

VENDOR SPECIFICATIONS
FOR THE
OPTIONAL RETIREMENT PROGRAM
August 1, 2007
TEXAS STATE UNIVERSITY-SAN MARCOS

Texas State University-San Marcos, founded 1899, is a member of the Texas State University System.

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 FOR THE
 OPTIONAL RETIREMENT PROGRAM

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TEXAS STATE UNIVERSITY-SAN MARCOS
VENDOR SPECIFICATIONS
FOR THE
OPTIONAL RETIREMENT PROGRAM

I. INTRODUCTION

The Optional Retirement Program (ORP) is authorized under Chapter 830, Title 8 of the Texas Government Code and Section 403(b) of the Internal Revenue Code. The goal of ORP is to provide eligible employees with a high-quality, portable retirement program. Texas State University-San Marcos (Texas State) allows certain vendors, including life insurance companies, administrators of custodial accounts, banks and investment companies qualified to conduct business in Texas the opportunity to offer ORP contracts to eligible employees.

This document is intended to provide vendors and prospective vendors with the specifications governing the ORP at Texas State.

II. DEFINITIONS

The following definitions apply:

ACCOUNT BALANCE is the accumulation of all deposits, interest, dividends, capital gains or other additions/deletions to an employee's Product to determine its dollar value at any point in time.

CONTRACT means a formal, written agreement between a Vendor and Texas State or eligible ORP participant, for a Product qualified as an ORP under regulations of the Code and as designated under the terms of this document.

CONTRIBUTIONS refer to deposits to the ORP.

CRITERIA, as used throughout this document, means ORP Criteria for ORP Vendors.

DEPOSITS refer to individual salary reduction amounts and employer match.

REPRESENTATIVE means a Texas State approved agent, broker, salesperson, solicitor, selling officer, manager, and other titles indicating a seller of an ORP Product.

PRODUCT as used throughout this document means an annuity qualified under Section 403(b) or a custodial account qualified under Section 403(b)(7) of the Code.

VENDOR as used throughout this document means any insurance company, mutual fund company, bank or investment company qualified to offer Products at Texas State.

MUTUAL FUND as used throughout this document means any regulated investment company registered under the Investment Company Act of 1940.

FIXED ANNUITY as used throughout this document means any Product which does not contain mutual fund investment options.

VARIABLE ANNUITY as used throughout this document means any annuity Product qualified under section 403(b) containing Mutual Fund investment options.

ROLLOVER as used throughout this document means any transfer of assets from one product to another.

III. GENERAL INSTRUCTIONS

Vendors may apply for the privilege of marketing ORP contracts to employees of Texas State by responding to each item included in the application section. The response should be arranged as follows:

- A. Certification Statement, with appropriate signature, from Section IVA. (See page 8)
- B. Attachments and required information described in Section IV.B.
- C. Completed Exhibits E-2, E-4 and E-5
- D. Completed Representative Acknowledgment Form(s) (Exhibit E-9)

The response should be mailed to:

Assistant Director of Human Resources
Texas State University-San Marcos
601 University Drive
360 J. C. Kellam Administration Bldg.
San Marcos, TX 78666

The overnight delivery address is the same as above.

Inquiries may be directed to the Assistant Director of Human Resources (512) 245-2557.

It is the vendor's responsibility to ensure that every person representing that vendor to employees of Texas State follows these specifications. The submission of incorrect information and/or the failure to follow these specifications may result in the loss of the privilege to market ORP contracts to Texas State employees.

Texas State reserves the right to modify the requirements stated in these specifications. Changes may be required due to federal or state legislative mandates or due to Texas State administrative requirements.

IV. VENDOR APPLICATION

A. CERTIFICATION FOR ALL VENDORS

An officer of the vendor with the authority to legally bind the company must certify agreement with the following by signing the certification statement on page 8:

1. Every ORP contract issued to employees of Texas State satisfies all requirements for income tax deferment under all applicable sections of the Internal Revenue Code.
2. Every ORP contract offered complies with all requirements of Chapter 830, Title 8 of the Texas Government Code. To view or download Chapter 830 of the Government Code, go to <http://www.capitol.state.tx.us/statutes/gvtoc.html>.
3. Every ORP contract issued to employees of Texas State complies with all applicable Texas Attorney General's Opinions (see Exhibit E-1).
4. Texas State has the right to reject any ORP contracts it deems not to be in the best interest of the employees.
5. The payment of any investment advisory fees is guaranteed to be in accordance with Title 8, Section 830.107 of The Texas Government Code, as approved by IRS Private Letter Ruling dated August 30, 1990.
6. A distribution of funds will be made only after a distributable event, defined in Title 8, Section 830.105 of the Texas Government Code and only upon receipt of a properly completed ORP Employee Termination Form. (Exhibit E-10)
7. No loans or hardship withdrawals will be granted against the cash or account value to a participant prior to retirement from the public institutions of higher education in Texas or any of the criteria listed in the Vendor Administrative Procedures, Section V, Item F.
8. No redeemable stock certificate or other thing of value redeemable for cash will be issued to a participant prior to retirement from the public institutions of higher education in Texas or any of the criteria listed in the Vendor Administrative Procedures, Section V, Item F.
9. If a participant does not begin a second consecutive year of participation in Texas ORP, all of the employer matching contributions will be refunded by the vendor to Texas State Human Resources upon receipt of a properly executed ORP Employee Termination Form (Exhibit E-10)
10. Any requirements for a minimum monthly contribution during the participant's period of employment with Texas State are waived.
11. Any requirements for a minimum number of participants for group contracts are waived.
12. All amendments to ORP contracts that may be mandated by federal or state laws, regulations, revenue rulings or opinions of the Attorney General of Texas will be made effective immediately, or in a timely manner, in accordance with the law, regulation or opinion. Participants will be notified of the amendment in a timely manner.
13. Accurate records will be maintained on each participant in the ORP reflecting contributions received on a tax-deferred basis and identifying the account as a 403(b)(1) or 403(b)(7).

