

2. CONTRACT NUMBER _____ 3. SOLICITATION NUMBER **TIB-00-R-03** 4. TYPE OF SOLICITATION SEALED BID (IFB) NEGOTIATED (RFP) 5. DATE ISSUED **August 10, 2000** 6. REQUISITION/PURCHASE NUMBER _____

7. ISSUED BY **Federal Retirement Thrift Investment Board** CODE _____ 8. ADDRESS OFFER TO (If other than Item 7)
1250 H Street, NW., Suite 200
Washington, DC 20005

NOTE: In sealed bid solicitations "offer" and "offeror" mean "bid" and "bidder".

SOLICITATION

9. Sealed offers in original and See L.1.b. copies for furnishing the supplies or services in the Schedule will be received at the place specified in Item 8, or if hand-carried, in the depository located in See Block 7 until 4pm ^{EDT} ~~local~~ time 9/22/00
(Hour) (Date)

CAUTION - LATE Submissions, Modifications, and Withdrawals: See Section L, Provision No. 52.214-7 or 52.215-1. All offers are subject to all terms and conditions contained in this solicitation.

10. FOR INFORMATION CALL: A. NAME **Mary F. Parker** B. TELEPHONE (NO COLLECT CALLS) AREA CODE NUMBER EXT. **202 942-1694** C. E-MAIL ADDRESS

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OFFER (Must be fully completed by offeror)

NOTE: Item 12 does not apply if the solicitation includes the provisions at 52.214-16, Minimum Bid Acceptance Period.

12. In compliance with the above, the undersigned agrees, if this offer is accepted within _____ calendar days (60 calendar days unless a different period is inserted by the offeror) from the date of receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule.

13. DISCOUNT FOR PROMPT PAYMENT 10 CALENDAR DAYS (%) 20 CALENDAR DAYS (%) 30 CALENDAR DAYS (%) CALENDAR DAYS (%)

14. ACKNOWLEDGMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the SOLICITATION for offerors and related documents numbered and dated):	AMENDMENT NO.	DATE	AMENDMENT NO.	DATE

15A. NAME AND ADDRESS OF OFFEROR 16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print)

15B. TELEPHONE NUMBER 17. SIGNATURE

AREA CODE	NUMBER	EXT.	15C. CHECK IF REMITTANCE ADDRESS IS DIFFERENT FROM ABOVE - ENTER SUCH ADDRESS IN SCHEDULE. <input type="checkbox"/>	18. OFFER DATE

AWARD (To be completed by Government)

19. ACCEPTED AS TO ITEMS NUMBERED _____ 20. AMOUNT _____ 21. ACCOUNTING AND APPROPRIATION _____

22. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION: 10 U.S.C. 2304(c) () 41 U.S.C. 253(c) () 23. SUBMIT INVOICES TO ADDRESS SHOWN IN (4 copies unless otherwise) ITEM ▶

24. ADMINISTERED BY (If other than Item 7) CODE _____ 25. PAYMENT WILL BE MADE BY CODE _____

26. NAME OF CONTRACTING OFFICER (Type or print) _____ 27. UNITED STATES OF AMERICA _____ 28. AWARD DATE _____
(Signature of Contracting Officer)

IMPORTANT - Award will be made on this Form, or on Standard Form 26, or by other authorized official written notice.

SECTION B
SUPPLIES OR SERVICES AND PRICES/COSTS

B.1. BACKGROUND

The object of this contract is to provide the Federal Retirement Thrift Investment Board (Board) with a means of establishing life annuities for eligible participants and beneficiaries of the Thrift Savings Plan (TSP). The Federal Employees' Retirement System Act of 1986, Pub. L. No. 99-335, 101 Stat. 514 (1986), as amended, 5 U.S.C. §8434 (1994), sets forth five annuity methods that are required to be made available to eligible TSP participants and beneficiaries. Section B of this document defines various annuity options to be offered within the five required annuity methods.

B.2. CONTRACTOR ANNUITY PAYMENT RATE

- a. Pricing of this contract is shown below in terms of an "interest-adjusted monthly annuity payment formula" which is described at B.3. of this document. The Contractor annuity payment rate is a scaling factor which shall be applied to the then-current interest-adjusted tabular monthly annuity payments for every annuity purchased under the terms of this contract.

- b. The Contractor annuity payment rate shown below shall be applicable to the interest-adjusted tabular monthly annuity payment rates per \$1,000 of single premium as described at Clauses B.3, B.4, C.3, and in the worksheet at Section J, Attachment 3. The amount of monthly benefit paid by the Contractor to the Thrift Savings Plan annuitants shall be the amount of the tabular monthly annuity payments as determined at Clause B.4.b. multiplied by the appropriate following contractor rate expressed to three (3) decimal places (e.g., 1.011), the result rounded to the nearest cent and adjusted for changes in the interest rate index as described at B.3.

Contractor Rate¹ _____

¹Rate to be provided as part of offer.

- c. The Contractor Rate shown above shall be applicable to the entire term of this contract, including the optional period. (See F.2.)

B.3. INTEREST-ADJUSTED MONTHLY ANNUITY PAYMENT FORMULA

- a. The interest-adjusted monthly annuity payment formula is designed to recognize the impact of the following factors on the amount of the monthly annuity payments to be made by the Contractor: (i) the annuity option chosen at purchase; (ii) the age at purchase of the individual annuitant (and of the joint life where appropriate); (iii) the Contractor annuity payment rate; and (iv) changes in the interest rate index during the term of the contract. The exact method of calculation of each of the factors referred to in the formula is described at B.4. of this document. Selected values of the factors are given at Section J, Attachment 2.

b. Definitions:

1. i_{index} = The value of the interest rate index for the current month.
2. i_{start} = The initial value of the interest rate index (7%).
3. $\text{IAF}(x, y, \text{option})$ = The interest adjustment factor, a scaling factor based on the age of the annuitant(s) (x,y) and the annuity option, which adjusts for changes in the interest rate index.
4. $P(x, y, \text{option})$ = The tabular monthly annuity payment per \$1,000 of single premium based on the age of the annuitant(s) and the annuity option, calculated based on the initial value (7%) of the interest rate index.
5. $P'(x, y, \text{option})$ = The Contractor monthly annuity payment per \$1,000 of single premium based on the age of the

annuitant(s), the annuity option and the Contractor annuity payment rate, calculated based on the initial value (7%) of the interest rate index.

6. FB = The fund balance which will be used to purchase a single premium immediate annuity from the Contractor.

c. Interest-Adjusted Monthly Annuity Payment Formula

The interest-adjusted monthly annuity payment will be calculated as follows:

Step 1: $P(x, y, \text{option}) * \text{Contractor annuity payment rate}$

= $P'(x, y, \text{option})$

The result appears in line 7 of the worksheet in Section J, Attachment 3, and is rounded to the nearest cent.

Step 2: $P'(x, y, \text{option}) * \text{FB}/1000$

= Monthly annuity payment before interest adjustment

The result appears in line 8 of the worksheet and is rounded to the nearest cent.

Step 3: $(\text{Result of Step 2}) * [1 + (100 * i_{\text{index}} - 100 * i_{\text{start}}) * \text{IAF}(x, y, \text{option})]$

= Interest-adjusted monthly annuity payment

The result appears in line 15 of the worksheet and is rounded to the nearest cent. Interim rounding to three decimal places will be used as shown in lines 11, 12 and 13 of the worksheet. Line 14 will be rounded to the nearest cent.

B.4. DETAILED CALCULATION OF TABULAR FACTORSa. Interest rate index - i index

1. The interest rate index is a 3 month moving average of the 10 Year Treasury note constant maturity series. The average 10 Year Treasury constant maturity rate for each month is published by the Federal Reserve in release H.15. The index is based on the average of the three monthly interest rates for 2, 3 and 4 months prior to the month in which the annuities will be purchased. The interest rate index is rounded to the nearest one-eighth of one percent.

2. As an example of the preceding paragraph, annuities purchased in the month of May 2000 are based on the value of the interest rate index determined in April 2000, which is calculated from the monthly average rates for January, February, and March 2000 (6.66%, 6.52%, and 6.26%, respectively). The average of these three rates is 6.48%, which rounded to the nearest one-eighth of one percent produces an interest rate index of 6.50%. All of the tabular monthly annuity payment rates have been calculated using an initial index rate of 7%.

b. Tabular monthly annuity payments - P (x, y, option)

1. As discussed in Section C, "Statement of Work," the tabular monthly annuity payments are based on the following assumptions: (i) an interest rate based on the 3 month average of the 10 Year Treasury note constant maturity series; and (ii) the use of the 1983 IAM Table based on 50% females and 50% males. There is no specific recognition of expenses. The blended values of the 1983 IAM table which were used are presented at Section J, Attachment 2, Table J.2.4. As noted at B.4.a, the interest rate index was set at 7% for the calculation of these tabular monthly annuity payments.

2. The actuarial formulas used in calculating the tabular monthly annuity payments are presented below. (The notations not defined in the formulas are those conventionally recognized by the Society of Actuaries.) All are single premium immediate annuities with the first payment due exactly 1 month after purchase of the annuity. These same formulas will be used to calculate the tabular monthly

annuity payments for all other specific ages which are not listed in Section J, Attachment 2, Tables J.2.1.a and J.2.1.b. Once a symbol or annuity value is defined below, it is so used throughout.

General Formulas:

x = age last birthday of TSP annuitant at purchase date

y = age last birthday of joint annuitant at purchase date

$$N_{x+1}^{(12)} = N_{x+1} + \frac{11}{24} D_x$$

$$a_{\overline{10}|}^{(12)} = a_{\overline{10}|} + \frac{11}{24} (1 - v^{10})$$

$$C = \frac{1}{1 + \frac{11}{24} (.03)} = \frac{1}{1.01375}$$

$$i^* = \frac{1+i}{1.03} - 1$$

Option A1 - Single life, life only

$$a_x^{(12)} = \frac{N_{x+1}^{(12)}}{D_x}$$

Option A2 - Single life, 10 years certain and life

$$a_{x:\overline{10}|}^{(12)} = \frac{N_{x+1}^{(12)} - N_{x+10+1}^{(12)}}{D_x}$$

$$a_{x:\overline{10}|}^{(12)} = a_x^{(12)} + a_{\overline{10}|}^{(12)} - a_{x:\overline{10}|}^{(12)}$$

Option A3 - Single life, cash refund

$$a_x^{(12)}(\text{Refund}) = K_x * a_x^{(12)}$$

Where K_x is stated in Table J.2.3.

Option B1 - Single life, life only, 3% increasing

$$a_x^{(12)}(3\% \text{ Incr}) = C * a_x^{(12)}(i^*)$$

Option B2 - Single life, 10 years certain and life, 3% increasing

$$a_{x:10}^{(12)}(3\% \text{ Incr}) = C * a_{x:10}^{(12)}(i^*)$$

Option B3 - Single life, cash refund, 3% increasing

$$a_x^{(12)}(3\% \text{ Incr})(\text{Refund}) = K_x * a_x^{(12)}(3\% \text{ Incr})$$

Where K_x is stated in Table J.2.3.

Option C1 - Joint Life, 100% joint and survivor

$$a_{xy}^{(12)} = \frac{N_{x+1:y+1}^{(12)}}{D_{xy}}$$

$$a_{xy}^{(12)} = a_x^{(12)} + a_y^{(12)} - a_{xy}^{(12)}$$

Option C2 - Joint life, 50% joint and survivor (50% reduction applies to either survivor)

$$a_{xy}^{(12)} (50\%) = .5 a_x^{(12)} + .5 a_y^{(12)}$$

Option C3 - Joint life, 100% joint and survivor, cash refund

$$a_{xy}^{(12)} (\text{Refund}) = K_x * a_{xy}^{(12)}$$

Where K_x is stated in Table J.2.3.

Option C4 - Joint life, 50% joint and survivor, cash refund

$$a_{xy}^{(12)} (50\%) (\text{Refund}) = K_x * a_{xy}^{(12)} (50\%)$$

Where K_x is stated in Table J.2.3.

