


Fees and the RFP Process

Moderator: Nancy Hilu, Hanson Bridgett LLP
Panelists: Raechell Dickinson, Gwinnett County
John Kendall, Nationwide
Andrew Ness, Mercer

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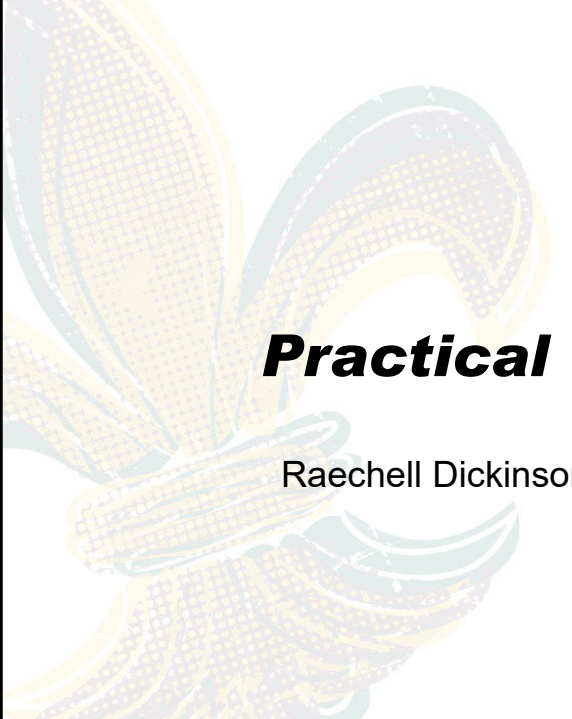
Agenda

- Introduction
- Plan Sponsor Practical Considerations
- Provider Response Considerations
- Proposal Evaluation and Vendor Selection
- Administrative Items



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Practical Considerations


Raechell Dickinson, Gwinnett County, Georgia

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Procurement Considerations

- Procurement policies and guidelines
 - Know the rules
 - Build partnerships w/ procurement department
- Legal restrictions
 - Indemnification
 - Multiyear contracts
- RFP consultant assistance



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RFP Components Considerations

- Why?
 - Is it requirement?
 - Issues with current vendor?
 - Looking for enhancements?
- Scope of work
 - Summarize project overview
 - Provide plan details, e.g. plan variations, number of participants, unique plan features
 - Include selection criteria
- Service Model
 - On-site representative
 - Additional services, e.g. audit, actuarial, investment management



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RFP Components Considerations

- Investment strategies
 - Managed accounts
 - White label
- Performance guarantees
 - Call center metrics
 - Implementation
- References
 - Current and former
 - Size and complexity
 - Public sector
- Costs/Fee structure



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Timeline Considerations

- Procurement guidelines
- Pre-proposal conference
- Finalist meetings
- Contract negotiation
- Legal review
- Board approval
- Implementation



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Provider Response Considerations

John Kendall, Nationwide

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Overview

“RFP Best Practices” for Plan Sponsors and Consultants to consider when creating and scoring Provider RFP responses.

1. Service model considerations
2. Provider investment solutions
3. Other considerations



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Service Model Considerations

- “Be specific” — take the pulse of your employee demographics
 - # FTE vs. Heads & Dedicated vs. Shared
 - # Service days, hours, # of consultations, # of workshops
 - Office space
 - High-touch + High-tech + Virtual
- “What else?” — evaluate additional tools and services
 - Financial planning and literacy programs
 - Online tools
 - Integration with over benefits, like pension and health savings
 - E-delivery programs
- Value equilibrium: features/benefits vs. price



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Provider Investment Solutions

Considerations:

- Recordkeeping revenue compressed to \$0
- Open architecture pricing is challenging
- Provider investment solutions can dramatically reduce pricing
- Investment Consultants will help you find the right fit for your Plan

Typical Solutions Include:

- Stable Value
- Managed Accounts
- Mutual Funds



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Other Important Considerations

- Contract Term
- M/DBE and SLEB requirements
(Minority Disadvantaged Business Enterprises or Small Local Emerging Businesses)
- Plan reimbursements
- Cyber Security



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Proposal Evaluation and Vendor Selection

Andrew Ness, Mercer Investments LLC

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Evaluating Proposals

- Evaluation committee
- Proposal review methodology
- Evaluation criteria
- Scoring proposals
- Evaluation meeting

Weighting Key:				
Company Qualifications	20%	200		
Recordkeeping & Administrative Capabilities	25%	250		
Participant Services	20%	250		
Investments	15%	150		
Costs	15%	150		
	100%	1,000		

Section	Wega	Vendor One		Notes
		Rating (1-5)	Score	
Company Qualifications	60%	120	0	
Organizational Structure and Background	40%		0	
Company Experience	40%		0	
Contract Terms	100%	200	0	
Total	100%	200	0	
Recordkeeping and Administrative Capabilities	100%	250	0	
Implementation Plans	10%	25	0	
Processing	20%	62.5	0	
Systems and Technology	10%	25	0	
Security and Privacy	10%	37.5	0	
Regulatory Services	10%	25	0	
Trustee/Custodial Services	10%	25	0	
Management Reporting	10%	25	0	
Staffing	10%	25	0	
Total	100%	250	0	
Participant Services	100%	250	0	
Access Channels	10%	25	0	
Call Center Representatives	10%	25	0	
Participant Intranet	20%	50	0	
Mobile Application	15%	37.5	0	
Voice Response System	5%	12.5	0	
Communication Materials	10%	25	0	
On-Site Staff	20%	50	0	
Advice and Managed Accounts	10%	25	0	
Total	100%	250	0	
Investments	100%	150	0	
Proposed Investments	60%	90	0	
Investment Flexibility	30%	45	0	
Self-Directed Option	10%	15	0	
Total	100%	150	0	
Costs	100%	150	0	
Total Revenue Requirement	80%	120	0	
Other Costs	20%	30	0	
Total	100%	150	0	
		1000	0	