14. All products offered to Texas State ORP participants must comply with the following fee requirements:
 - a. Front-end sales loads may not exceed five and three-quarter (5.75) percent. A product with a front-end sales load may not charge a surrender fee. A surrender fee includes a back-end sales load, redemption charge, contingent deferred sales charge, or any other fee that is assessed when a participant accesses their funds.
 - b. Non-rolling surrender charges may not exceed seven (7) percent and must terminate within seven (7) years from the participant's contract date. Rolling surrender charges may not exceed five (5) percent and must terminate within five (5) years from the premium receipt date. A surrender fee that is assessed as a fixed dollar amount may not exceed \$200 per year. If a surrender fee is charged, a front-end sales load may not be charged.
 - c. Custodial fees are assessed by a mutual fund for administrative costs. Asset management fees are assessed for investment assistance, advice and counseling and are paid to the vendor (this does not include investment advisory fees paid directly to a registered investment advisor as defined in Section 830.107 of the Government Code). Custodial and/or asset management fees that are assessed as a fixed dollar amount may not exceed \$100 per year. Custodial and/or asset management fees that are assessed as a percent of assets may not exceed one (1) percent. No front-end sales load or surrender fee as defined in 14.a. may be charged on a fund containing custodial and/or asset management fees that are assessed as a percent of assets.
 - d. Fund management fees (fees that are deducted from fund assets before earnings are distributed to shareholders) may not exceed two and three-quarter (2.75) percent per fund. Fund management fees include fees charged by the fund's investment adviser for managing the fund and selecting its portfolio of securities, fund administrative fees, investment fees, mortality and expense fees, 12b-1 fees, operating expenses, and other miscellaneous expenses.
 - e. Annual or monthly policy fees may not exceed \$35 per year in total.
 - f. Annuity products may not charge transfer fees on internal fund transfers (transfers between funds or within fund families with the same vendor.) Mutual fund products may charge transfer fees on internal fund transfers and the fees must be disclosed in Exhibit E-4.
 - g. Transfer fees on funds transferred to another vendor are not limited, but must be disclosed in Exhibit E-4.
 - h. Any additional fees that are not identified above in Item 14.a-g must be disclosed in Exhibit E-4.
15. Any new investment products must comply with the fee standards stated in Item 14 and be approved in advance by the Texas State Human Resources Office.
16. A toll-free interactive telephone system is available that will permit participants to access ORP accumulations or speak with customer service representatives.
17. A secure interactive Internet website is available that provides employee education and product performance information, and allows participants to request literature and prospectuses. In addition, Texas State requires that the website allow participants to access individual ORP accumulations, review monthly contribution allocations, reallocate contributions and change investment products.

18. A representative will be available to attend benefit fairs held at least once every two years in order to acquaint participants with their investment options and services. In addition, a representative will participate in retirement and investment education seminars as scheduled by Texas State Human Resources and given by presenters selected by Texas State when requested.
19. Texas State's remittances, submitted on the first working day of each month and on the 10th of the month or the first working day after the 10th of the month via electronic funds transfer (ACH format), will be accepted.
20. Texas State's remittance reports, sent to the vendor on or before the first working day of the month and on or before the 10th of the month or the first working day after the 10th of the month, will be in the format and method agreed upon by Texas State and the vendor. Transmittal methods for EFT vendors include an email option or electronic faxed report option (see Exhibit E-2).
21. Corrections based on payroll or administrative errors will be reflected in remittance reports as negative contribution amounts and will be made by the vendor upon receipt of remittance. The vendor may contact the Texas State Payroll Office or Human Resources for additional information regarding the correction, but may not delay posting of remittances to other participants' accounts based on the negative amount. If funds cannot be posted to participants' accounts upon receipt for any reason, posting must be made retroactive to the date of receipt, once the posting problem is resolved.
22. Remittances to the participant's account(s) will be credited by the third working day of the month, or within three (3) working days of the supplemental payroll done on the 10th of the month. Remittance acknowledgments and account statements are to be sent directly to the participant no less than quarterly.
23. Fund transfers will be accepted from other active ORP vendors and made to other active ORP vendors. All transfers will be direct transfers in accordance with IRS Revenue Ruling 90-24 and the Vendor Administrative Procedures, Section V, Item H. All vendors must agree to transfer funds within three (3) business days of receipt of necessary documentation of an employee's instructions to complete a transfer.
24. Fund rollovers, will not be accepted from any type of retirement plan.
25. Contributions will be accepted only from the Payroll Office or Human Resources and only for amounts authorized or required by Texas law. No other funds may be deposited into an ORP account. (Transfers from an ORP account with one authorized vendor to an ORP account with another authorized vendor are acceptable for deposit.)
26. Texas State's procedure for handling Qualified Domestic Relations Orders (QDRO), as outlined in the Vendor Administrative Procedures, Section V, Item G, will be followed. Proper administration of these requests is the vendor's responsibility.
27. A completed Representative Acknowledgment Form will be filed with Texas State for each representative assigned to work with Texas State employees (see Exhibit E-9). The procedures outlined in the Vendor Administrative Changes Section will be followed when appointing additional representatives or amending any information requested in Section V, Item K. Each Vendor shall have a maximum of two (2) representatives assigned to Texas State. These representatives will represent both ORP and TDA programs if applicable. Separate vendor representatives for each program are prohibited.
28. Each officer, representative, broker, employee or any other person involved in the sale and service of contracts will be provided with a copy of the Vendor Specifications, and each individual will comply with those conditions and all applicable state and federal

laws. Vendor Specifications will be posted on the Texas State website at www.humanresources.txstate.edu.

29. The ORP Participation Standards are accepted as conditions for continued authority to market ORP products as an active vendor (see Exhibit E-3).
30. The following reports must be submitted annually to Texas State on the forms provided as Exhibits E-4 and E-5. After initial certification, the reports must be submitted by November 30 of each year.
 - a. Product/Investment Option Performance Disclosure ExhibitE-4
 - b. Vendor Rating Information ExhibitE-5
31. Each vendor will abide by each provision of Section IV, Vendor Application, and Section V, Vendor Administrative Procedures, of these Vendor Specifications. Failure to comply may result in the loss of solicitation privileges.
32. Each vendor, after initial approval to market ORP products, may be required to submit a complete recertification at any time or for any reason deemed appropriate by Texas State.
33. Each vendor may terminate participation with the Texas State ORP by providing written notice to each participant and the Texas State Human Resources Office at least 60 days in advance of the termination date.

(ADDITIONAL ITEMS FOR SPECIFIC VENDORS)

34. In addition to items 1-33 listed above, a vendor which is an insurance/annuity company must certify that:
 - a. The vendor is qualified and admitted to do business in Texas in accordance with the rules and regulations of the Texas Department of Insurance.
 - b. The contract to be offered has been approved by the Texas Department of Insurance.
 - c. The contract to be offered does not contain a life insurance or other feature that could be considered a distribution of account funds reportable to the Internal Revenue Service for income tax purposes. However, an incidental life insurance feature, which is not considered a distribution of account funds reportable to the Internal Revenue Service, is permitted.
 - d. Participants will be allowed to change their annuity commencement date at any time before the annuity begins.
 - e. Participants will retain all annuity and death benefits purchased by premiums already paid if any periodic premium is not paid prior to the end of the grace period, and they may resume payments at any time prior to retirement without penalty or repayment of any prior premiums.
35. In addition to items 1-32 listed above, a vendor which is a national bank must certify that:
 - a. It is chartered by the U.S. Comptroller of the Currency.
 - b. The contract to be offered has the approval of the U.S. Comptroller of the Currency.