Option D1 - Joint life, 100% joint and survivor, 3% increasing

$$a_{xy}^{(12)} (3\% \text{ Incr}) = C * a_{xy}^{(12)} (i^*)$$

Option D2 - Joint life, 50% joint and survivor, 3% increasing

$$a_{xy}^{(12)} (50\%) (3\% \text{ Incr}) = C * a_{xy}^{(12)} (50\%) (i^*)$$

Option D3 - Joint life, 100% joint and survivor, cash refund, 3% increasing

$$a_{\overline{xy}}^{(12)}(3\% \text{ Incr})(\text{Refund}) = K_x * a_{\overline{xy}}^{(12)}(3\% \text{ Incr})$$

Where K_x is stated in Table J.2.3.

Option D4 - Joint life, 50% joint and survivor, cash refund, 3% increasing

$$a_{\overline{xy}(50\%)}^{(12)}(3\% \text{ Incr})(\text{Refund}) = K_x * a_{\overline{xy}(50\%)}^{(12)}(3\% \text{ Incr})$$

Where K_x is stated in Table J.2.3.

Tabular Monthly Annuity Payment per \$1,000 Single Premium

$$P(x, y, \text{option}) = 1000 / (12 * a^{(12)})$$

[END OF PAGE]

c. Interest adjustment factors - IAF (x, y, option)

The interest adjustment factors for the given age range and annuity option combinations in Section J, Attachment 2, Tables J.2.2.a. and J.2.2.b. are calculated as follows:

1. For the central age (and/or specified joint life ages in the joint life situations), the exact tabular monthly annuity payment was calculated two ways: (i) using the initial interest rate (i.e., 7%); and (ii) using the initial interest rate plus 1% (i.e., 8%). The interest adjustment factor is:

$$(8\% \text{ monthly payment} / 7\% \text{ monthly payment}) - 1$$

2. The method of calculation of the interest adjustment factors is the same for all annuity options. The approach yields a simple linear interest rate adjustment formula which is quite accurate within a range of 7% to 8% and reasonably accurate beyond that range.

3. The interest adjustment factors listed in Section J, Attachment 2, Tables J.2.2.a. and J.2.2.b. are complete and are the only adjustment factors which are to be used under the contract.

d. Worksheet for Annuity Calculation

Attachment 3 of Section J is the worksheet which will be used to calculate actual annuity payments for annuitants and to estimate future annuity payments for potential annuitants. The calculation is the same as specified in subsection B.3.

[END OF SECTION]

SECTION C
STATEMENT OF WORK

C.1. INTRODUCTION

The Federal Employees' Retirement System Act of 1986 (FERSA), Pub. L. No. 99-335, 101 Stat. 514 (1986), as amended, specifies in 5 U.S.C. §8434 (1994) that five (5) annuity methods be available to eligible Thrift Savings Plan (TSP) participants. Approximately 2.4 million active and separated Federal Employees are participants in the TSP.

C.2. SCOPE OF WORK

The object of this contract is to provide the Board with a means of establishing life annuities for retired and separated TSP participants and their beneficiaries.

C.3. STATEMENT OF WORK

- a. In order to fulfill the requirements of this contract, the contractor shall provide tax qualified, single premium, immediate annuities for all eligible participants who elect to purchase an annuity through the TSP.
- b. The annuity program must conform to the following requirements:

1. Annuity Payment Determination

The amount of the monthly payment per \$1,000.00 of single premium shall be an interest adjusted tabular monthly annuity payment for the specified annuity option times the Contractor annuity payment rate. The Contractor agrees to use the interest adjustment and tabular monthly annuity payments applicable to the specified annuity option for all annuities purchased under this program as described in Section B. The worksheet at Section J, Attachment 3, shall be used to calculate the actual annuity payments.

(a) Tabular Annuity Payment Approach

- (i) In order to provide a mechanism for readily adjusting annuity payments for new purchases to reflect

changes in market interest rates over the course of the contract, a tabular annuity approach has been developed. Tabular monthly annuity payments per \$1,000.00 of single premium, as specified at Section J, Attachment 2, Tables J.2.1.a. and J.2.1.b., have been developed based on two assumptions: (1) an interest rate index as described in C.3.b.1.(c); and (2) a mortality table. Expenses are not explicitly recognized.

(ii) Mortality Table: The mortality table selected is the 1983 Individual Annuity Mortality Table (1983 IAM) on a unisex basis, assuming 50% females and 50% males for the primary annuitant. In joint life situations, the second life is assumed to be 50% male and 50% female. The 1983 IAM table was selected because it reflects anticipated mortality under these annuities. The unisex mortality rates used are shown in the table at J.2.4. The tabular monthly annuity payments are designed to produce a reasonable set of relationships between the annuity payments for various annuity options and ages. As described in C.3.b.1.(c), the tabular monthly payments have been calculated based on an interest rate index assumption of 7%. Used in concert with the tables of interest adjustment factors (listed at J.2.2.), the tabular monthly payments will provide comparable monthly annuity payments for a wide range of interest rates to those payments which may be determined by recalculating the tabular monthly payments based on the interest rate index (rather than the 7% assumption). Comparable payments are not achieved, however, if significant changes in market conditions occur which cause the interest rate index to differ greatly from the interest rate index assumption, and annuitants are disadvantaged. At the discretion of the Board, and with proper notice from the Board, tabular monthly payments may be recalculated based on a revised interest rate index assumption to reflect significant long term changes in market conditions.

(b) Contractor Annuity Payment Rate

The Contractor Annuity Payment Rate is a scaling factor applied to the tabular monthly annuity payments for every annuity purchased under this contract. The

Contractor annuity payment rate must be guaranteed for the entire term of this contract, the length of which is identified in Section F.

(c) Interest Rate Indexing

(i) Interest rate indexing has been selected to provide the TSP annuitant with an annuity based on current market rates in the month in which the annuity is purchased and to offer the Contractor a reduced interest rate risk which will lead to a more competitive Contractor annuity payment rate. The index is a three month moving average of the 10 Year Treasury note constant maturity series. It was selected because it reflects a well known and readily available financial index of long term returns appropriate to life contingent annuities.

(ii) The tabular monthly payments, as described at C.3.b.1.(a), are based on an interest rate index assumption of 7%. The interest rate index will be calculated monthly, and an interest adjustment factor will be applied to the Contractor monthly annuity payment (reflecting the applicable Contractor annuity payment rate) to produce the interest adjusted monthly annuity payments according to the formula in B.3.

(iii) Tables of interest adjustment factors are listed at J.2.2. The calculation of the interest adjustment factors is described at B.4.c.

(iv) The monthly calculation of the interest rate index and interest adjusted monthly annuity payments will apply to new annuity purchases only; payments under previously issued annuities will not be affected.

2. Annuity Payment Schedule

(a) The Contractor will make the annuity payments on a monthly basis. The annuity purchase date will be the date on which the Contractor receives the accumulated account balance from the Board's record keeper; annuity purchases shall become effective as of 12:00 midnight the day of the purchase (i.e., as of 12:01 a.m. of the day following, the terms of the annuity shall be in

force). The date of the first payment will be 30 days from the purchase date.

(b) After the annuity purchase date, the participant cannot change the annuity option selected. The Contractor may implement alternative payment schedules for administrative reasons after the annuity purchase date (e.g., the Contractor may offer a larger annuity payment in exchange for making the annuity payment on a quarterly instead of monthly basis); however, such payment modifications are not permitted if such change would subject the annuitant to the tax penalty described in 26 U.S.C. §72(t). Proposals for any such alternative payment arrangements must be reviewed and agreed to by the Board. Any such payment arrangements must be completely voluntary; that is, annuitants must always have the option to continue to receive annuity payments as specified in their certificates.

3. Minimum Annuity Purchase

The minimum account balance required for an annuity purchase is \$3,500.00. This amount may be increased by the Board with appropriate notice to the Contractor. No policy fees will be paid under this program.

4. Annuity Choices

(a) Eligible participants in the TSP have the choice of the single premium immediate annuities listed below. The Contractor must provide all of these choices:

(1) Single life

- a. Life only
- b. Ten (10) year certain and life
- c. Life only, cash refund

(2) Single life, increasing with 3% annual maximum

- a. Life only
- b. Ten (10) year certain and life
- c. Life only, cash refund

(3) Joint Life

- a. 100% joint and survivor
- b. 50% joint and survivor
- c. 100% joint and survivor, cash refund
- d. 50% joint and survivor, cash refund

(4) Joint Life, increasing with 3% annual maximum

- a. 100% joint and survivor
- b. 50% joint and survivor
- c. 100% joint and survivor, cash refund
- d. 50% joint and survivor, cash refund

(b) The five (5) mandated methods provide for annuities falling into group 1 and group 2; group 3 and group 4 when the joint annuitant is the spouse; and group 3 when the joint annuitant is other than the spouse, but has an insurable interest in the annuitant. (See Table J.1.3.)

(c) Except for the cash refund annuities, all of the tabular monthly annuity payments are calculated using actuarial formulas. The cash refund tabular monthly annuity payments are calculated by adjusting the monthly annuity payments to reflect the value of the cash refund feature. The cash refund factors are specified at Section J, Attachment 2, Table J.2.3., and reflect published refund annuity rates of several large insurance companies. The amount of the cash refund on the death of the annuitant is the amount of the accumulated account balance used to purchase the annuity less the sum of all annuity payments made through the date of death. There is no interest accumulation on the cash refund amount after the annuity is purchased.

(d) The monthly payments of the annuities with increasing annual payments will be adjusted once each year on the anniversary of the first payment date, based on the Federal Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Under the present method, the percentage change in the monthly unadjusted CPI-W index for July, August, and September over the monthly

unadjusted CPI-W index for July, August, and September of the prior year is calculated each year. Increasing payment annuities are adjusted in the following calendar year by the lesser of 3% or the percentage increase in the CPI-W defined above, if any (i.e., in no case will the amount of an annuity payment be decreased based on the CPI-W).

(e) The 50% joint and survivor option reduces to 50% upon the death of either joint life no matter which life is the survivor.

5. Statutory Requirements

Section 8434(d)(2) of Title 5 of the United States Code requires that each annuity be provided in accordance with the provisions of subchapters III and VII of Chapter 84 of Title 5, United States Code. The regulations at 5 C.F.R. Part 1650 govern the election of annuities by TSP participants.

6. Reporting

The Contractor shall provide the annuitants such reporting as is necessary for them to have evidence of their coverage, to communicate with the Contractor and to complete their tax returns on a timely basis. The Contractor shall also provide management reports to the Board. Deliverables are described in Section F of this document.

7. Annuity Applications

Currently, TSP participants who have elected to receive an annuity submit election forms. The Board processes these elections and purchases annuities monthly, and annuity election forms are separately forwarded to the annuity provider. These annuity election forms contain the information necessary for the provider to establish and administer the annuities. The Board anticipates migration to a new record keeping system in spring-summer 2001, after which some TSP participants may submit withdrawal and annuity requests electronically and annuities will be purchased daily on requests. When the new system has been implemented, the Board

will provide data to the annuity vendor electronically, and application data will be batched and transmitted to the provider on a weekly basis. As an alternative to electronic transmission of these data, the annuity provider may request this application data in the form of a hard copy report.

8. Annuity Purchases

Currently, the annuity vendor receives funds for the purchase of TSP annuities monthly by wire transfer through the U.S. Treasury Electronic Certification System (ECS). Monthly ECS payments generally are received between the sixth and eighth business day of the month. Annuities may be purchased outside of the monthly process, and in these cases, payment will generally be made by U.S. Treasury check. Once the Board has migrated to the new record keeping system, payment for annuities purchased will be made through Electronic Funds Transfer (EFT) on a daily basis, as needed.

[END OF SECTION]

SECTION F
DELIVERIES OR PERFORMANCE

F.1. PERIOD OF PERFORMANCE

- a. The period of performance for accepting annuity purchases under this contract is three (3) years from the effective date of award of contract. During this period the Contractor will accept purchases of the various types of annuities for eligible Plan participants as specified in Section C of this contract.
- b. The period of performance for administration and reporting for annuities purchased under this contract is through the termination of the last annuity. The Contractor shall continue to administer and generate payments in accordance with the provisions of the annuity specified for the life of the annuitant, or joint annuitant, and where appropriate, make a payment to a beneficiary. Services provided after the close of the period for accepting annuity purchases shall conform to those specified in the Master Annuity Contract. In the event of restructuring of reporting provisions subsequent to expiration of the contract period for purchases, the Contractor will comply with such procedures, provided that it has been consulted prior to their institution and further provided that they do not involve material additional costs to the Contractor.