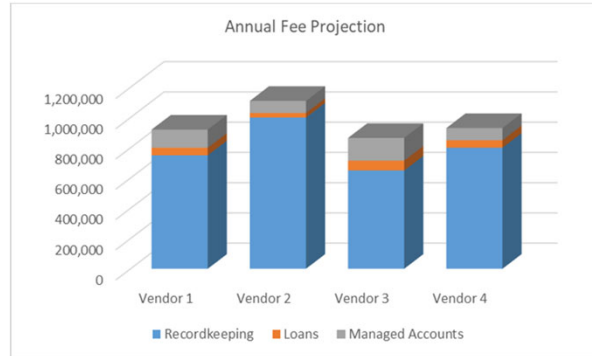
Scoring Methodology	
1	Inadequate response
2	Some component of service does not meet need or industry standard
3	Adequate response; services provided are adequate
4	Good response; services modestly exceed needs or other responses
5	Superior response; services significantly exceed needs or other responses



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Fees

- Evaluating fees can be complex
 - Recordkeeping fees
 - Revenue sharing
 - Loan fees
 - Managed account fees
 - Proprietary investment options (opportunity cost)
- RFPs often request both asset based fees and flat dollar fee options for consideration



Different Fee Structures:

- Asset based fees
- Flat dollar fees
- Hybrid combinations



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Interviews

- Invite firms that have a legitimate chance of winning
- Prepare an agenda in advance
 - Identify topics you want to hear about
 - Ask about areas of weakness in each proposal
 - Give vendors a chance to improve/refine proposals
- Get enhancements in writing

Sample Agenda Topics:

- Company experience
- Participant education
- Website demonstration
- Investments
- Price



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Selection and Contract Negotiation

- Update scores based on finalist interviews
- Site visits?
- Contract negotiations
 - Was there a detailed statement of work in your RFP?
 - Were contract exceptions identified in proposals?
 - Did you document enhancements from finalist interviews?
 - If the answer is yes, a lot of the work is done

*These will serve
you well in the
event of a protest*



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Implementation

- Implementation is key to a successful RFP
 - Partner with the selected firm
 - Get the deal you were offered
 - Vendor will manage the implementation, but stay involved with the process and provide direction when needed
- Promote any enhancements that were gained from RFP

Elevator Discussion:

- Website tools
- Participant servicing
- Price

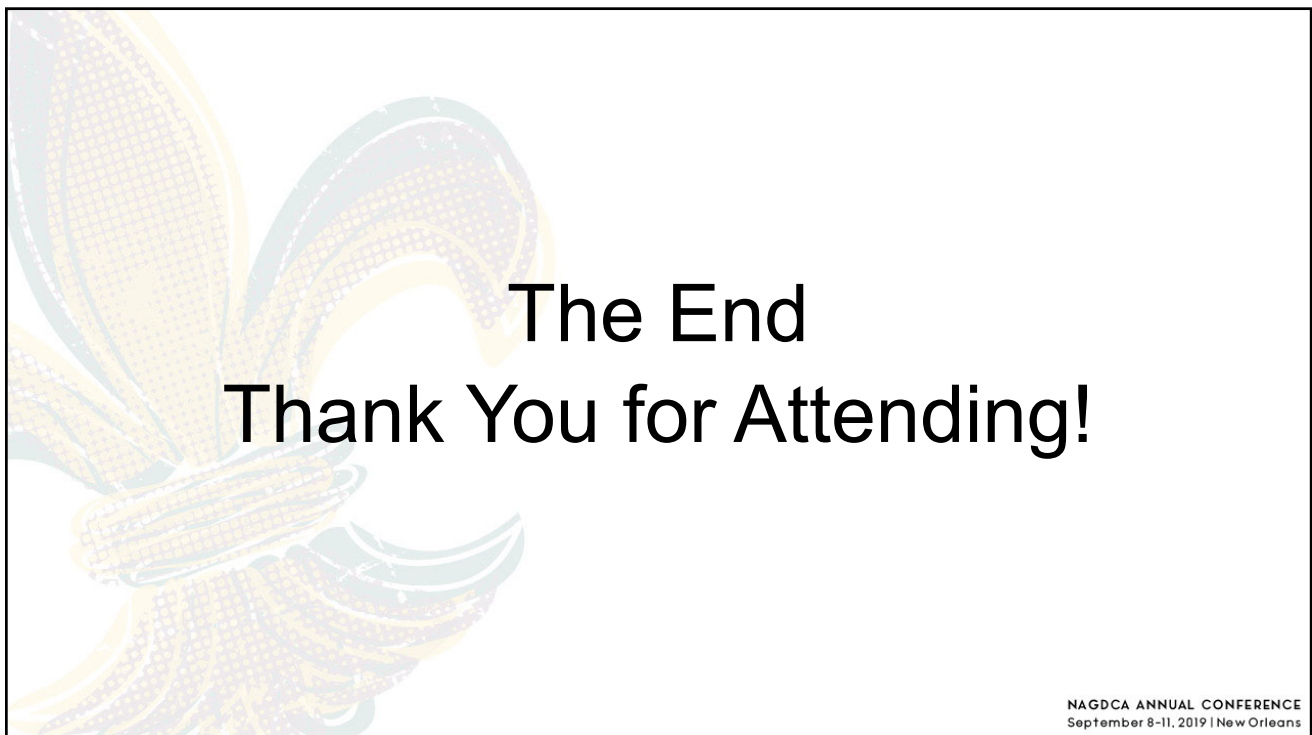


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