36. In addition to items 1-33 listed above, a vendor which is a state bank must certify that it is chartered to conduct business in Texas by the Texas Department of Banking.
37. In addition to items 1-33 listed above, a vendor which is a regulated investment company must certify that:
 - a. It is registered with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940.
 - b. The contract(s) to be offered has been approved by the Texas State Securities Board, pursuant to the Securities Act (Vernon's Texas Civil Statutes, Article 581-1 et seq.) and any other applicable law(s).
 - c. All contracts shall be offered in compliance with Securities and Exchange Commission Releases 33-6352 and IC-11960.

**TEXAS STATE UNIVERSITY-SAN MARCOS
VENDOR CERTIFICATION STATEMENT - ORP**

By signature on this certification statement, I agree on behalf of the vendor named below, to comply with the conditions set forth in the Texas State University Optional Retirement Program (ORP) Vendor Specifications. I certify compliance with items 1-33 in Section IV.A and the applicable item(s) of 34-37 in the same section.

I understand that approval by Texas State of this certification and a complete and acceptable application for active vendor status provides my organization the privilege of marketing 403(b)(1) and/or 403(b)(7) products to Texas State employees. I understand that my organization will not be considered authorized until the Primary Contact receives written notification of such approval from Texas State. I understand that this privilege may be terminated by Texas State at any time for failure to comply with the requirements stated herein.

It is also hereby certified that the exhibits, information and documentation included in the application are true, complete and correct as of the date of application.

This certification statement must be signed by a duly authorized officer of the company who has the authority to legally bind and commit the applicant organization.

Company Name _____
Signature _____
Name _____
Title _____
Date _____

B. OTHER DOCUMENTS AND INFORMATION REQUIRED FOR VENDOR APPLICATION

The following information must be attached to the Certification Statement.

1. The completed Electronic Funds Transfer Remittance Data Form (see Exhibit E-2).
2. The completed Product/Investment Fee and Performance Disclosure form (see Exhibit E-4). If your company offers more than 20 mutual fund products, you may submit forms on a sample set of the 20 funds with the highest fees within all fee categories.
3. The completed Vendor Rating Information form (see Exhibit E-5). This form applies to insurance and annuity vendors only.
4. Provide the name, title, address, telephone number (include both the toll-free and direct numbers), fax number and email address of the following individuals:
 - a. Primary Contact: This individual must be an employee, preferably an officer, of the company identified on the Vendor Certification Statement (he/she may not be an independent representative or broker). This individual has primary responsibility for overseeing compliance with these Vendor Specifications and serves as a first point of contact with the Texas State Human Resources Office. This individual will be the recipient of regular correspondence and notices from the Texas State Human Resources Office, and must be able to disseminate important information in a timely manner to all authorized vendor representatives as requested by Texas State.
 - b. Representative Designator(s): This individual must be an employee, preferably an officer, of the company identified on the Vendor Certification Statement (he/she may not be an independent representative or broker). This individual is responsible for adding or deleting representatives who are assigned to work with Texas State employees. This person must provide each newly authorized representative with a current copy of the ORP Vendor Specifications prior to signing and submitting the Representative Acknowledgment Form to the Texas State Human Resources Office. The vendor may designate up to two individuals to serve in this capacity, if necessary; however, the Primary Contact is also authorized to add or delete representatives.
 - c. Remittance Contact: This individual should be located at either the company headquarters or at a regional office. This individual serves as the contact for the Texas State Payroll Office, for questions concerning the monthly electronic fund remittances, posting of remittances, fund transfers and distributions.
5. Provide a customer service department toll-free number where individuals are available to provide general information to current or prospective participants concerning your company and contracts. These individuals should be located at either the company headquarters or regional office. A toll-free telephone number is required.
6. Provide an Internet website address that provides potential customers information about the vendor and available investment products. A website is required.
7. List as representatives the names of no more than two brokers and/or representatives with whom you have a third party agreement to provide investment advice for ORP participants. Furnish a Representative Acknowledgment Form for each. (Exhibit E-9). These representatives will represent both ORP and TDA programs if applicable. Separate vendor representatives for each program are prohibited.

V. VENDOR ADMINISTRATIVE PROCEDURES

All ORP vendors must adhere to the following procedures. Failure to follow these procedures may result in the loss of the privilege to market ORP contracts to Texas State employees.

A. ELIGIBILITY FOR ORP PARTICIPATION

Texas State will determine which employees are eligible for ORP based on ORP eligibility standards of state law and the Texas Higher Education Coordinating Board.

B. ENROLLMENT PROCEDURES

The following forms must be completed and submitted to the Texas State Human Resources office by either the employee or the vendor representative by the 5th day of the month.

1. Texas State ORP Authorization for Reduction of Employee Contributions (see Exhibit E-7).
2. Notice of Election to Participate in the Optional Retirement Program Form (TRS 28) and Application for Refund Form (TRS 29), if the employee is participating in TRS.

In addition, the employee should submit the vendor application directly to the vendor.

C. EFFECTIVE DATE OF PARTICIPATION (PAYROLL DEADLINES)

1. Texas State will determine the employee's effective date of participation. The effective date will be the first day of the month, provided all necessary and properly executed forms are signed, received by the Human Resources Office no later than the 5th day of the month, and processed before payroll has run for that month. Forms received after the monthly payroll calculation will be effective on the first of the following month.
2. Any salary reduction authorization that is submitted incorrectly or incompletely will be returned to the submitting party immediately. The employee and representative are responsible for resubmitting the corrected forms within the employee's eligibility period. The final complete and correct application submission will determine the employee's effective date of participation.

D. WITHDRAWAL OF TEACHER RETIREMENT SYSTEM (TRS) CONTRIBUTIONS

An employee who elects to participate in the ORP may withdraw his or her contributions (plus interest) from the TRS. However, such refund may not be transferred to an ORP carrier. The employee must submit a properly completed Application for Refund Form (TRS 29) to the Human Resources Office.

E. PROCEDURE FOR CHANGING THE ORP VENDOR

1. A change of vendor is the only change a participant can make after the initial election to participate in ORP.
2. Participants can change vendors by submitting an ORP/TDA Authorization to Change Carriers Form (see Exhibit E-6) to Human Resources. The change will be effective on the first day of the month, provided all necessary and properly executed forms are signed, received by the Human Resources Office, by the 5th day of the month, and processed before payroll has run for that month. Forms received after the 5th day of the month will be effective on the first of the following month.

F. ORP DISTRIBUTION RULES

1. A distribution of funds will only be made upon the occurrence of a distributable event, defined in Title 8, Section 830.105 of the Texas Government Code as follows:
 - a. Death
 - b. Retirement
 - c. Termination of employment in all public institutions of higher education in Texas
 - d. Attainment of age 70 ½
2. Distributions may only be made by the vendor upon receipt of a properly completed and signed ORP Employee Termination Form (Exhibit E-10) prepared by the Human Resources Office. All applicable vendor cash surrender forms, as well as surrender checks, should be sent directly to the former employee of Texas State.
3. Distributions under a Qualified Domestic Relations Order may be made based on the procedures stated below.