F.2. OPTIONAL PERIOD

- a. This contract has provision for one option of twenty-four months duration that requires continued Contractor performance with respect to the acceptance of annuity purchases subsequent to expiration of the base contract identified in F.1., above. Said option is unilaterally exercised by the Contracting Officer by formal modification of the contract.
- b. In order for the Contracting Officer to exercise the option, he or she must give written notice to the Contractor of the Board's intention to exercise the option at least thirty calendar days prior to the expiration date of the contract. In the event that the Board exercises the

option, all terms and conditions of this contract shall remain unchanged.

F.3. PERIODIC REPORTS

The Contractor will provide to the Board reports as are necessary for the Board to monitor the performance of the Contractor and to compile financial information and experience statistics on the annuity program. There will be no separate payment to the Contractor for such reports by either the Board or the annuitants. The only payments to the Contractor will be the single premiums for the annuities themselves. Contractor reporting expenses should be considered a cost of issuing the annuities.

F.4. REPORTING REQUIREMENTS

During the period of performance for administration of annuities as described in F.1. and during the optional period, if exercised, the Contractor is required to furnish various reports to the Board and annuitant or beneficiary thereof. The following reports are a requirement of this contract:

- a. The following shall be provided to the annuitant:
 1. A certificate (to be issued no later than the first payment date) describing the purchased annuity option. The certificate shall include the Group Annuity Contract number, the Certificate number, the name(s) and date(s) of birth of the annuitant (and joint annuitant where appropriate), the amount of the initial monthly payment and the first payment date.
 2. Instructions on how to communicate with the Contractor concerning administrative items such as changes of address, beneficiary designations, and Federal income tax withholding.
 3. An annual tax form for use by the annuitant in completing his or her tax return. This form shall conform to the reporting requirements of the Internal Revenue Service.

- b. Reports shall be provided to the Board for the purpose of reconciling annuity purchases with disbursements from the Plan, producing statistics regarding the annuity program, supporting the Board's confirmation of annuity calculations, and the collection of mortality experience. The following separate reports shall be provided to the Board on a monthly basis unless otherwise indicated:
1. A summary of the annuity purchases made each month. This report will include a breakdown of the total number of annuity purchases by annuity option and a breakdown of the total amount of single premiums by annuity option.
 2. A detailed listing of each annuity purchase including the annuitant's name, SSN, address, sex, attained age at date of purchase, the attained age of the joint annuitant at purchase (where appropriate), the date of purchase, the amount of single premium, the annuity option selected, the amount of the initial monthly benefit and the initial payment date.
 3. A detailed listing of changes made to annuities or in the status of annuitants such as: the death of the annuitant or joint annuitant; CPI adjustments; corrections of annuities incorrectly issued or reported; and adjustments after the fact to annuity purchases (as in the case of Board error in the purchase of the annuity). The report will include the type of change/transaction, the date of the transaction and the effective date of the transaction, as well as identifying information regarding the annuitant and any other information required in order to update the record of the annuity to reflect the change.
 4. Annually, a summary report of the annuity purchases made during the year. This report will include a breakdown of the total number of annuity purchases by annuity option, a breakdown of the total amount of single premiums by annuity option, and the total number and amount of single premiums.

5. Annually, a detailed listing of all annuities purchased under this contract or previous contracts, including the annuitant's name, SSN, address, sex, attained age at date of purchase; the attained age of the joint annuitant at purchase (where appropriate); the survivorship status of the annuitant(s) and the effective date(s); the date of purchase; the amount of single premium; the annuity option selected; the current amount of the monthly benefit; and the initial payment date. Annuitants whose benefits have been reported as terminated in the previous annual report may be omitted from the current annual listing.
6. The Board prefers that detailed listings in b.2, 3, and 5 above, be reported electronically (e.g., diskette or e-mail) and that the files be fixed length ASCII files or an approved file format, using a record layout approved by the Board.

F.5. NEW SYSTEM TESTING

The Contractor will be expected to conduct system tests associated with the new Thrift Savings Plan record keeping system prior to that system's implementation (expected spring-summer of 2001). The Board is in the process of installing a new record keeping system which will provide for the electronic transmission of annuity application data. The Contractor will be expected to test system interfaces prior to implementation to ensure the reliability of the data transmission.

[END OF SECTION]

SECTION G
CONTRACT ADMINISTRATION

G.1. CONTRACTUAL INFORMATION

Contractual interpretation and assistance may be obtained by contacting:

Federal Retirement Thrift Investment Board
1250 H Street, N.W.
Washington, D.C. 20005-3952

ATTN: Ms. Mary F. Parker
Phone: (202) 942-1694

G.2. CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE

- a. The Contracting Officer hereby designates the below named individual as the Contracting Officer's Technical Representative (COTR).

Name: (To be completed at time of award)
Address: Federal Retirement Thrift Investment Board
1250 H Street, N.W.
Washington, DC 20005-3952
Phone: (To be completed at time of award)

- b. The COTR is responsible for administering the performance of work under this contract. In no event, however, will any understanding, agreement, modification, change order, or other matter deviating from the terms of this contract be effective or binding upon the Board unless formalized by proper contractual documents executed by the Contracting Officer prior to completion of the contract. The COTR is responsible for:

1. Monitoring the Contractor's technical progress, including the surveillance and assessment of performance and recommending to the Contracting Officer changes in requirements;
2. Interpreting the scope of work;
3. Performing technical evaluation as required;

4. Performing technical inspections and acceptances required by this contract; and,
 5. Assisting the Contractor in the resolution of technical problems encountered during the performance.
- c. The Contracting Officer is responsible for directing any changes in the terms, conditions, or amounts cited in the contract. (See G.3.c for further discussion.)
- d. For guidance from the COTR to the Contractor to be valid, it must:
1. Be consistent with the description of work set forth in the contract;
 2. Not constitute new assignments of work or change to the expressed terms, conditions, or specifications incorporated into the contract;
 3. Not constitute a basis for an extension to the period of performance or contract delivery schedule; and,
 4. Not constitute a basis for any increase in the contract cost.
- e. The COTR may be changed by the Board at any time without prior notice to the Contractor. The Contracting Officer will give written notice to the Contractor to effect any change in COTRs.

G.3. TECHNICAL DIRECTION

- a. Technical direction, as used herein, will be the overseeing of the Contractor and its staff to ensure compliance with all the requirements of the contract. It will include elaboration of the Statement of Work (Section C) by filling in details or otherwise completing the general description of work set forth by the contract schedule.
- b. No new work assignments which would require the employment of additional personnel, or which would increase or decrease costs or the period of performance, or affect any provision of this contract's costs may be made without prior approval

of the Contracting Officer. Work to be performed under this contract shall be subject to the technical direction of the COTR.

- c. The Contractor shall not proceed with any instruction, direction, or request from the COTR which, in the Contractor's opinion, either is not provided for in the contract or would result in an increase to the contract cost. In either such case, the Contractor instead shall immediately notify the Contracting Officer in writing. The Contracting Officer will respond either by issuing an appropriate contract modification or by advising the Contractor in writing that the technical instruction, direction, or request is within the scope of this clause and does not constitute a change under the Changes Clause of the contract. The Contractor shall then proceed immediately with the direction given. Failure to obtain the Contracting Officer's determination regarding any situation governed by this paragraph may result in non-payment, or may necessitate the submission of costly and time-consuming claims under the contract.
- d. A failure of the parties to agree upon the nature of the instruction or direction, or upon the contract action to be taken with respect thereto shall be subject to the provisions of the contract clause titled "Disputes." (See the clause at I.1, page I-2 of this document.)

G.4. INCORPORATION OF CONTRACTOR'S PROPOSAL

It is understood and agreed that the Contractor shall, in meeting the requirements of this contract, perform the work in accordance with the proposal to the Board dated _____, as amended _____, provided however, that to the extent that any provisions set forth herein are in conflict or inconsistent with any provisions of said proposal, the provisions of this contract shall be controlling and shall supersede the provisions of said proposal.

G.5. ORDER OF PRECEDENCE

The order of precedence for interpretation of the terms, conditions, and requirements of this contract shall be as follows:

- a. Cover Sheet (Standard Form 26 or 33);
- b. PART I - THE SCHEDULE of the contract (Sections B through H);
- c. PART II - CONTRACT CLAUSES of the contract (Section I);
and,
- d. Contractor's proposal, as clarified and amended.

[END OF SECTION]

SECTION H
SPECIAL CONTRACT REQUIREMENTS

H.1. RECORD KEEPING ERRORS & MISSTATEMENTS

- a. Neither clerical error (whether by the Board, or by the Contractor) in keeping any records pertaining to the Master Annuity Contract, nor delays in making entries thereon, shall invalidate eligibility otherwise validly in force, but upon discovery of such error or delay an equitable adjustment of benefits shall be made. If any relevant facts pertaining to any individual to whom coverage under the Master Annuity Contract relates shall be found to have been misstated, and if such misstatement affects the existence of, the amount, or extent of benefits payable, the true facts shall be used in determining whether annuity eligibility is in force under the terms of this Master Annuity Contract and in what amounts or to what extent. If any payments made by the Contractor are based on misstatement of relevant facts, an equitable adjustment or redetermination shall be made in the benefits payable by the Contractor to the annuitant.
- b. The Contractor shall notify the Board whenever a matter arising under H.1.a. is presented to the Contractor. The Board reserves the right to review and comment upon all such matters.

H.2. STATISTICS AND SPECIAL STUDIES

- a. The Contractor shall maintain or cause to be maintained statistical records of its operations and annuities under the contract and will furnish the Board, in the form prescribed by the Board, the statistical reports reasonably necessary for the Board to carry out its functions under Subchapters III and VII of Chapter 84 of Title 5, United States Code.
- b. The Contractor shall furnish such other reasonable statistical data and reports of special studies as the Board may from time to time request for the purpose of carrying out its functions under Chapter 84 of Title 5, United States Code.

H.3. QUALITY ASSURANCE

- a. The Contractor shall develop and apply efficient procedures for maintaining contract quality assurance which include but are not limited to, the following:
 - 1. Accuracy of payments;
 - 2. Timeliness of payments to annuitants;
 - 3. Quality of services and responsiveness to annuitants;
 - 4. Quality of service and responsiveness to the Board;
and
 - 5. Detection of fraudulent claims.
- b. The Contractor shall keep complete records of its quality assurance procedures and the results of their implementation and make them available to the Board or its agent upon request.
- c. The Contractor shall provide the Department of Labor, or its contractors, access to the firm's records to perform fiduciary compliance audits.
- d. The Board may order the correction of a deficiency in the Contractor's quality assurance program. The Contractor shall promptly take the necessary action to implement appropriate changes to its quality assurance program.

H.4. NOTICE OF SIGNIFICANT EVENTS

- a. The Contractor agrees to notify the Board of any "Significant Event" within ten (10) working days after the Contractor becomes aware of it. As used in this section, a "Significant Event" is any occurrence or anticipated occurrence that may reasonably be expected to have a material effect upon the Contractor's ability to meet its obligations under this contract, including, but not limited to, any of the following:
 - 1. Disposal of major assets;
 - 2. Loss of 15% or more of the Contractor's overall customer base;

3. Termination or modification of subcontracts if such termination or modification may have a material effect on the Contractor's ability to perform its obligations under this contract;
 4. Any changes in management personnel, underwriters, or reinsurers that may have a material effect on the Contractor's obligations under this contract;
 5. The imposition or notice of the intent to impose a receivership, conservatorship, or special regulatory monitoring that may affect the status of financial qualifications or regulatory permits applicable to this contract;
 6. The withdrawal of, or notice of intent to withdraw, State licensing, or any other change in status under Federal or State law;
 7. Default on a loan or other financial obligation;
 8. Any actual or potential labor dispute that delays or threatens to delay timely performance or that may impair the functioning of the Contractor's facilities or facilities used in the performance of this contract;
 9. Any change in the Contractor's charter, constitution, or by-laws which affects any provision of this contract;
 10. Any significant changes in policies and procedures or interpretations of this contract or any brochure which would affect the Contractor's performance or benefits payable available under this contract.
 11. Any change during the term of the contract, including the optional period, which would have rendered the Contractor incapable of meeting any of the minimum technical qualifications found at M.4 of the Request for Proposals document from which this contract was formed.
- b. Upon learning of a Significant Event, the Board may institute action as it deems necessary to protect the interest of the Thrift Savings Plan, its participants or beneficiaries, including, but not limited to:
1. Suspending new annuity purchases under this contract;

2. Terminating this contract; or
3. Directing the Contractor to take corrective action.

H.5. CORRECTION OF DEFICIENCIES

The Contractor shall maintain sufficient financial resources, facilities, staff and other necessary resources to meet its obligations under this contract. If the Board determines that the Contractor does not demonstrate the ability to meet its obligations under this contract, the Board may notify the Contractor of the asserted deficiencies. The Contractor agrees that, within ten (10) working days following notification, it shall present detailed plans for correcting the deficiencies. These plans shall be presented in a form prescribed by the Board. The Board may institute action as it deems necessary to protect the interests of participants and beneficiaries.

