses to other Providers during the RFI process. The RFI process is in effect until the Treasurer and the Council select a new program manager and all parties have signed a new program management agreement. However, materials contained in responses are subject to Nebraska public records statutes and may be viewed and/or copied by any member of the public,

including news agencies and competitors. Providers claiming a statutory exception to said statutes should specify which statutory exception applies to its response or portions thereof.

C. Content of Responses

Responses should follow this format:

1. **Executive Summary**

- a. The executive summary should clearly demonstrate that the Provider
 - (i) understands the objectives and goals of the Treasurer set forth in this RFI;
 - (ii) has an understanding of the Scope of Services; and
 - (iii) is committed to providing Services in an ADA compliant manner. It should also contain a brief synopsis of the contents of the entire proposal.

2. **General Information**

- a. Name and contact information of the Provider.
- b. Names and e-mail addresses of the individuals who will coordinate all activities related to the Services.
- c. Provide a brief history of the Provider, including ownership and current management and any significant changes in the foregoing
 - (i) during the last five years and
 - (ii) expected or pending.

3. **Experience and Capabilities**

The Provider should provide an overview of its experience rendering services to ABLE programs. This overview should include a summary of the services offered, the number of years the Provider has provided these services, the number of clients, the size of the programs served, and geographic locations the Provider currently serves.

4. **Plan of Service**

Describe the Provider's service capabilities and explain how it intends to satisfy the aforementioned services. Please include a proposed staffing plan, as well.

- a. **Financial Services.** Each response should:
 - (i) Describe any proposed changes to the Program's

investments.

- (ii) Describe the Provider's due diligence process regarding selection and monitoring of the proposed investment vehicle(s).
- (iii) Describe whether the Provider and/or its employees, and/or any affiliated or related entity, will be paid fees or commissions (including those from revenue-sharing and commission recapture services to the Program) from sources other than the Program.
- (iv) Describe how investment management fees may be used to reduce or offset any fees.

b. **Account Administration and Compliance.** Each response should provide descriptions of:

- (i) The proposed system, the number of accounts currently administered on this system, the approximate dollar value of such accounts, and the frequency and volume of individual transactions that are processed on a daily and weekly basis.
- (ii) Online access capabilities and ADA compliance of the account administration system, including online enrollment, account maintenance and withdrawals.
- (iii) Procedures for generating account statements and reports, including information regarding format, frequency, transmittal methods, customization, joint account statement options, etc. and any available sample reports.
- (iv) The Provider's policies, procedures, data encryption, and technical measures to prevent unauthorized access or alteration, fraud, theft, misuse, or physical damage to hardware, software, communications networks and data.

c. **Marketing and Distribution.** Each response should include:

- (i) The Provider's marketing and distribution plans for the Program, both inside and outside Nebraska, and how such plans will comply with the ADA.
- (ii) The Provider's proposed annual marketing financial commitment.
- (iii) Samples of marketing and disclosure information that it

currently uses.

- (iv) An outline of the steps the Provider will take to separate the marketing message of the Program from any other ABLE programs it administers.
- (v) A description of any agreements the Provider or any of its affiliates has with other states regarding the marketing of ABLE programs around the country and in specific states.

d. **Customer Service.** Each response should:

- (i) Describe how the Provider intends to meet the service level requirements listed herein.
- (ii) Demonstrate the Provider's ability to quickly and accurately respond to calls and questions during times of emergency.
- (iii) Address the Provider's ability to handle telephone calls from non-English-speaking callers and on an ADA compliant basis.
- (iv) Outline procedures for the production and distribution of quarterly statements to account owners, as well as the Provider's ability to accommodate additional or more detailed reports if required by the Treasurer or the Council.

e. **Transition and Implementation**

Describe the Provider's proposed transition plan.

5. **Legal Actions Summary**

The response should include a statement as to whether there are any outstanding legal actions against the Provider and a brief description of any such action. This includes any bankruptcy and regulatory (e.g., SEC) proceedings within the last 10 years.

6. **Subcontractors**

If any significant portion of the work listed above is not expected to be performed by the Provider, the Provider should list any subcontractors that are proposed to provide the required products and Services.

7. **Financials**

The response should contain the Provider's proposed program management fee and any other fees or cost information associated with providing Services to the Program. Responses containing progressive fee structures, where fees lower as Program assets grow, are encouraged.

8. **Privacy & Information Security**

The response should summarize the Provider's privacy and information security program and protocols in sufficient detail to demonstrate the Provider's compliance with applicable laws and the safety of Program data.

VI. REVIEW PROCESS AND CRITERIA

A. Award of Contract

The Treasurer will review RFI responses. The Treasurer may appoint an advisory committee to assist in the review of the RFI responses. The Treasurer and/or the advisory committee will determine which response offers the best means of servicing the interests of the Program and the State.

B. Evaluation Criteria

Responses will be evaluated based on the following criterion, which are presented in no particular order:

1. Experience providing program management services to ABLE programs and competitiveness of product features;
2. Financial stability and strength of Provider;
3. Customer service and recordkeeping;
4. Fees and costs charged to any account or account owner;
5. Marketing strategy to broaden customer base;
6. ADA compliance;
7. Understanding of the Council's role in the approval of all Program investment options and ability to work within such constraints;
8. Transition and implementation; and
9. Any other quality or characteristic deemed in the best interests of the State.