G. QUALIFIED DOMESTIC RELATIONS ORDER (QDRO) PROCEDURES

A Domestic Relations Order is a notice of entitlement that awards an interest in the ORP account value to an alternate payee. Title 8, Chapter 804 of the Texas Government Code, makes the vendor responsible for qualifying a Domestic Relations Order and administering benefits in accordance with the Code. The following procedure should be used when executing a QDRO for a Texas State ORP participant.

1. Employee/alternate payee's responsibility:

Domestic Relations Order decree must be sent to the employee's ORP vendor to determine if the order meets the criteria for a "Qualified" Domestic Relations Order (QDRO).
2. Vendor's responsibilities:
 - a. Determine if the Domestic Relations Order meets the criteria established in Chapter 804. The vendor will communicate the results of its determination to the employee and alternate payee in writing, sending a copy of the determination to the Texas State Human Resources Office.
 - b. If the Order is "qualified", execute the provisions of the order.
3. Texas State Human Resources responsibilities:

When notified by a vendor that a Domestic Relations Order is a QDRO, Texas State Human Resources Office should place a copy of the notice in the employee's personnel file.

H. TRANSFER OF EXISTING ORP FUNDS

Total transfers of ORP funds, partial transfers of funds, and transfers between a 403(b)(7) account (mutual fund) and a 403(b)(1) account are permitted. Transfers are only permitted to active ORP vendors. The following procedure applies to partial as well as total ORP fund transfers:

1. Receiving vendor's/employee's responsibilities:
 - a. The receiving vendor completes its rollover/transfer form, including the account number, address where the funds should be sent, and other information appropriate for each vendor. Employees may not transfer funds to an inactive vendor unless that

employee is currently making monthly ORP contributions through payroll deduction to that vendor.

- b. An ORP/TDA Capital Transfer Verification Form must be completed (see Exhibit E-8). An ORP account must be transferred to a corresponding ORP account with the receiving vendor. The ORP/TDA Transfer Verification Form must include the receiving vendor information, including the name of the vendor representative who is authorized by Texas State. The vendor representative name is not required if the employee is transferring funds to a vendor that does not have individual vendor representatives. (TDA refers to 403(b) Tax-Deferred Account Program.)
- c. Both the receiving vendor's rollover/transfer form and the ORP/TDA Capital Transfer Verification Form should be forwarded to the Human Resources Office for signature.

2. Texas State Human Resources responsibilities:

- a. Upon receipt of the ORP/TDA Capital Transfer Verification Form, Texas State Human Resources Office will verify that the receiving vendor is an active ORP vendor. A transfer may not be made to an inactive vendor, unless that employee is currently making monthly ORP contributions through payroll deduction.
- b. The completed ORP/TDA Capital Transfer Verification Form, with the attached receiving vendor's rollover/transfer form, is forwarded to the surrendering vendor by the Texas State Human Resources Office or the receiving vendor. The forms will be returned to the employee if the receiving vendor is not an active ORP vendor registered with Texas State.

3. Surrendering vendor's responsibilities:

- a. The surrendering vendor must receive a completed ORP/TDA Capital Transfer Verification Form certified by the Texas State Human Resources Office, prior to making any transfers. If unauthorized transfers are made, Texas State has the right to require the surrendering vendor to recover the funds or make the account whole.
- b. Upon receipt of the completed ORP/TDA Capital Transfer Verification Form and the receiving vendor's rollover/transfer form, the funds must be transferred directly to the receiving vendor within three (3) business days. The surrendering vendor may not delay transfers by requiring additional paperwork or signatures or through some other means.
- c. If a total transfer is completed by the surrendering vendor (i.e., the total account value is transferred to the receiving vendor) and additional funds are subsequently received by the surrendering vendor, the surrendering vendor is responsible for automatically transferring those funds directly to the receiving vendor.

I. REPORTING PROCEDURES

- 1. Each vendor must submit, at least annually, a report or reports directly to each participant containing:
 - a. For all accounts:
 - (1) Name and address of participant
 - (2) Identifying number
 - (3) Total payments received this reporting period
 - (4) Expense charges this reporting period

- (5) Net payments this reporting period
 - (6) Total value of account at end of this reporting period
 - (7) Net cash surrender value of account at end of this reporting period reflecting all potential charges against the account if it were surrendered for cash as of the last day of this reporting period
- b. For fixed annuity accounts, submit the following additional information:
- (1) Interest rate or rates paid on this account from the previous reporting period to the end of the current reporting period
 - (2) Where multilevel rates of interest were paid on an account, a breakdown showing the amount in the participant's account at each interest level, the amount of interest earned at each interest level, and the rates of interest
- c. For variable annuity and custodial accounts, submit the following additional information:
- (1) Units of each fund or investment or account purchased this reporting period
 - (2) Total units of each fund or investment in the account at end of this reporting period
 - (3) The value of each unit of each fund or investment or account for this reporting period
2. Each vendor must submit confirmation of receipt of funds (remittance acknowledgment) directly to each participant at least quarterly. The report shall contain the date and amount of each payment received during the reporting period.
 3. Each vendor must, immediately upon execution of a transfer from one fund or investment account to another fund or investment account, submit a confirmation directly to the participant. This confirmation shall include all transfer information, including a statement of the charges made for the transfer, if any.
 4. Company literature such as Annual Reports and Proxy Statements will be mailed directly to the participant's permanent address.

J. SOLICITATION PROCEDURES

1. Texas State reserves the right to limit or revoke the solicitation privileges of any representative or vendor at its discretion if it determines that any representative or vendor is not properly serving the best interest of Texas State employees, or is disruptive to employees or Texas State business.
2. Properly appointed representatives of Texas State ORP vendors are permitted to solicit eligible employees at Texas State facilities only as invited guests of the administration and the employee. They must abide by the rules established by the Texas State Human Resources Office.
3. Representatives are allowed to make sales presentations on Texas State premises only at the request of the employee and with the approval of the employee's supervisor.
4. No unsolicited visits, bulk mailings, telephone, or e-mail solicitations are permitted to campus offices.
5. The providing of gifts or monetary rewards in exchange of information on newly hired employees is prohibited.
6. All representatives are expected to abide by Texas State parking regulations. Excessive

parking violations may result in the loss of solicitation privileges.

7. Texas State employees are not allowed to provide copying or typing assistance, notary or other clerical service to representatives conducting business in Texas State buildings.
8. Home address labels for Texas State employees may be purchased by contacting:

Assistant Director of Human Resources
Texas State University-San Marcos
601 University Drive
360 J.C. Kellam Administration Bldg.
San Marcos, TX 78666
Phone: (512) 245-2557
Fax: (512) 245-1942

Note: The Texas Public Information Act restricts public access to the home addresses and home telephone numbers of employees who designate this information as private. Therefore, address labels described above will only include employees who permit public access to their information.