H.6. STATUTORY RESERVES

The reserves held by the Contractor under this contract will not be less than the minimum required by the law of the state in which the annuity is issued or to which it may be subject.

H.7. ADVERTISING

- a. The Contractor shall not distribute or display public information or marketing materials or other supplemental literature in a Federal facility or arrange for the distribution of such documents by Federal agencies unless the documents have been reviewed and approved for such use by the Board.
- b. The Contractor shall not publicize or otherwise announce or advertise TSP participation in the Contractor's annuity program without prior written approval of the Board.

H.8. CERTIFICATES

The Contractor shall issue a certificate to the annuitant for whom an annuity is purchased. The certificate shall contain, in substance, a statement of the benefits to which the annuitant is entitled under the Contract. Such certificate shall in no way void or modify any of the

provisions of this Contract. The above references to certificates include any certificate riders issued in accordance with this Contract.

H.9. ASSIGNMENT OF CONTRACT OR BENEFITS

Except as otherwise prescribed by law, benefits under annuities purchased in accordance with this Contract may not be assigned or alienated and are not subject to execution, levy, attachment, garnishment or other legal process.

H.10. EVIDENCE OF SURVIVAL

The Contractor shall have the right to require evidence satisfactory to itself that any annuitant or joint annuitant is living on each date a payment is due the payee, and to withhold any payments otherwise due until such evidence is received. If such evidence is not received within five (5) years of the date a request for such evidence is made, it shall be presumed for the purposes of this contract that the payee died immediately prior to the date the first such withheld payment was due.

H.11. CONTRACT HOLDER AND EMPLOYER NOT AGENTS OF THE CONTRACTOR

Neither the Board, its employees, its record keeper, nor the employing agency shall be considered to be agents of the Contractor for any purpose under this Contract.

H.12. BENEFICIARY

An annuitant must designate a beneficiary or beneficiaries to whom any death benefit shall be payable and may, from time to time, so long as there is any death benefit payable in the event of his death, change such beneficiary or beneficiaries by filing written notice with the Contractor. A change in beneficiary designation shall take effect upon receipt by the Contractor, as of the date specified in the notice, whether or not the annuitant is living at the time of receipt. If the annuitant predeceases the joint annuitant, the survivor may designate a beneficiary or beneficiaries to whom any death benefit shall be payable and may change such beneficiary or beneficiaries by filing written notice with the Contractor.

[END OF SECTION]

SECTION I
CONTRACT CLAUSES

I. CONTRACT CLAUSES INCLUDED BY REFERENCE (FEB 1998)
(FAR 52.252-02)

This document incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address:

<http://www.arnet.gov/far>

(End of clause)

(CAUTION): The Offeror is cautioned not to delete or add any other clause or clauses to the following contract clause list. Such an action may cause the offer to be unacceptable. ("FAR Citation" in the following list refers to the Federal Acquisition Regulation [48 CFR Chapter 1].)

The following clauses are hereby incorporated by reference:

<u>TITLE</u>	<u>FAR CITATION</u>
Definitions (OCT 1995)	52.202-01
Gratuities (APR 1984)	52.203-03
Covenant Against Contingent Fees (APR 1984)	52.203-05
Restriction on Subcontractor Sales to the Government (JUL 1995) ALT I. (OCT 1995)	52.203-06
Anti-Kickback Procedures (JUL 1995)	52.203-07
Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (JAN 1997)	52.203-08
Price or Fee Adjustment for Illegal or Improper Activity (JAN 1997)	52.203-10
Limitation on Payments to Influence Certain Federal Transactions (JUN 1997)	52.203-12
Protecting the Government's Interests when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (JUL 1995)	52.209-06
Audit and Records - Negotiation (JUN 1999)	52.215-02
Notification of Ownership Changes (OCT 1997)	52.215-19
Notice to the Government of Labor Disputes (FEB 1997)	52.222-01

Service Contract Act of 1965, as Amended (MAY 1989)	52.222-41
Privacy Act Notification (APR 1984)	52.224-01
Privacy Act (APR 1984)	52.224-02
Payment by Electronic Funds Transfer other than Central Contractor Registration (MAY 1999)	52.232-34
Disputes (DEC 1998) Alternate I (DEC 1991)	52.233-01
Protest After Award (AUG 1996)	52.233-03
Bankruptcy (JULY 1995)	52.242-13
Changes--Fixed-Price, Alternate I (AUG 1984)	52.243-01
Competition in Subcontracting (DEC 1996)	52.244-05
Termination for Convenience of the Government (Services)(Short Form)(APR 1984)	52.249-04
Default (Fixed-Price Supply and Service) (APR 1984)	52.249-08

[END OF SECTION]

SECTION J

DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS

CONTENTS

- Attachment 1 - General Information about the Thrift Savings Plan
- Attachment 2 - Factor Tables
- Attachment 3 - Annuity Calculation Worksheet
- Attachment 4 - Financial Statements of the Thrift Savings Fund - 1999 and 1998
- Attachment 5 - Summary of the Thrift Savings Plan for Federal Employees
- Attachment 6 - Thrift Savings Plan Annuities

SECTION J, ATTACHMENT 1
General Information

1. This attachment briefly describes the Thrift Savings Plan (TSP) and experience of the TSP annuity program under the current annuity vendor contract. This illustrative information may be useful in developing expectations regarding the future experience of the TSP annuity program; however, the Contractor will be expected to accept purchases of annuities based on the Contractor annuity payment rate stated in its proposal for all annuitants during the term of the contract even if the anticipated number of annuitants, anticipated size of the average annuity, and the anticipated distribution of annuitants by age, sex and annuity option are not met.
2. The TSP is a retirement savings plan for Federal and Postal employees, similar to private sector to private sector 401(k) plans, with a fund balance of approximately \$95 billion. Contributions to the TSP began in April 1987, and at that time fewer than 900,000 Federal employees participated in the plan. As of April 2000, the TSP consists of approximately 2,462,000 accounts, of which approximately 2,117,000 accounts are receiving contributions from or on behalf of active employees and 345,000 accounts are currently inactive (i.e., accounts of separated or retired Federal employees or CSRS participants who have terminated their contributions).
3. The Board anticipates implementation of a new record keeping system and transition from monthly valuation to daily valuation. In addition to daily processing of withdrawal transactions, Plan changes will become effective which may have a significant impact on the annuity program. On implementation of the new record keeping system, participants may use a combination of withdrawal options in order to make a post-employment full withdrawal. (Prior to this change, participants who chose a TSP annuity were required to use their entire account balance for the purchase of the annuity, a requirement which we perceive to have been a disincentive for electing this withdrawal method.)
4. The tables in this attachment describe recent TSP annuity program experience. Table J.1.1 provides a summary of the TSP Annuity Program Experience for each year under the current annuity vendor contract. Table J.1.2 shows a breakdown of TSP annuities by annuity option and sex, for annuities purchased between January 1996 and April 2000. Individuals purchasing annuities demonstrated a preference for simpler forms of annuities over the increasing payment and cash refund forms.

Table J.1.1.

TSP ANNUITY PROGRAM EXPERIENCE
Annuities Purchased Under the Current Contract

Number of Annuities

	Single Life	Joint Life 50 Percent	Joint Life 100 Percent	Insurable Interest	Total
1996 Total	340	137	249	3	729
1997 Total	328	137	240	6	711
1998 Total	302	134	216	8	660
1999 Total	306	135	266	5	712
January 2000	29	9	29	0	67
February	34	25	36	1	96
March	40	20	51	0	111
April	29	21	36	0	86
May	27	15	18	0	60
June					
July					
August					
September					
October					
November					
December					
2000 Total	159	90	170	1	420

Dollars

	Single Life	Joint Life 50 Percent	Joint Life 100 Percent	Insurable Interest	Total
1996 Total	\$9,751,527	\$5,370,050	\$8,815,155	\$123,077	\$24,059,809
1997 Total	\$11,541,567	\$5,947,084	\$9,875,202	\$208,982	\$27,572,835
1998 Total	\$11,839,157	\$7,079,213	\$9,082,724	\$220,962	\$28,222,056
1999 Total	\$13,453,167	\$6,742,470	\$13,664,017	\$328,721	\$34,188,374
January 2000	\$1,921,557	\$454,064	\$1,565,146	\$0	\$3,940,768
February	\$1,561,844	\$1,389,590	\$2,296,888	\$56,344	\$5,304,667
March	\$1,517,036	\$1,564,920	\$2,973,046	\$0	\$6,055,001
April	\$1,800,188	\$1,219,464	\$2,250,515	\$0	\$5,270,167
May	\$1,791,139	\$1,500,117	\$1,316,985	\$0	\$4,608,241
June					
July					
August					
September					
October					
November					
December					
2000 Total	\$8,591,764	\$6,128,156	\$10,402,580	\$56,344	\$25,178,844

Table J.1.2.

**TSP Annuity Purchases, by Option Type and Sex of Primary Annuitant
January 1996 - May 2000**

<u>Number of Annuities Purchased:</u>	<u>Female</u>	<u>Male</u>	<u>Total</u>
1. Single Life, level payments			
a) no additional features	355	312	667
b) with cash refund feature	171	112	283
c) with ten year certain feature	199	165	364
2. Single Life, increasing payments			
a) no additional features	25	29	54
b) with cash refund feature	21	8	29
c) with ten year certain feature	20	18	38
3. Joint with Spouse, level payments			
a) 100% survivor annuity	80	550	630
b) 50% survivor annuity	77	418	495
c) 100% survivor annuity with cash refund feature	66	343	409
d) 50% survivor annuity with cash refund feature	24	66	90
4. Joint with Spouse, increasing payments			
a) 100% survivor annuity	8	53	61
b) 50% survivor annuity	7	30	37
c) 100% survivor annuity with cash refund feature	4	37	41
d) 50% survivor annuity with cash refund feature	2	9	11
5. Joint with other Survivor, level payments			
a) 100% survivor annuity	1	3	4
b) 50% survivor annuity	6	6	12
c) 100% survivor annuity with cash refund feature	2	2	4
d) 50% survivor annuity with cash refund feature	1	2	3
Totals	1,069	2,163	3,232
 <u>Amount of Annuities Purchased:</u>	 <u>Female</u>	 <u>Male</u>	 <u>Amount</u>
1. Single Life, level payments			
a) no additional features	\$13,459,190	\$13,633,014	\$27,092,205
b) with cash refund feature	\$5,874,854	\$4,657,233	\$10,532,087
c) with ten year certain feature	\$6,480,146	\$7,102,912	\$13,583,058
2. Single Life, increasing payments			
a) no additional features	\$945,905	\$904,154	\$1,850,059
b) with cash refund feature	\$662,142	\$236,703	\$898,845
c) with ten year certain feature	\$459,868	\$761,069	\$1,220,937
3. Joint with Spouse, level payments			
a) 100% survivor annuity	\$2,727,340	\$25,101,221	\$27,828,561
b) 50% survivor annuity	\$2,664,904	\$22,458,755	\$25,123,659
c) 100% survivor annuity with cash refund feature	\$2,917,715	\$16,196,535	\$19,114,250
d) 50% survivor annuity with cash refund feature	\$787,919	\$2,925,574	\$3,713,493
4. Joint with Spouse, increasing payments			
a) 100% survivor annuity	\$265,056	\$2,562,591	\$2,827,646
b) 50% survivor annuity	\$218,742	\$1,780,209	\$1,998,951
c) 100% survivor annuity with cash refund feature	\$167,120	\$1,848,100	\$2,015,220
d) 50% survivor annuity with cash refund feature	\$44,581	\$386,288	\$430,869
5. Joint with other Survivor, level payments			
a) 100% survivor annuity	\$44,601	\$208,607	\$253,209
b) 50% survivor annuity	\$176,262	\$255,025	\$431,286
c) 100% survivor annuity with cash refund feature	\$25,817	\$136,690	\$162,507
d) 50% survivor annuity with cash refund feature	\$30,212	\$60,872	\$91,084
Totals	\$37,952,374	\$101,215,554	\$139,167,928

SECTION J, ATTACHMENT 2
FACTOR TABLESJ.2.1. TABULAR MONTHLY ANNUITY PAYMENTS - P (x, y, option)

This section presents a sample cross section of the monthly annuity payments for use in calculating the tabular monthly annuity payments. These monthly annuity payments were calculated in accordance with the formulas listed in subsection B.4. All tabular material relating to the CPI adjusted options are identified by "3% Increasing."