K. VENDOR ADMINISTRATIVE CHANGES

1. Changes to existing information:

The Texas State Human Resources Office must be notified in writing of any changes to the information provided in response to Part IV, B. The notification should be provided by the individual with primary responsibility for overseeing compliance with these Vendor Specifications (the Primary Contact). If the notification involves a change in Primary Contact, it must be signed by the previous Primary Contact's immediate supervisor.

2. Adding representatives:

The Texas State Human Resources Office must receive a completed Representative Acknowledgment Form (Exhibit E-9) that has been signed by the prospective representative and one of the individuals assigned as a Representative Designator or Primary Contact by the vendor. The Texas State Human Resources Office will notify the vendor if acceptable. New representatives may not contact Texas State employees until after the vendor has been notified that the addition is accepted.

3. Send a notice of change and/or requests to add or drop representatives to:

Assistant Director of Human Resources
Texas State University-San Marcos
601 University Drive
360 J.C. Kellam Administration Bldg.
San Marcos, Texas 78666
Fax: (512) 245-1942

L. RECERTIFICATION PROCEDURE

In order to maintain solicitation privileges, the vendor will periodically be required to certify agreement with changes to the specifications or to resubmit the information contained in the initial application.

1. Texas State is responsible for initiating the request for recertification. A written notice, including the current Vendor Specifications, will be sent to the Primary Contact for the vendor. The notice will include instructions and a response deadline.

2. Failure to respond in a timely fashion may result in loss of solicitation privileges.

M. PROCEDURE FOR TERMINATING VENDOR PARTICIPATION IN THE ORP

1. Texas State may terminate a vendor's participation in the ORP by sending a written notice to the Primary Contact for the vendor at least 10 days in advance of the termination date.
2. A vendor may terminate participation in the ORP by sending a written notice to each participant in the program and the Texas State Human Resources Office at least 60 days in advance of the termination date.

VI. EXHIBITS TO VENDOR SPECIFICATIONS

| | | |
|-------------|---|---|
| Exhibit E-1 | Texas Attorney General's Opinions | <i>This summary is provided by the Texas Higher Education Coordinating Board and serves as general information regarding ORP administration.</i> |
| Exhibit E-2 | Electronic Funds Transfer (EFT) Remittance Data Form and Sample Report Format | <i>This form should be completed and submitted with an initial application for active vendor status.</i> |
| Exhibit E-3 | ORP Participation Standards | <i>This exhibit describes the minimum participation standards required for a vendor to remain active.</i> |
| Exhibit E-4 | Product/Investment Fee and Performance Disclosure | <i>This form should be completed and submitted with an initial application for active vendor status. Active vendors are also required to complete and submit this form by November 30 of each year.</i> |
| Exhibit E-5 | Vendor Rating Information | <i>This form should be completed and submitted with an initial application for active vendor status. Active vendors are also required to complete and submit this form by November 30 of each year. Vendors for whom this information is not applicable, such as mutual fund vendors, are not required to complete this form with an initial application or annually.</i> |
| Exhibit E-6 | ORP/TDA Authorization to Change Carriers | <i>This form should be completed by the employee when changing carriers for future contributions.</i> |
| Exhibit E-7 | Texas State ORP Authorization for Reduction of Employee Contribution | <i>This form should be completed by the employee when initially enrolling in the ORP. Also required with this form is the Notice of Election to Participate in Optional Retirement Program (TRS-28)</i> |
| Exhibit E-8 | Texas State ORP/TDA Capital Transfer Verification Form | <i>This form should be completed by the employee when transferring funds from one carrier to another carrier. These can be full or partial transfers.</i> |
| Exhibit E-9 | Texas State ORP/TDA Representative Acknowledgement Form | <i>This form must be completed by a prospective representative, vendor and approved by Texas State Human Resources. Representative cannot contact Texas State employees until notification of approval is complete.</i> |

Exhibit E-10

Texas State ORP Employee Termination Form

This form must be completed by the employee and Texas State when an employee in ORP terminates employment.

Exhibit E-11

Sample case studies using ORP forms

EXHIBIT E-1

Selected Texas Attorney General's Opinions regarding ORP

| AGO # | Date | Summary |
|-----------|-------|--|
| M-196 | 02/68 | Validity of certain sections of ORP act. |
| M-420 | 06/69 | ORP vesting: effective after one year and can be with more than one company, but only one institution (revoked by H-99, 1973). |
| M-595 | 03/70 | No life insurance in ORP contracts (revoked by MW-244, 1980). |
| M-647 | 06/70 | Teachers and auxiliary employees must be member of either TRS or ORP; if return to TRS, cannot receive TRS credit for time in ORP. |
| M-1027 | 12/71 | No series of elections: only one-time choice between TRS and ORP. |
| H-99 | 09/73 | Revokes a section of M-420 on ORP vesting: can be with more than one institution. |
| H-371 | 08/74 | Only one election; if choose, then have educational absence, cannot choose again upon return. |
| H-532 | 02/75 | Benefits available only upon termination, retirement, death or total disability; transfers allowed but benefits must remain unavailable; no loans either. |
| H-1060 | 09/77 | Can transfer from one ORP to another as long as not used as access to benefits. |
| H-1184 | 06/78 | One-time option to participate in ORP; ISD employees not eligible. |
| H-1277 | 12/78 | Governing board may not make a rule defining "full-time" employment for ORP eligibility purposes to mean TRS definition of "one-half time or more of standard workload"; must use "plain language" interpretation of full-time (100%). |
| MW-244 | 09/80 | 1973 amendments to ORP statute allow incidental death benefits as defined in IRS Revenue Ruling 70-581 (revokes M-595, 1970). |
| MW-548 | 12/82 | Governing board may provide for 403(b) investments such as mutual funds, money market funds or fixed or variable annuities; benefits are available only upon termination; legislature intended a single system of regulation for ORPs. |
| JM-691 | 05/87 | Institutions can limit the number of ORP companies but not TSA companies (interpretation of HB 1824, 1985). |
| LO-88-88 | 08/88 | Vesting issues should be resolved by the institutions, not AG. |
| JM-1151 | 03/90 | Rider 31 of Art. III of FY90-FY91 General Appropriations Act is invalid to extent it attempts to expand class of ORP-eligible employees (TAMU extension employees). |
| LO-93-48 | 06/93 | If provisions allowing a different rate of state contributions to TRS and ORP were challenged as violating the equal protection clause of the 14th amendment of the U.S. Constitution, a court would probably use the rational basis test to determine their validity. |
| DM-271 | 11/93 | ORP statute permits institutions to limit vendors and scrutinize the quality of their products. |
| LO-96-133 | 12/96 | The General Appropriations Act's prohibition on institutional use of local funds to supplement state contribution for ORP participants hired since 09/01/95 is not unconstitutional. |

prepared by Texas Higher Education Coordinating Board (rev. 05/99)

EXHIBIT E-2

**ELECTRONIC FUNDS TRANSFER (EFT)
Remittance Data Form**

Vendor Name: _____

Texas Identification Number – TIN (14 digits): _____

In addition to providing the Texas Identification Number, complete and submit the Form W-9 Request for Taxpayer Identification Number and Certification which can be accessed at <http://www.irs.gov/pub/irs-pdf/fw9.pdf>. If your company does not have a Texas Identification Number, submission of the Employer Identification Number, as required on the Form W-9, will suffice.

Transmittal of Funds

ORP and TDA funds will be transmitted in separate files on the first business day of each month and on the 10th of the month or the first business day after the 10th of the month via ACH transfer (*not Federal wire*). Please complete the “Vendor Direct Deposit Authorization” form on the following page to include remittance information.

Transmittal of Data

ORP and TDA remittance detail data (an example is provided below) will be transmitted two (2) business days prior to the first business day of each month and on the first business day following the 10th of the month reflecting supplemental payroll. Remittance detail is sent to the vendor via fax or e-mail using the attached file format.

Please select the method preferred for receiving remittance detail:

Remittance Detail sent via e-mail _____ or via fax _____

Remittance Report Recipient Name* (The person to which the remittance detail summary report will be sent):

Recipient’s e-mail address*: _____

Recipient’s fax number*: _____

*Vendors are responsible for contacting Texas State with a change to the remittance report recipient, recipient’s e-mail address, and/or recipient’s fax number at least one week prior to the last working day of the month.

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| | | | | |
|--------------------------------|---|------------------------------|--------------------------------|---------------------------|
| PRPPROCR | Texas State University-San Marcos | | | |
| Date | Report of Retirement and Annuities | | | |
| Budge xx - xxx | EFT – ORP | | | |
| Vendor Name | | | Pay Date: Month xx,xxxx | |
| | SSN | Employee Contribution | Employer Matching | Total Contribution |
| Last Name First Name, I | xxx-xx-xxxx | xxx.xx | xxx.xx | xxx.xx |
| Vendor Total | | xxx.xx | xxx.xx | xxx.xx |

EXHIBIT E-3

ORP/TDA PARTICIPATION STANDARDS

Texas State maintains active and inactive lists of vendors for the ORP/TDA. The *active list* contains those vendors who are currently permitted by Texas State to enroll new participants in their plans. The *inactive list* is composed of vendors who are not permitted to enroll new participants in their plan but continue to receive monthly contributions from existing participants. In this exhibit, *new accounts* refers to existing ORP/TDA participants who initiate a new account with your company or new ORP/TDA participants, and *active contributions* refers to those employees for whom you receive monthly remittances. Vendors will be reviewed annually to determine if they may remain on the active and inactive lists according to the following criteria:

ACTIVE VENDORS:

New active vendors must enroll a minimum of two (2) new participants in ORP and/or TDA if applicable, during the first year of active status. Thereafter, all vendors must enroll a minimum of three (3) new participants in ORP and/or TDA **AND** maintain a minimum of five (5) actively contributing participants each calendar year, in ORP and/or TDA.

Texas State Human Resources may require a vendor to provide a report of employees with new and active ORP or TDA accounts. If this report is required, the vendor will be contacted and asked to provide each employee's name, social security number, and the date the employee opened an ORP account. The information will be checked against our records to determine if the vendor meets the participation standards for the calendar year.

If a vendor fails to meet these standards, that vendor will be removed from the active list and placed on the inactive list effective January 1. A vendor that is moved to the inactive list may not reapply for certification as an active vendor for a period of one (1) year from the date of the status change. After the one-year waiting period, the vendor may reapply during the next application period.

INACTIVE VENDORS:

All inactive vendors will continue to receive monthly remittances from existing participants, but are restricted from soliciting new business. Once an inactive vendor no longer has a contributing participant, the vendor will be removed from the inactive list. Inactive vendors are required to continue to abide by these vendor specifications.

EXHIBIT E-4

**TEXAS STATE UNIVERSITY-SAN MARCOS
PRODUCT/INVESTMENT FEE AND PERFORMANCE DISCLOSURE**

Vendors are required to provide the following information for each separate product/investment offered to Texas State employees. This information must be included with all applications for active vendor status. In addition, active vendors must submit this information to the Texas State Human Resources Office by November 30 of each subsequent year. Information for each product/investment must be provided using this form. Failure to supply this information or the submission of incomplete or inaccurate information may result in removal from the active vendor list.

Indicate the retirement program(s) under which this product or investment is/will be offered.

ORP Only **TDA Only** **ORP and TDA** Date of report: _____

A. GENERAL INFORMATION

1. Vendor name: _____

2. Name of product/investment: _____

Existing Product - no change Existing Product - modified New Product

3. Inception date: _____

4. Product type: Fixed Annuity Variable Annuity Mutual Fund/Custodial Account*

If the product offered is a Mutual Fund/Custodial Account, identify the share class.

Class A Class B Class C Other _____

*Vendors that offer more than 20 mutual fund products may submit a sample set of the 20 mutual funds with the highest fees in lieu of submitting this form for each mutual fund offered (this form must be completed for each mutual fund in the sample set).

Is this product one of the 20 submitted as part of the mutual fund sample set? Yes No

B. SUMMARY OF CHARGES INFORMATION

For the product identified in item A.2, the following fees and/or charges apply (identify annual maximums and provide specific percentage or dollar amounts). If providing attachments, **the maximum fee in each fee category must be identified on this form** in addition to stating "see attachment."

1. Front-end sales load: _____

2. Surrender charge, back-end sales load, redemption charge, contingent deferred sales charge or any other fee that is assessed when a participant accesses their funds. State the type of fee and the percentage:

Fee Type: _____ Rolling or Non-rolling: _____

Fees: Yr 1 _____% Yr 2 _____% Yr 3 _____% Yr 4 _____% Yr 5 _____% Yr 6 _____% Yr 7 _____%

Identify any surrender restrictions that limit a participant's ability to access all funds upon request:

Identify any surrender restrictions on fixed accounts that restrict distribution to a percentage per year (i.e., 10% of contract value per contract or calendar year):

3. Custodial fees that are assessed by a mutual fund or custodial account for administrative costs:

EXHIBIT E-4 (cont.)

4. Asset management fee that are assessed for investment assistance, advice and counseling (this does not include investment advisory fees paid directly to a registered investment advisor as defined in Section 830.107 of the Texas Government Code):

5. Fund management fees that are deducted from fund assets before earnings are distributed to shareholders. These may include fees charged by the fund's investment adviser for managing the fund and selecting its portfolio of securities, fund administrative fees, investment fees, mortality and expense fees, 12b-1 fees, operating expenses, and other miscellaneous expenses. Identify each fee or charge individually and list the total.