[END OF PAGE]

Table J.2.1.a

TABULAR MONTHLY ANNUITY PAYMENTS
Per \$1,000 of Single Premium
Blended 1983 IAM at 7% Interest

Single Life Annuities

Annuitant <u>Age</u>	<u>Life Only</u>	<u>10 Years Certain & Life</u>	<u>Life Only, 3% Increasing</u>	<u>10 Years Certain & Life, 3% Increasing</u>
30	5.94	5.93	3.83	3.83
35	6.05	6.03	3.98	3.97
40	6.19	6.17	4.16	4.15
45	6.38	6.34	4.39	4.37
50	6.64	6.57	4.70	4.66
55	6.99	6.88	5.09	5.02
56	7.07	6.96	5.18	5.11
57	7.16	7.04	5.28	5.20
58	7.26	7.12	5.39	5.30
59	7.36	7.21	5.50	5.40
60	7.47	7.30	5.62	5.50
61	7.60	7.40	5.75	5.61
62	7.73	7.51	5.89	5.73
63	7.87	7.62	6.03	5.86
64	8.02	7.73	6.19	5.99
65	8.18	7.86	6.36	6.12
70	9.20	8.56	7.40	6.90

Table J.2.1.b

TABULAR MONTHLY ANNUITY PAYMENTS
Per \$1,000 of Single Premium
Blended 1983 IAM at 7% Interest

Joint Life Annuities

100% Joint & Survivor

50% Joint & Survivor

Annuitant Age	Joint Life Age					Joint Life Age				
	10 Years Older	Same Age	3 Years Younger	6 Years Younger	20 Years Younger	10 Years Older	Same Age	3 Years Younger	6 Years Younger	20 Years Younger
30	5.82	5.78	5.77	5.76		6.06	5.94	5.92	5.90	
35	5.89	5.83	5.81	5.80	5.73	6.21	6.05	6.01	5.99	5.91
40	5.99	5.91	5.88	5.86	5.76	6.41	6.19	6.14	6.10	6.00
45	6.13	6.01	5.97	5.94	5.80	6.67	6.38	6.32	6.27	6.11
50	6.33	6.16	6.11	6.05	5.86	7.03	6.64	6.55	6.48	6.27
55	6.61	6.36	6.29	6.22	5.95	7.54	6.99	6.87	6.78	6.48
56	6.68	6.42	6.34	6.26	5.97	7.66	7.07	6.95	6.85	6.53
57	6.75	6.47	6.39	6.30	5.99	7.79	7.16	7.03	6.92	6.59
58	6.83	6.53	6.44	6.35	6.01	7.93	7.26	7.12	7.00	6.64
59	6.92	6.59	6.50	6.40	6.04	8.08	7.36	7.21	7.09	6.71
60	7.01	6.66	6.56	6.45	6.07	8.25	7.47	7.31	7.18	6.77
61	7.11	6.74	6.62	6.51	6.10	8.42	7.60	7.42	7.28	6.84
62	7.22	6.82	6.69	6.58	6.13	8.61	7.73	7.54	7.38	6.92
63	7.34	6.91	6.77	6.64	6.16	8.81	7.87	7.67	7.50	6.99
64	7.46	7.00	6.85	6.71	6.20	9.03	8.02	7.80	7.62	7.08
65	7.60	7.10	6.94	6.79	6.23	9.27	8.18	7.95	7.75	7.17
70	8.46	7.74	7.51	7.29	6.47	10.73	9.20	8.86	8.57	7.71

100% Joint & Survivor - 3% Increasing

50% Joint & Survivor - 3% Increasing

Annuitant Age	Joint Life Age					Joint Life Age				
	10 Years Older	Same Age	3 Years Younger	6 Years Younger	20 Years Younger	10 Years Older	Same Age	3 Years Younger	6 Years Younger	20 Years Younger
30	3.70	3.63	3.60	3.58		3.99	3.83	3.80	3.76	
35	3.82	3.72	3.69	3.66	3.51	4.17	3.98	3.93	3.89	3.75
40	3.97	3.85	3.81	3.76	3.57	4.41	4.16	4.10	4.05	3.88
45	4.17	4.01	3.95	3.90	3.66	4.72	4.39	4.32	4.25	4.03
50	4.42	4.21	4.14	4.07	3.76	5.12	4.70	4.60	4.51	4.22
55	4.76	4.48	4.38	4.29	3.89	5.65	5.09	4.96	4.85	4.46
56	4.84	4.54	4.44	4.34	3.92	5.78	5.18	5.05	4.93	4.52
57	4.93	4.61	4.50	4.40	3.95	5.92	5.28	5.14	5.01	4.58
58	5.02	4.68	4.57	4.46	3.99	6.06	5.39	5.23	5.10	4.64
59	5.12	4.76	4.64	4.52	4.02	6.22	5.50	5.34	5.19	4.71
60	5.22	4.84	4.71	4.59	4.06	6.39	5.62	5.44	5.29	4.78
61	5.33	4.93	4.79	4.66	4.10	6.57	5.75	5.56	5.40	4.86
62	5.45	5.02	4.88	4.73	4.14	6.76	5.89	5.69	5.51	4.93
63	5.58	5.12	4.96	4.81	4.18	6.96	6.03	5.82	5.63	5.01
64	5.71	5.23	5.06	4.89	4.23	7.18	6.19	5.96	5.76	5.10
65	5.86	5.34	5.16	4.98	4.28	7.42	6.36	6.11	5.90	5.20
70	6.76	6.04	5.79	5.54	4.57	8.87	7.40	7.05	6.74	5.74

J.2.2. INTEREST ADJUSTMENT FACTORS - IAF (x, y, option)

- a. This section presents the complete table of interest adjustment factors for use in calculating the interest adjusted tabular monthly annuity payments. Age ranges for the individual cells were defined to provide the most accurate interest adjustment factors at ages where the most significant portions of the annuity purchases are expected.
- b. The central ages used for calculating the factors were as follows:

Single life annuitant:	35, 50, 57, 62, 67
Primary annuitant:	35, 50, 57, 62, 67
Joint life annuitant:	10 years older, 3 years younger, 20 years younger

[END OF PAGE]

Table J.2.2.a

INTEREST ADJUSTMENT FACTORS
Based on the Ratio Between 8% and 7%
Tabular Monthly Annuity Payments

Single Life Annuities

Annuitant's Age	<u>Life Only</u>	<u>10 Years Certain & Life</u>	<u>ife Only, 3% Increasing</u>	<u>0 Years Certain & Life, Increasing</u>
Less than 45	0.117	0.119	0.161	0.161
45 - 54	0.101	0.102	0.130	0.129
55 - 59	0.092	0.091	0.114	0.112
60 - 64	0.083	0.083	0.100	0.099
65 and over	0.075	0.074	0.088	0.087

Table J.2.2.b

INTEREST ADJUSTMENT FACTORS
Based on the Ratio Between 8% and 7%
Tabular Monthly Annuity Payments

Joint Life Annuities

Annuitant Age	100% Joint & Survivor			50% Joint & Survivor		
	Joint Life Age			Joint Life Age		
	More than 5 Years Older	Years Older to 10 Years Younger	More than 10 Years Younger	More than 5 Years Older	Years Older to 10 Years Younger	More than 10 Years Younger
Less than 45	0.122	0.127	0.131	0.113	0.120	0.124
45 - 54	0.106	0.111	0.125	0.095	0.105	0.113
55 - 59	0.095	0.103	0.119	0.083	0.094	0.105
60 - 64	0.086	0.097	0.113	0.075	0.086	0.098
65 and over	0.077	0.087	0.106	0.065	0.077	0.091

Annuitant Age	100% Joint & Survivor - 3% Increasing			50% Joint & Survivor - 3% Increasing		
	Joint Life Age			Joint Life Age		
	More than 5 Years Older	Years Older to 10 Years Younger	More than 10 Years Younger	More than 5 Years Older	Years Older to 10 Years Younger	More than 10 Years Younger
Less than 45	0.170	0.179	0.197	0.153	0.165	0.181
45 - 54	0.136	0.147	0.173	0.117	0.133	0.152
55 - 59	0.116	0.131	0.162	0.101	0.117	0.138
60 - 64	0.103	0.117	0.150	0.089	0.104	0.128
65 and over	0.091	0.102	0.137	0.077	0.091	0.117

J.2.3. CASH REFUND ANNUITY FACTORS - K (x, option)

This section presents the complete table of cash refund annuity factors for use in calculating the tabular cash refund annuity payments from the otherwise comparable non-cash refund annuity payments. These factors were developed by reviewing published refund annuity rates of certain companies, with consideration for theoretical value based on the 1983 IAM and 7% interest. They are approximate in nature but should produce reasonable results.

Table J.2.3. Cash Refund Annuity Factors

Primary Annuitant <u>Age</u>	<u>Single Life Annuities</u>	
	<u>Life Only</u>	<u>3% Increasing Life Only</u>
Less than 50	.99	.97
50 - 54	.98	.96
55 - 59	.96	.94
60 - 64	.94	.92
65 - 69	.91	.89
70 - 74	.87	.85
75 and over	.83	.80

	<u>Joint Life Annuities</u>			
	<u>100% J&S</u>	<u>50% J&S</u>	<u>3% Increasing 100% J&S</u>	<u>3% Increasing 50% J&S</u>
Less than 50	.99	.99	.99	.99
50 - 64	.99	.99	.99	.98
55 - 59	.99	.98	.99	.97
60 - 64	.99	.97	.99	.96
65 - 69	.99	.96	.98	.94
70 - 74	.99	.94	.98	.92
75 and over	.98	.92	.97	.89

[END OF ATTACHMENT]

Table J.2.4.

1983 Individual Annuity Mortality Table
Blended Mortality Rates

Blended Employee and Spouse (1)		Blended Employee and Spouse (1)	
Age	qx & qy	Age	qx & qy
15	0.000312	65	0.010094
16	0.000324	66	0.011145
17	0.000336	67	0.012303
18	0.000351	68	0.013573
19	0.000366	69	0.014975
20	0.000383	70	0.016534
21	0.000401	71	0.018276
22	0.000420	72	0.020225
23	0.000441	73	0.022408
24	0.000463	74	0.024852
25	0.000486	75	0.027587
26	0.000509	76	0.030643
27	0.000532	77	0.034048
28	0.000555	78	0.037834
29	0.000577	79	0.042042
30	0.000600	80	0.046711
31	0.000623	81	0.051883
32	0.000647	82	0.057601
33	0.000671	83	0.063899
34	0.000699	84	0.070783
35	0.000731	85	0.078253
36	0.000771	86	0.086308
37	0.000820	87	0.094948
38	0.000880	88	0.104167
39	0.000954	89	0.113943
40	0.001042	90	0.124246
41	0.001647	91	0.135050
42	0.001770	92	0.146326
43	0.001414	93	0.158046
44	0.001578	94	0.170186
45	0.001761	95	0.182721
46	0.001962	96	0.195628
47	0.002183	97	0.208883
48	0.002421	98	0.222919
49	0.002676	99	0.238167
50	0.002944	100	0.255061
51	0.003224	101	0.274032
52	0.003514	102	0.295514
53	0.003812	103	0.319939
54	0.004121	104	0.347738
55	0.004443	105	0.379346
56	0.004780	106	0.415194
57	0.005136	107	0.455715
58	0.005515	108	0.501341
59	0.005932	109	0.552505
60	0.006403	110	0.609638
61	0.006946	111	0.673175
62	0.007577	112	0.743547
63	0.008310	113	0.821186
64	0.009149	114	0.906526
		115	1.000000

(1) Assumes 50% female, 50% male mortality rates.

SECTION J, ATTACHMENT 3
ANNUITY CALCULATION WORKSHEET

A. PARTICIPANT INFORMATION

(1) Annuity option	<u>J&S-50%, level, no cash refund</u>	
(2) Participant age	<u>62</u>	
(3) Joint annuitant age (if a joint life annuity)	<u>59</u>	
(4) Age difference (if a joint life annuity): line (2) - Line (3). Joint annuitant is	years <u>3</u>	younger/older
(5) TSP account balance	<u>\$57,000.00</u>	

B. CALCULATION OF MONTHLY ANNUITY PAYMENT (BEFORE INTEREST ADJUSTMENT)

(6) Amount available for annuity in thousands of dollars: line (5) + \$1,000	<u>57.00000</u>	
(7) Monthly annuity factor per \$1,000 account balance For single life annuity, use Table J.2.1.a. For joint life annuity, use Table J.2.1.b.	<u>7.54</u>	(see B.3., Step 1)
(8) Preliminary estimate of monthly annuity payment	<u>\$429.78</u>	(see B.3., Step 2)

C. INTEREST ADJUSTED MONTHLY ANNUITY PAYMENT

(9) Current interest rate index	<u>6.500</u>	
(10) Interest rate index used in monthly annuity factor tables	<u>7.000</u>	
(11) Index increase (decrease): line (9) - line (10)	<u>(0.500)</u>	
(12) Interest adjustment factor For single life annuity, use Table J.2.2.a. For joint life annuity, use Table J.2.2.b.	<u>0.086</u>	
(13) Adjustment multiplier: line (11) x line (12)	<u>(0.043)</u>	
(14) Increase (decrease) to estimate: line (8) x line (13)	<u>(\$18.48)</u>	
(15) Interest adjusted monthly annuity payment line (8) + line (14)	<u>\$411.30</u>	(see B.3., Step 3)



FINANCIAL STATEMENTS of the Thrift Savings Fund — 1999 and 1998

ARTHUR ANDERSEN

Report of Independent Public Accountants

To the Executive Director of the
Federal Retirement Thrift Investment Board:

We have audited the accompanying statements of net assets available for benefits of the Thrift Savings Fund as of December 31, 1999 and 1998, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Federal Retirement Thrift Investment Board. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Thrift Savings Fund as of December 31, 1999 and 1998, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

Vienna, Virginia
March 2, 2000

THRIFT SAVINGS FUND
Statements of Net Assets Available
for Plan Benefits
as of December 31,

(Dollars in Thousands)

Assets	<u>1999</u>	<u>1998</u>
Investments, at market value		
U.S. Government Securities		
Investment Fund	\$30,561,680	\$27,882,863
Barclays Equity Index Fund	56,908,740	42,959,617
Barclays U.S. Debt Index Fund	3,793,812	3,874,152
Total investments	<u>91,264,232</u>	<u>74,716,632</u>
Receivables		
Participants' contributions	219,421	199,403
Employer's contributions	103,530	92,377
Participant loans	3,061,288	2,586,270
Accrued interest	5,323	—
Total receivables	<u>3,389,562</u>	<u>2,878,050</u>
Fixed assets		
Furniture, equipment, and leasehold improvements, net of accumulated depreciation and amortization of \$3,389 in 1999 and \$2,666 in 1998	1,993	1,421
Data processing software, net of accumulated amortization of \$6,044 in 1999 and \$6,032 in 1998	33,485	8,355
Total fixed assets	<u>35,478</u>	<u>9,776</u>
Other assets	3,567	388
Total assets	<u>94,692,839</u>	<u>77,604,846</u>
Liabilities		
Accrued payroll and benefits	863	858
Accounts payable	37,261	28,376
Due to Barclays for securities purchased	—	278,084
Deferred rent and lease credits	880	1,128
Total liabilities	<u>39,004</u>	<u>308,446</u>
Funds restricted for the purchase of fiduciary insurance	(4,880)	(4,744)
Net assets available for plan benefits	<u>\$94,648,955</u>	<u>\$77,291,656</u>

THRIFT SAVINGS FUND
Statements of Changes in Net Assets Available
for Plan Benefits
for the Years Ended December 31,

(Dollars in Thousands)

Additions to net assets	<u>1999</u>	<u>1998</u>
Investment income		
Net change in market value		
Barclays Equity Index Fund	\$8,888,589	\$8,496,333
Barclays U.S. Debt Index Fund	(288,477)	58,938
Earnings		
U.S. Government Securities Investment Fund	1,699,493	1,486,587
Barclays Equity Index Fund	644,455	539,979
Barclays U.S. Debt Index Fund	255,731	223,555
Less investment expenses	(3,245)	(3,016)
Net investment income	<u>11,196,546</u>	<u>10,802,376</u>
Contributions		
Participants	5,692,221	5,208,920
Employer	2,684,610	2,409,701
Total contributions	<u>8,376,831</u>	<u>7,618,621</u>
Interest income on participant loans	167,231	146,038
Total additions	<u>19,740,608</u>	<u>18,567,035</u>
Deductions from net assets		
Benefits paid to participants	2,234,984	1,850,087
Administrative expenses	54,208	50,406
Participant loans declared taxable distributions	93,981	78,342
Total deductions	<u>2,383,173</u>	<u>1,978,835</u>
Net increases	<u>17,357,435</u>	<u>16,588,200</u>
Funds restricted for the purchase of fiduciary insurance	(136)	(121)
Net assets available for plan benefits	<u>17,357,299</u>	<u>16,588,079</u>
Beginning of period	<u>77,291,656</u>	<u>60,703,577</u>
End of period	<u>\$94,648,955</u>	<u>\$77,291,656</u>

The accompanying notes are an integral part of these financial statements.

THRIFT SAVINGS FUND

Notes to Financial Statements

as of December 31, 1999

(1) PLAN DESCRIPTION

The following description is provided for general information purposes. Participants should refer to the *Summary of the Thrift Savings Plan for Federal Employees* and applicable legislation for more complete information.

The Thrift Savings Plan (the Plan) is a retirement savings and investment plan for Federal employees. It was authorized by the United States Congress in the Federal Employees' Retirement System Act of 1986 (FERSA). The Plan provides Federal employees with a savings and tax benefit similar to what many private corporations offer their employees. The Plan was primarily designed to allow employees who are participants of the Federal Employees' Retirement System (FERS) to supplement the FERS Basic Annuity benefit.

The Plan is administered by an independent Government agency, the Federal Retirement Thrift Investment Board (the Board), which is charged with operating the Plan prudently and solely in the interest of the participants and their beneficiaries. Assets of the Plan are maintained in the Thrift Savings Fund (the Fund).

Federal employees who are participants of FERS, the Civil Service Retirement System (CSRS), or equivalent retirement plans, as provided by statute, are eligible to join the Plan after completing a minimum service requirement of not more than 1 year. Generally, FERS employees are those employees hired on or after January 1, 1984, while CSRS employees are employees hired before January 1, 1984, who have not elected to convert to FERS. Each group has different rules that govern contribution rates. As of December 31, 1999, there were approximately 2.4 million participants in the Plan, with approximately 1.9 million contributing their own money.

The Plan is a defined contribution plan and, as such, specifies how much an employee may contribute and how much the employing agency must contribute to each FERS employee's account. FERS employees may contribute up to 10 percent of their basic pay each pay period, on a tax-deferred basis, and receive agency matching contributions on the first 5 percent, according to a formula prescribed by FERSA (5 U.S.C. § 8432(c)). CSRS employees may contribute up to 5 percent of their basic pay each pay period, on a tax-deferred basis, but the Government does not match any of this amount. For FERS employees, their employing agencies also contribute an agency automatic contribution equal to 1 percent of each employee's basic pay each pay period, as defined in FERSA (5 U.S.C. § 8401(4)). In accordance with the Internal Revenue Code, no participant could contribute more than \$10,000 in 1999. This limit will increase to \$10,500 in 2000.

FERSA established three investment funds: the Government Securities Investment Fund (G Fund), the Common Stock Index Investment Fund (C Fund), and the Fixed Income Investment Fund (F Fund). Participants may allocate any portion of their contributions among the three investment funds. Also, participants may reallocate their entire account balance among the three investment funds through the interfund transfer process. Participants can make an interfund transfer in any month without an annual limit.

Plan participants are immediately vested in all of their own contributions and attributable earnings. Participants are also immediately vested in any agency matching contributions made to their accounts and attributable earnings. In order to be vested in the agency automatic (1%) contributions, a FERS employee must have either 2 or 3 years of service as described in section 8432(g) of FERSA. FERS employees who are not vested and who separate from the Federal Government forfeit all agency automatic contributions and attributable earnings. These forfeited funds, which totaled \$11,618,000 in 1999 and \$10,770,000 in 1998, are used by the Fund to pay accrued administrative expenses. If the forfeited funds are not sufficient to meet all administrative expenses, earnings on investments are then expended.

Participants may apply for loans from their accounts. There are two types of TSP loans: general purpose and residential. General purpose loans can be obtained for any purpose, with a repayment period from 1 to 4 years. Residential loans can be obtained for the purpose of purchasing a primary residence, with a repayment period from 1 to 15 years. Participants may borrow only their own contributions and attributable earnings. The minimum loan amount is \$1,000. The interest rate for loans is the G Fund rate at the time the loan application is received by the Board's record keeper. The rate is fixed at this level for the life of each loan.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting. The activity of the Fund is accounted for using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

B. Investments. As of, and during the period ended, December 31, 1999, investments of each investment fund were in the following:

The G Fund was invested in short-term nonmarketable U.S. Treasury securities specially issued to the Fund. All investments in the G Fund earned interest at a rate that is equal, by law, to the average of market rates of return on outstanding U.S. Treasury marketable securities with 4 or more years to maturity.

The C Fund was invested primarily in the Barclays Equity Index Fund, a commingled Standard & Poor's 500 stock index fund with \$172.6 billion in assets as of December 31, 1999. The Equity Index Fund consisted of common stocks of all the companies represented in the Standard & Poor's 500 stock index. The C Fund also included temporary investments in the same securities held by the G Fund and certain other short-term securities pending purchase of shares in the Equity Index Fund and to cover liquidity needs, such as loans and withdrawals from the Plan.

The F Fund was invested primarily in the Barclays U.S. Debt Index Fund, a commingled fund tracking the Lehman Brothers U.S. Aggregate Index (LBA) which contains approximately 33 percent U.S. Treasury securities, 35 percent mortgage-backed securities, 23 percent investment-grade corporate securities, and 9 percent Federal agency securities. The mortgage-backed sector contains securities guaranteed by the Government National Mortgage Association, Fannie Mae, and the Federal Home Loan Mortgage Corporation, as well as commercial mortgage-backed securities. On December 31, 1999, the Barclays U.S. Debt Index Fund held 3,078 securities totaling \$15.6 billion, with an average maturity of 9 years. Like the Equity Index Fund, the Barclays U.S. Debt Index Fund is passively managed, seeking to match the performance of the LBA. The F Fund, like the C Fund, also included investments in the same securities held by the G Fund and certain other short-term securities pending purchase of shares in the U.S. Debt Index Fund and for liquidity requirements.

All investments are stated at market value.

C. Fixed Assets. All fixed assets were recorded at historical cost. Assets with a useful life in excess of 1 year and a cost greater than \$25,000 were capitalized and expensed over their useful life using the straight line method. The estimated useful lives are as follows:

Furniture and Equipment	3 to 10 years
Leasehold Improvements	10 years
Data Processing Software	3 years

D. Earnings Allocation. Net earnings were allocated to the participants' accounts monthly. The allocation process used was that described in regulations issued by the Executive Director on November 20, 1996.

E. Contributions Receivable. Contributions receivable were estimated as the amount of contributions recorded through the first 2 weeks of the month following the date of the financial statements.

F. Loans payable. Loans payable are a component of net assets available for plan benefits. In January 2000, approximately \$107,838,000 will be disbursed from accounts of those who were participants of the Plan as of December 31, 1999.

G. Withdrawals Payable. Withdrawals payable are a component of net assets available for plan benefits. In January 2000, approximately \$214,763,000 will be disbursed from accounts of those who were participants of the Plan as of December 31, 1999.

H. Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for plan benefits and additions to and deductions therefrom, as well as the disclosure of contingent assets and liabilities in these footnotes. Actual results could differ from those estimates.

I. Reclassifications. Certain 1998 amounts have been reclassified to conform to the 1999 presentation.

(3) INCOME TAX STATUS

FERSA (5 U.S.C. § 8440(a)(1)) states that the Plan shall be treated as a trust as described in section 401(a) of the Internal Revenue Code (Code) which is exempt from taxation under section 501(a) of the Code. This status was reaffirmed in the Tax Reform Act of 1986, Section 1147 (codified at I.R.C. § 7701(j)). It is not necessary for the Plan to apply for a determination letter since it is qualified by statute.

(4) COMMITMENTS

The Board has entered into Interagency Agreements with the Department of Agriculture's National Finance Center (NFC). Under the agreements, the NFC performs detailed record keeping of participant account balances (operations) and software development, and maintains a service office responsible for loan, withdrawal, and interfund transfer processing, as well as servicing employees who have left Federal service. This agreement may be canceled by the Board with 3 months notice or by the Department of Agriculture with 1 year notice. As of March 2, 2000, the NFC's fees for fiscal year 2000 are estimated to be \$50,290,000.

On May 20, 1997, the Board entered into contracts with American Management Systems, Inc. and SunGard Employee Benefit Systems, a division of SunGard Business Systems Inc., for the design, development, and implementation of an automated daily valued record keeping system. Work commenced in 1997 and is expected to be completed in 2000. As of March 2, 2000, the total cost of the contracts is estimated to be \$49,440,000, of which \$34,326,000 has been incurred as of the same date.

The Board leases the office space it occupies in Washington, D.C., under an operating lease and a sublease. The operating lease ends in 2002, with an option to extend for one 5-year period. The sublease expires May 31, 2002. Monthly base rental payments under the two leases range from approximately \$101,000 to \$110,000. The operating lease provides the Board with incentives to be paid by the lessor, which reduces the base rental payments over the term of the leases. Generally accepted accounting principles require that rent expense be recognized equally over the term of the lease. This results in more rent expense in the early years of the leases. The difference between rent paid, and rent expense, along with the unamortized lease incentive is reflected as deferred rent and lease credits in the Statement of Net Assets Available for Plan Benefits. Monthly base rent expense over the terms of the lease and sublease is \$96,000.

(5) FIDUCIARY INSURANCE

FERSA (5 U.S.C. § 8479(b)(1)) provides that the Executive Director may assess Federal agencies for the purpose of buying fiduciary insurance. The Executive Director exercised this authority in 1987 and required agencies to submit an amount equal to 1 percent of their contributions. Such sums were collected during 1987 and 1988 and invested to the extent not currently required to purchase fiduciary insurance. In February 1988, the Executive Director instructed agencies to discontinue the 1 percent fiduciary insurance contributions. The balance of funds available for the purchase of fiduciary insurance as of December 31, 1999, was \$4,880,000, which has been invested in the same securities held by the G Fund and included in total investments on the accompanying Statement of Net Assets Available for Plan Benefits. The Board has determined that the current insurance reserve is adequate to fund coverage needs for the foreseeable future.

SECTION K
 REPRESENTATIONS, CERTIFICATIONS
 AND OTHER STATEMENTS OF OFFERORS

K.1. SOLICITATION PROVISIONS INCORPORATED BY REFERENCE

See L.2, page L-1 of this solicitation, for information on obtaining the full text of these provisions.

<u>TITLE</u>	<u>FAR CITATION</u>
Certificate of Independent Price Determination (APR 1985)	52.203-02
Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (APR 1991)	52.203-11
Prohibition of Segregated Facilities (FEB 1999)	52.222-21

K.2. TAXPAYER IDENTIFICATION (OCT 1998) (FAR 52.204-03)

a. Definitions.

"Common parent," as used in this provision, means that corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the Offeror is a member.

"Taxpayer Identification Number (TIN)," as used in this solicitation provision, means the number required by the Internal Revenue Service (IRS) to be used by the Offeror in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number.

- b. All Offerors must submit the information required in paragraphs d. through f. of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the IRS. If the resulting contract is subject to the payment reporting requirements described in Federal Acquisition Regulation (FAR) 4.904, the failure or refusal by the Offeror to furnish the information may result in a 31 percent reduction of payments otherwise due under the contract.

c. The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the Offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the Offeror's TIN.

d. Taxpayer Identification Number (TIN)

() TIN: _____;

() TIN has been applied for;

() TIN is not required because:

() Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States;

() Offeror is an agency or instrumentality of a foreign government;

() Offeror is an agency or instrumentality of the Federal Government;

e. Type of organization.

() Sole proprietorship;

() Partnership;

() Corporate entity (not tax-exempt);

() Corporate entity (tax-exempt);

() Government entity (Federal, State or local);

() Foreign government;

() International organization per 26 CFR 1.6049-4;

() Other _____

f. Common parent.

() Offeror is not owned or controlled by a common parent as defined in paragraph a. of this provision.

() Offeror is not owned or controlled by a common parent as defined in paragraph a. of this provision.

() Name and TIN of common parent:

Name _____

TIN _____

(End of provision)

K.3. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED DEBARMENT, AND OTHER RESPONSIBILITY MATTERS (MAR 1996)
(FAR 52.209-5)

a.1. The Offeror certifies, to the best of its knowledge and belief, that--

i. The Offeror and/or any of its Principals--

A. Are () are not () presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;

B. Have () have not (), within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or sub-contract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and

- C. Are () are not () presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subdivision a.1.i.B of this provision.
- ii. The Offeror has () has not (), within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.
- a.2. "Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions).

This Certification Concerns a Matter Within the Jurisdiction of an Agency of the United States and the Making of a False, Fictitious, or Fraudulent Certification May Render the Maker Subject to Prosecution Under Section 1001, Title 18, United States Code.

- b. The Offeror shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- c. A certification that any of the items in paragraph a of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Offeror's responsibility. Failure of the Offeror to furnish a certification or provide such additional information as requested by the Contracting Officer may render the Offeror non-responsible.
- d. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph a. of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

- e. The certification in paragraph a. of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may terminate the contract resulting from this solicitation for default.

[END OF SECTION]

SECTION L
INSTRUCTIONS, CONDITIONS AND NOTICES TO OFFERORS

L.1. PROPOSAL PREPARATION

- a. In order to be considered for award of a contract, the Offeror must submit a proposal in conformance with the requirements of this solicitation. The offer shall consist of two parts, as follows:
 - 1. The Business Proposal as discussed at Section L.5; and,
 - 2. The Technical Proposal as discussed at Section L.6.
- b. The two parts of the proposal identified above must be submitted in separate enclosures, as follows: (1) an enclosure consisting of the original Business Proposal, two copies of the Business Proposal and the original Technical Proposal; and (2) another enclosure consisting of five copies of the Technical Proposal.
- c. The Business Proposal must contain all references to management fees or other costs or prices to be incurred (or credits to be received) by the Board, or by an annuitant. This means that the Business Proposal must include any aspect of the offer that has a cost applicable to it. No cost or price information may be included in the Technical Proposal.
- d. Offerors are advised that it is neither necessary nor appropriate to reproduce and submit the entire solicitation package as part of the proposal.

L.2. SOLICITATION PROVISIONS INCORPORATED BY REFERENCE
(FEB 1998) (FAR 52.252-01)

This solicitation incorporates one or more solicitation provisions by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. The Offeror is cautioned that the listed provisions may include blocks that must be completed by the Offeror and submitted with its quotation or offer. In lieu of submitting the full text of those provisions, the Offeror may identify the

provision by paragraph identifier and provide the appropriate information with its quotation or offer. Also, the full text of a solicitation provision may be accessed electronically at this address:

<http://www.arnet.gov/far>

(End of provision)

The following clauses are hereby incorporated by reference:

<u>TITLE</u>	<u>FAR CITATION</u>
Data Universal Numbering System (DUNS) Number (JUN 1999)	52.204-06
Instructions to Offerors - Competitive Acquisition (FEB 2000)	52.215-01

L.3. TYPE OF AGREEMENT

The Government contemplates that this solicitation will result in a master agreement under which the Board will purchase annuities with proceeds from participant accounts.

L.4. SERVICE OF PROTEST (AUG 1996) (FAR 52.233-02)

- a. Protests, as defined in section 33.101 of the Federal Acquisition Regulation, that are filed directly with an agency, and copies of any protests that are filed with the General Accounting Office (GAO), shall be served on the Contracting Officer (addressed as follows) by obtaining written and dated acknowledgment of receipt from Strat D. Valakis, Contracting Officer, Federal Retirement Thrift Investment Board, 1250 H Street, N.W., Washington, DC 20005-3952.
- b. The copy of any protest shall be received in the office designated above within one day of filing a protest with the GAO.
- c. It is the policy of the Board to fully implement all protest decisions rendered by the competent protest venues. However, the Board's statutorily imposed fiduciary responsibilities require that all final determinations regarding the implementation of protest decisions be rendered by the

Executive Director of the Board in sole consideration of the best interests of the participants in the Thrift Saving Plan.

(End of provision)

L.5. INSTRUCTIONS FOR BUSINESS PROPOSAL

- a. The Offeror must submit as part of its proposal a "Business Proposal." The Business Proposal shall include all proposal data required by Sections B and K of this solicitation. The Business Proposal shall be in accordance with the requirements of L.1, L.2, this provision, and shall conform to the format in b. below.
- b. Administrative Data -- the Offeror shall:
 1. Indicate the names and addresses of any Federal, State or other governmental audit or inspection agencies having oversight with respect to the Offeror. (Example: Securities Exchange Commission, Comptroller of the Currency, or State Agency);
 2. State the place of business, including the street address, and the name and address of the owner and operator of facilities other than the Offeror's, when it is reasonably expected that such facilities will be used in the performance of the contract; and,
 3. Indicate if the Offeror has the necessary financial capacity, working capital and other resources necessary to perform the contract without assistance from any outside source (if not, indicate the amount required and the anticipated source).

L.6. INSTRUCTIONS FOR TECHNICAL PROPOSAL

- a. The Offeror must submit as part of its proposal a "Technical Proposal." The contents of the Technical Proposal shall be keyed to the Technical Proposal requirements as outlined below. As far as possible, the Technical Proposal shall be in the same topical sequence as this solicitation document.
- b. In accordance with the clause at M.4 of this document, in order to be considered for award of a contract, all Offerors must meet certain minimum technical qualifications. The Technical Proposal therefore should be preceded by the

Offeror's certification that it meets each of the minimum qualification standards listed in the clause at M.4.

- c. By submitting this proposal, the Offeror grants representatives of the Board authorization to check references of the Offeror. In addition, the Offeror grants representatives of the Board authorization to conduct reference checks of the performance of the personnel and quality of project management offered in support of the contract.
- d. Technical proposal preparation
 - 1. Provide a brief synopsis of the proposal. State broadly how the proposal meets the requirements and the intent of the specification. List all exceptions taken to the technical portion of the solicitation requirements and include appropriate rationale for each. Where alternate proposals are made, discuss the controlling principles behind each.
 - 2. Address the minimum technical qualifications set forth in M.4, and include specific substantiation to support the Offeror's ability to meet each requirement.
 - 3. The Technical Proposal shall conform to the other instructions provided elsewhere in this solicitation. The specific areas the Board will be evaluating and the relative importance assigned to each area are included in Section M.

L.7. SOLICITATION INFORMATION

Solicitation interpretation and assistance may be obtained by contacting:

Federal Retirement Thrift Investment Board
1250 H Street, NW
Washington, D.C. 20005-3952
ATTN: Ms. Mary F. Parker
Phone: (202) 942-1694

L.8. RECEIPT OF PROPOSALS

- a. The place designated for the receipt of proposals is the following:

Federal Retirement Thrift Investment Board
1250 H Street, NW
Washington, DC 20005-3952

- b. **Proposals must be received by the Board no later than 4:00 p.m., eastern daylight time (EDT), on September 22, 2000.** Late proposals will not be considered, except under exceptional circumstances, as provided for by law or regulation.

- c. To ensure that the proposal arrives at the proper place on time and to prevent opening by unauthorized individuals, your proposal must be identified on the wrapper as follows:

Proposal Submitted in Response to Solicitation
No. RFP TIB-00-R-03
Package No. _____ of _____
Date: _____
ATTN: Mary F. Parker

Contents: _____
(In accordance with the other instructions, this blank should list either "Business Proposal and Original Technical Proposal" or "Copies of Technical Proposal and Financial Data.")