Example: Advisory Fees: 1.00%, Other Expense: .59%, Mortality & Expense: 1.10%, Total: 2.69%

6. Policy fee: Monthly: _____ Annual: _____

7. Transfer fees:

Internal (transfers between funds or within fund families with the same vendor): _____

External (transfers to another vendor): _____

Transfer restrictions: Identify any limitation regarding the amount that may be transferred or the frequency of transfers:

Identify any transfer restrictions on fixed accounts that restrict distribution to a percentage per year (i.e., 10% of contract value per contract or calendar year):

8. Additional fees that are not identified in items B.1-7 must be disclosed:

C. PERFORMANCE INFORMATION

Provide percentage returns on this product/investment for the previous one, five and ten years, ending the most recent quarter. If available, provide information both with and without sales charges considered. You may attach a preprinted table, investment report, or reference your website page if it contains the required information.

D. REMITTANCE POSTING

Remittances are required to be credited to participant's accounts upon receipt of the electronic funds transfer (crediting to the account means processing the trade within one business day or depositing the contribution into an interest bearing account for the benefit of the participant if the trade can not be processed within one business day).

Are the ORP and TDA contributions credited to each participant's account within one business day of receipt of the ACH transaction? Yes No

If no, provide explanation. _____

EXHIBIT E-5

VENDOR RATING INFORMATION

Each insurance and annuity vendor is required to submit the following information to the Texas State Human Resources Office with all applications for active vendor status. Also, current active insurance and annuity vendors must submit this information by November 30 each year. Each section that is not applicable or information that is not available should be indicated as appropriate. Failure to supply this information may result in removal from the active vendor list.

Vendor: _____

Date of Report: _____

RATING INFORMATION REQUIRED FOR INSURANCE/ANNUITY VENDORS

The most recent rating from the following rating services are:

| | <u>Most Recent</u> | <u>Date of Rating</u> | <u>Previous</u> | <u>Change (+/-)</u> |
|--------------------------|--------------------|-----------------------|-----------------|---------------------|
| 1. A.M. Best | _____ | _____ | _____ | _____ |
| 2. Duff & Phelps | _____ | _____ | _____ | _____ |
| 3. Moody's | _____ | _____ | _____ | _____ |
| 4. Standard & Poor's | _____ | _____ | _____ | _____ |
| 5. Any other (list name) | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

Texas State University-San Marcos
ORP/TDA Authorization to Change Carriers
(Rev. 07/06)

Name: _____ SSN: _____

Under the provisions of the Optional Retirement Program (ORP) (authorized by Section 51.358, *Texas Education Code*, as amended and under the policies established by Texas State University-San Marcos) and the Tax Deferred Account Program (TDA) (authorized by Article 6228a-5, *Vernon's Texas Civil Statutes*, as amended and under the policies established by Texas State University-San Marcos), I hereby request and authorize you to take the following action(s) as indicated below:

ORP:

I request that my elected ORP carrier be changed from _____
to _____, to be effective _____.

TDA:

I request that my elected TDA carrier be changed from _____
to _____, to be
effective _____.

This form supersedes the Texas State Tax Deferred Account Program Salary Reduction Agreement or the Texas State ORP Authorization for Reduction of Employee Contributions Form (where applicable) previously executed by me with respect to the carrier *only*.

Signature of Employee: _____ Date: _____

Texas State Representative: _____ Date: _____

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**Texas State Optional Retirement Program
Authorization for Reduction of Employee Contributions**

Rev. 7/07

Employee Name (please print): _____ **SSN/TXSTID#:** _____

You are hereby notified that I elect to participate in ORP to be effective _____, 20____, in lieu of TRS of Texas. I understand that by this election, I will not be eligible again for membership in TRS of Texas unless I cease to be employed by a State institution of higher education and become employed by the Texas Public School System or I cease to be eligible for ORP membership according to the State requirements. I understand that Texas State will purchase an annuity in lieu of a portion of my salary (as a salary reduction) with respect to amounts earned on and after the execution of my ORP election, pursuant to the provisions of Sections 403(b), 401(g), and 415, United States Internal Revenue Code, as amended; as authorized under Sections 51.351-51.358, Vernon's Annotated Civil Statutes, as amended; as authorized under Section 36.001 et. seq. of Title 110B, Texas Revised Civil Statutes; and under Article 6228a-5, Vernon's Texas Civil Statutes, as amended.

I further acknowledge that if I presently am or have been a member of the TRS, that upon withdrawal of my contribution, I hereby forfeit and relinquish all accrued rights as a member of the TRS.

I acknowledge that the employer contribution (or fractional part thereof) during my period of ORP participation will be refunded to the State of Texas by my ORP carrier in the event that I do not complete my year and one day of ORP participation with Texas State or another institution of higher education in accordance with the ORP statutes. I understand that my ORP benefits are available only if I:

- * die;
- * retire (including disability retirement);
- * terminate employment with all public institutions of higher education in Texas; or
- * attain the age of 70 ½ years.

I hereby designate _____ as the carrier for my ORP. I understand that if for any reason I am not satisfied with the carrier chosen, I will have an opportunity to change carriers any month during the year. I also understand that I must complete all other required forms and submit them with this form in order for my ORP election to be effective.

I acknowledge being notified that, with exceptions, I have the right to be informed of and to receive, review, and if necessary, correct the information that Texas State collects on me.

Signature of Employee: _____ **Date Signed:** _____

EXHIBIT E-8

TEXAS STATE UNIVERSITY-SAN MARCOS
ORP/TDA Capital Transfer Verification Form
(Rev. 02/07)

Name _____ Social Security No. _____
Contract No. _____

Full transfer of **ORP account(s)** **and/or TDA**
Partial transfer of **ORP account(s)** **and/or TDA**

For partial transfers, indicate the approximate dollar amount or percentage of the total you wish transferred: _____

Name /address of SURRENDERING carrier:

Name/address of RECEIVING carrier:

Employee Signature: _____ **Date:** _____

I certify that ORP accounts will be transferred to a corresponding ORP account.

Receiving Agent Signature: _____ **Date:** _____

I hereby certify that the receiving carrier named above is a Texas State approved ORP/TDA carrier and the receiving agent is a Texas State approved representative, thus the requested transfer may be completed. This agreement shall be considered legally binding to both parties.

Signature of Texas State Representative: _____ Date: _____

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EXHIBIT E-9

**TEXAS STATE UNIVERSITY-SAN MARCOS
ORP/TDA REPRESENTATIVE ACKNOWLEDGEMENT FORM**

INSTRUCTIONS:

1. Prospective representative should complete Section I and forward to vendor.
2. Vendor should complete Section II and mail to the Texas State Human Resources Office.
3. Human Resources will review and complete Section III. Representative may not contact Texas State employees until after the vendor has been notified of approval.
4. A maximum of two representatives per vendor is allowed. These representatives will represent both ORP and TDA programs if applicable. Separate vendor representatives for each program are prohibited.