- d. If a receipt is required when delivering a proposal, the Offeror is instructed to prepare a receipt document in advance and present it to the person at the delivery location. The receipt document must state the following:

Proposal submitted in response to
Solicitation No. RFP TIB-00-R-03

Due Date: September 22, 2000; 4:00 p.m., EDT

Date and Time Received: _____

Signature _____

(Provide adequate space on the form to allow a time and date stamp.)

L.9. MARKING OF INFORMATION TO RESTRICT DISCLOSURE AND USE OF DATA

- a. A proposal may include data, such as a technical design or concept or financial and management plan, which the Offeror does not want disclosed to the public for any purpose or used by the Board for any purpose other than evaluation of the proposal. If an Offeror wishes to restrict its proposal in this way, it shall mark the title page with the following legend:

These data, furnished in connection with Request for Proposals No. RFP TIB-00-R-03, shall not be disclosed outside the Board and shall not be duplicated, used, or disclosed in whole or in part for any purpose other than to evaluate the proposal; provided that, if a contract is awarded to this Offeror as a result of or in connection with the submission of these data, the Board shall have the right to duplicate, use, or disclose the data to the extent provided in the contract. This restriction does not limit the Board's right to use the information contained in the data if it is obtained from another source without restriction. The data subject to this restriction are contained in sheets _____.

- b. The Offeror shall mark each sheet of data which it wishes to restrict with the following:

Use or disclosure of proposal data is subject to the restriction of the Title Page of the Proposal.

- c. Notwithstanding the above, records or data bearing such a legend as in the above paragraph may be otherwise subject to release under the terms of the Freedom of Information Act, 5 U.S.C. 552, as amended. It is noted, however, that absent a request for such records or data pursuant to the statutory provisions (the Freedom of Information Act, 5 U.S.C. 552, as amended), and the subsequent determination of releasability, the legend shall be honored in accordance with the above.

L.10. TELEGRAPHIC PROPOSAL

Telegraphic or facsimile proposals will not be considered, although proposals may be modified by telegraphic notice provided such notice is actually received prior to the closing date and time.

L.11. INSURANCE AND BONDING REQUIREMENTS

Submission of a proposal shall constitute a certification by the Offeror that it is in compliance with all state and Federal laws with respect to insurance and bonding requirements.

L.12. MINIMUM ACCEPTANCE PERIOD

Offerors allowing less than 120 calendar days in "the offer" portion of SF 33, Section A, for acceptance by the Board will be rejected as unacceptable.

L.13. INCURRED COSTS

The Board is not liable for any costs incurred by the Offerors in preparing and submitting proposals in response to this solicitation.

L.14. PRE-AWARD SURVEY/VISITATION/POST AWARD CONFERENCE

The Board reserves the right to visit all qualified Offerors to inspect their facilities and operations prior to any determination of contract award under this solicitation. In lieu thereof, the Board may choose to inspect the apparent successful Offeror's facility prior to award of contract. Subsequent to award, a post-award conference may be conducted either at the Board or at the Contractor's facility.

[END OF SECTION]

SECTION M
EVALUATION FACTORS FOR AWARD

M.1. INTRODUCTION

This section sets forth the criteria to be used for the evaluation of all offers. These criteria will be applied to each offer to determine the successful Offeror.

M.2. EVALUATION OF OFFERS

The Board will select an Offeror for award in accordance with the guidance in FAR Part 15, the Board's Source Evaluation and Selection Procedures, and the terms of this solicitation. Specific events which will occur are as follows:

- Step 1. The Board will review all proposals for compliance with the requirements in Section L of this solicitation document. Those proposals which do not conform, other than for minor irregularities, will not be given further consideration for award of a contract.
- Step 2. The Board's Technical Evaluation Panel will evaluate all technical proposals for compliance with the requirements of Clause M.4, "Minimum Technical Qualifications." Those proposals which do not conform to the requirements of Clause M.4 will not be given further consideration for award of a contract.
- Step 3. The Board's Technical Evaluation Panel will conduct a technical evaluation of all proposals which meet the requirements of Clause M.4 and are not otherwise disqualified from consideration for award of a contract.
- Step 4. The Board will evaluate cost/pricing proposals in accordance with Sections B, L, and M.
- Step 5. The Board will consider the technical and cost/price evaluations of all rated proposals in order to determine that Offeror which proposes the best

value in terms of lowest cost, superior service, or both.

Step 6. The Board will evaluate the responsibility of the apparent successful Offeror in light of the factors set forth in FAR Part 9.

M.3. EVALUATION FACTORS FOR AWARD

- a. The Board will make award to that responsible Offeror whose offer conforms to the solicitation and is most advantageous to the Board, cost or price and other factors considered.
- b. For this solicitation, technical quality is more important than cost. An evaluation of each offer will be made in the technical area, and if technically acceptable, in the cost area. The technical evaluation carries a sixty percent weight towards contract award, and the cost/price evaluation carries a forty percent weight. A final cost/price score will be developed by combining the final technical and cost/price scores.

M.4. MINIMUM TECHNICAL QUALIFICATIONS

The Technical Proposal must demonstrate compliance with the minimum technical factors listed below in order to be considered for award. Proposals which do not conform to the following requirements will be rejected by the Technical Evaluation Panel prior to technical evaluation.

- a. Each Offeror must demonstrate:
 - 1. That it has received an A.M. Best rating of "A++" or "A+" for each of the past ten years as published in "Best's Insurance Reports" from 1990 through 1999.
 - 2. That it has received an average rating of AA (Aa2 for Moody's) or higher and no rating lower than AA- or Aa3 from current ratings by Standard & Poor's, Moody's, or Duff & Phelps. The average rating shall be computed using the following numerical scale, and the average rating must be equal to or greater than 8.0:

<u>Numeric Scale</u>	10	9	8	7
Standard & Poor's	AAA	AA+	AA	AA-
Moody's	Aaa	Aa1	Aa2	Aa3
Duff & Phelps	AAA	AA+	AA	AA-

3. If the Offeror proposes to use more than one life insurance company, then at least one such company must meet the requirements of 1 and 2, above, and must guarantee all annuity payments under the contract.
4. The proposal and contract shall be signed by responsible officers of the Offeror firm and, if more than one life insurance company is involved, by responsible officers of each company that meets the requirements of paragraph 3 above.

- b. Each Offeror must demonstrate that it is licensed as a direct writer of insurance and has the ability to do business in all fifty states and the District of Columbia. The requirement to be licensed in all fifty states and the District of Columbia can be met by a group of companies as long as they all have demonstrated agreements with the Offeror to enter into a contract with the Offeror to provide TSP annuities to residents of the relevant states. The text of all such contracts shall be subject to the approval of the Contracting Officer prior to execution.
- c. Each Offeror must agree to enter into a contract with a three-year term, and with renewal at the option of the Board for two additional years.

M.5. TECHNICAL EVALUATION

All proposals meeting the Minimum Technical Qualifications set forth in M.4. will be evaluated by the Board's Technical Evaluation Panel using the factors and information described below (Offerors' proposals will be assigned points based on these evaluation factors on a 60 point scale):

- a. Offerors must provide an Annual Statement for the year ended December 31, 1999 (i.e., the NAIC Convention Blank as of December 31, 1999), and a copy of their Weiss Risk-Adjusted Capital Ratios #1 and #2. Offerors are advised that these documents are required for evaluation of their

proposals. Failure to provide either item will preclude further evaluation of their proposal. Offeror may also submit additional information which serves to demonstrate the financial strength of the company, continuing profitability or diversification across product lines.

- b. Technical evaluation factors (i.e., financial responsibility and solvency, National administrative contracting capability, and business plan) are listed below:

1. **Financial responsibility and solvency (27 points)**

- (a) *Assets, liabilities, capital, surplus and reserves (9 points)*. The Board will evaluate the Offerors' assets, liabilities, capital, surplus, and reserves. Offerors with larger amounts of capital and surplus in dollar and percentage terms will be rated more highly. This review will consider the Offeror's risk-based capital ratio and Weiss Risk-Adjusted Capital Ratios, and Offerors with lower ratio values may receive fewer points than Offerors with higher ratio values.
- (b) *Demonstrated continuing profitability (9 points)*. Offerors who demonstrate superior continuing profitability (i.e., that have shown consistent net gains from operations after dividends to policyholders and before Federal income taxes) will be rated more highly.
- (c) *Diversification (9 points)*. Offerors will be rated more highly if they are well diversified across product lines.

2. **National administrative contracting capability (27 points)**

- (a) *Experience (15 points)*. Offerors with more demonstrated experience administering larger master annuity contracts will be rated more highly. The Offeror must provide statements of specific capabilities regarding: methods of payment; computer systems; reporting; timeliness; check distribution method; set-up time; method of

determining cessation of payments; scheduled audits and/or reviews of internal controls and administrative systems related to annuity processing; and quality assurance procedures.

(b) *National contracting ability (6 points)*. The Board will review technical proposals in order to evaluate the level of the Offeror's ability to provide reliable and secure annuity contracts in all fifty states and the District of Columbia. The Board will consider the list of proposed contracting companies, including any contracting affiliates and subsidiaries. Proposals should include information regarding the states in which each contracting company is licensed to write annuities, and a description of any financial guarantees that will be provided among the proposed companies.

(c) *Past Performance (6 points)*. The Board will evaluate the quality of the Offeror's work under prior similarly scoped contracts. The Offeror must provide a list of its last three similar contracts with contact points at the client organizations. (If the Offeror has completed fewer than three similar contracts, it must provide a list of all similar contracts performed and indicate that the list is exhaustive.) The Board will contact the listed references to obtain relevant information such as, but not limited to, the following:

, Would the reference wish to do business with the Offeror again?

, Is the reference satisfied with the results attributable to the Offeror's work?

, Did the Offeror meet scheduled milestones?

, What was the overall quality of the work performed?

, Was the Offeror cooperative?

- , Did the Offeror show business-like concern for the customer's interests?
- , Was the work performed in accordance with the basic contract?
- , If there were problems with the Offeror's performance, how responsive was the Offeror's management team in addressing and correcting them?

3. Business Plan (6 points)

The Board will evaluate the Offeror's proposal for the administration of this program (Business Plan). This evaluation will place value on the effectiveness and efficiency in the relationship between the Board and the Offeror, as well as the level of customer service to TSP annuitants. The business plan should discuss the level of access the Board will have to individuals of the Offeror's company, the access which TSP annuitants will have to administrative personnel, administrative operations and controls, and internal and external audit coverage that is specific to annuity processing and administration or that would be specific to the proposed program.

M.6. COST/PRICE EVALUATION

- a. The Board will analyze all technically acceptable proposals to determine the Offeror that has proposed the most favorable annuity payment rate. The Board anticipates assigning 40 points to this proposal and assigning lower point scores to those technically acceptable proposals with less favorable proposed annuity payment rates in accordance with the following formula:

$$\frac{\text{Offeror's Annuity Payment Rate}}{\text{Most Favorable Annuity Payment Rate}} \quad \times \quad 40$$

- b. Offerors are advised to review the terms of Sections B and C of this document regarding the proposed annuity payment rate. Because the annuity payment rate is a yield factor to be expressed as a percentage of the interest adjusted tabular monthly annuity factors described in Sections B and

C of this document, the "most favorable annuity payment rate" discussed at M.6.a will be the numerically highest offered rate among the technically acceptable proposals.

M.7. AWARD

- a. While the total score will be an important factor in contract award selection, the Board will award the contract resulting from this solicitation to that Offeror presenting the most advantageous offer to the Board, all factors considered.
- b. The Board may reject any or all offers, accept other than the offer proposing the most favorable annuity payment rate, and waive informalities and minor irregularities in offers received.
- c. The Board may award a contract on the basis of initial offers received, without discussions. Therefore, each initial offer should contain the Offeror's best terms from a price and technical standpoint.

M.8. TIME OF AWARD

The Board expects to make an award in CY 2000. The effective contract date will be January 1, 2001. The awardee will be expected to conduct system tests associated with the new Thrift Saving Plan (TSP) record keeping system prior to that system's implementation (expected spring-summer 2001).

NOTHING FOLLOWS