SECTION I

Former Representative Name (if applicable)

Vendor Name

New Representative Name

Broker/Dealer/Company Name

Representative Title

Street Address or P. O. Box

City

State

Zip

Phone #

Fax #

E-mail Address

| Check All Applicable Responses | | | |
|---------------------------------------|---|---------------------------------------|--|
| Designations: | Licenses & Registrations: | NASD Examinations: | Memberships: |
| CPA <input type="checkbox"/> | Attorney <input type="checkbox"/> | _____ Series <input type="checkbox"/> | American Society CLU ChFC <input type="checkbox"/> |
| ChFC <input type="checkbox"/> | Health Insurance <input type="checkbox"/> | _____ Series <input type="checkbox"/> | CFPI <input type="checkbox"/> |
| CLU <input type="checkbox"/> | Life Insurance <input type="checkbox"/> | _____ Series <input type="checkbox"/> | MDRT <input type="checkbox"/> |
| CAP <input type="checkbox"/> | PC Insurance <input type="checkbox"/> | _____ Series <input type="checkbox"/> | NALU <input type="checkbox"/> |
| CFA <input type="checkbox"/> | Variable Insurance <input type="checkbox"/> | _____ Series <input type="checkbox"/> | NAPFA <input type="checkbox"/> |
| | Registered Investment Advisor <input type="checkbox"/> | _____ Series <input type="checkbox"/> | |

I certify that as a prospective authorized representative, I have received a copy of the Texas State Vendor Specifications for the ORP and/or TDA program and will abide by all Texas State solicitation restrictions and procedures set forth in them. I will not intentionally present any false or misleading information regarding any product(s) offered by my company or any other vendor. I certify that I am currently licensed by the State of Texas and by the NASD to sell 403(b)(1) and/or 403(b)(7) products. Failure to follow the Vendor Specifications may result in the loss of privilege to market ORP and/or TDA contracts to Texas State employees.

Signature of New Vendor Representative

Date

SECTION II

I hereby request approval for the appointment of the above-named individual to represent my company to eligible Texas State employees in connection with the Optional Retirement Program and Tax Deferred Account Program. I understand that my company is responsible for ensuring this individual complies with all Texas State requirements stated in the Vendor Specifications.

Signature of Representative Designator/Primary Contact

Print name of Representative Designator/Primary Contact

SECTION III

Approved Denied

Signature of Texas State Human Resources Representative

Date

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**Texas State University-San Marcos
Optional Retirement Program
Employee Termination Form
(Rev. 9/03)**

To be completed by the terminating employee (please print):

Name: _____ SSN: _____

Mailing Address: _____

Date of Termination: _____ Date of Final Paycheck: _____

ORP Company: _____

Name of New Employer: _____ Hire Date: _____

I acknowledge that it is my responsibility to notify my ORP carrier if cash surrender is desired and that any tax consequences are solely my responsibility.

I agree to notify the Texas State Human Resources Office if I accept employment with another ORP participating institution in Texas within ninety (90) days of my termination date. After ninety (90) days, the employer contributions will be refunded to Texas State provided I am not vested with one year and one day of participation in the ORP.

Employee Signature: _____ Date: _____

To be completed by the employer:

Date employee elected to participate in ORP: _____

Has individual vested? Yes No

Should employer contributions be refunded to Texas State? Yes No

Employer contributions in the exact amount of \$ _____ should be made payable to **Texas State University-San Marcos** and mailed to: **601 University Drive, 360 J.C. Kellam Administration Building, San Marcos, Texas, 78666**

This is to certify that the above named employee has terminated employment with Texas State; however, it is the responsibility of the employee to contact the carrier to initiate cash surrender.

Human Resources Representative Signature

Date

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EXHIBIT E-11
SAMPLE CASE STUDY USING ORP FORMS

SITUATION #1: New Faculty Member is Hired.

Hire Date: September 1, 2006
Retirement Choice: Teacher Retirement System (TRS) or Optional Retirement Program (ORP)

Professor defers making retirement choice until September 5, 2006.
On September 5, professor makes decision to enroll in ORP. In order to execute this decision, the following forms must be completed and submitted to Human Resources:

- **TRS Form 28:** Elect ORP.
- **Exhibit E-7, Texas State ORP Authorization for Reduction of Employee Contributions ORP Form 2: Initial election** into ORP including name of vendor must be supplied. If submitted to Texas State Human Resources Office by September 5, the ORP enrollment effective date is September 1 and the first ORP deduction will come from the October 1 paycheck.

SITUATION #2: New Faculty Member is Hired.

Hire Date: September 1, 2006
Retirement Choice: Teacher Retirement System (TRS) or Optional Retirement Program (ORP)

Professor defers making retirement choice until October 2, 2006.
On October 2, professor makes decision to enroll in ORP. In order to execute this decision, the following forms must be completed and submitted to Human Resources:

- **TRS Forms 28 & 29:** Elect ORP and request refund for September's deposit into TRS (October 1 paycheck).
- **Exhibit E-7, Texas State ORP Authorization for Reduction of Employee Contributions Form: Initial election** into ORP including name of vendor must be supplied. If submitted to Texas State Human Resources Office by October 5, the ORP enrollment effective date is October 1 and the first ORP deduction will come from the November 1 paycheck.

SITUATION #3: ORP Participant Transfers Existing ORP Account to Different Vendor.

On January 31, 2007, professor makes decision to transfer all of previous year's ORP contributions to another vendor. In order to execute this decision, **Exhibit E-8, Texas State ORP/TDA Capital Transfer Verification Form** must be completed and submitted to the Human Resources Office. (This action does not change the October 2, 2006 election, so monthly payroll deductions are still going to the originally-selected vendor.) **NOTE:** If the transfer involves multiple vendors, use an additional **Exhibit E-8**.

SITUATION #4: ORP Participant Changes Future Contributions to Different Vendor.

On March 15, 2007, professor decides that he would like to change his monthly contributions to a different vendor than the one he originally selected. **Exhibit E-6, Texas State ORP/TDA Authorization to Change Carriers** is used. This signed and completed form, must be submitted to the Texas State Human Resources Office. The change will be effective depending on when the form is received and processed by the Texas State Human Resources Office. If the paperwork is submitted by April 5, the change will affect the May 1 paycheck.

SITUATION #5: ORP Participant Terminates Employment.

Professor takes employment outside Texas Higher Education and wants the authority to withdraw retirement funds. In order for the vendor to be authorized to make distribution of ORP funds, the former employee must complete **Exhibit E-10, ORP Employee Termination Form**, and submit to the Texas State Human Resources Office. Texas State Human Resources Office will forward the completed form to vendor(s). It is the professor's responsibility to initiate the distribution directly with the vendor(s).