



# Request for Proposals (RFP) Best Practices

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## Outline

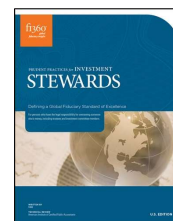
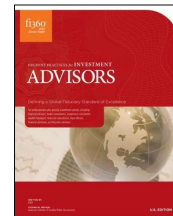
- Fiduciary background
- RFP
  - Benefits
  - Common mistakes
  - Keys to Success
  - Example -> RFP Director
  - RFP vs. RFI (Benchmarking)
- Q&A

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## Fi360's Prudent Practices

### Legal Substantiation from:

- **ERISA:** Employee Retirement Income Security Act (Qualified retirement plans)
- **UPIA:** Uniform Prudent Investor Act (Private trusts, the default standard if nothing else "fits")
- **UPMIFA:** Uniform Prudent Management of Institutional Funds Act (Foundations, endowments, and government sponsored charitable institutions)
- **UMPERSA:** Uniform Management of Public Employees Retirement Systems Act (State, county, and municipal retirement plans)
- **IAA:** The Investment Advisers Act of 1940



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## Global Fiduciary Precepts

1. Know standards, laws, and trust provisions
2. Diversify assets
3. Prepare investment policy statement
4. Use “prudent experts” and document due diligence
5. Control and account for investment expenses
6. Monitor the activities of “prudent experts”
7. Avoid conflicts of interest



1. Rules



2. Diversify



3. IPS



4. Due Diligence



5. Expenses



6. Monitor

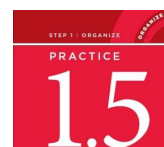


7. Conflicts

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## Practice 1.5

- Agreements, including service agreements under the supervision of the Investment Advisor, are in writing and do not contain provisions that conflict with fiduciary standards of care.
  - 1.5.1 The Investment Advisor fully discloses in writing all compensation arrangements and affiliations involved in the service agreement between the client and Advisor, as well as the Advisor's services and fiduciary status.
  - 1.5.2 If the Investment Advisor is responsible for oversight of other service provider agreements, those service agreements disclose all compensation, affiliations, and fiduciary status if it is assumed by the service provider.
  - 1.5.3 Agreements are periodically reviewed to ensure consistency with the needs of the client.
  - 1.5.4 Comparative reviews of service agreements for which the Investment Advisor is responsible are conducted and documented approximately every three years.



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## Vendor contracts (1.5.3 & 1.5.4)

- Regular review of all vendor contracts helps foster an ongoing, mutually beneficial relationship.
- Check every three years for:
  - Growth in portfolio
  - Adjustment in fees
  - Expanded scope of required services
  - Expanded vendor's product offering

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## Benefits of a Successful RFP Process

- A Faster and more efficient process
- Manage expectations of Plan Sponsor and Respondents
- Obtain answers and pricing details specific to your needs
- Exploration of new features and services
- Achieve a true apples to apples comparison
- Increased odds to get the best fit provider at the best price



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## Common Mistakes



Making it all about price



Inviting too many respondents



Only inviting who you know



Not setting groundrules on provider options like proprietary funds



Not investing the time to provide specifics on what your plan needs/wants

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## Keep in Mind



- Your plan sponsor probably has not done a full RFP before
- Opportunity for an Advisor to add additional value
- The process helps you get to know the Plan Sponsor better

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## Keys to Success



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- Establish what is important to the plan sponsor
  - Services
  - Investments
  - Pricing
- Be specific when communicating to the vendors about what you want and what flexibility they have
  - Use of proprietary funds like TDFs and Stable Value
  - Flexibility in choosing funds

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## Keys to Success (Continued)



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- Be Specific (Continued)
  - Required Revenue vs. specific lineups
  - What services do you want in the plan, as options or requirements (e.g., fiduciary related services)?
    - » Participant Services
      - Education / Wellness
      - Participant Advice
    - » Plan Services (e.g., 3(38))

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## Keys to Success (Continued)



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- Be Specific (Continued)
  - Only invite detailed proposals from candidates that can provide what you want
  - Manage Provider Expectations
    - » Provide methods of contact
    - » Set deadlines (reasonably)
    - » Provide current plan information like the 5500

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## Keys to Success (Continued)



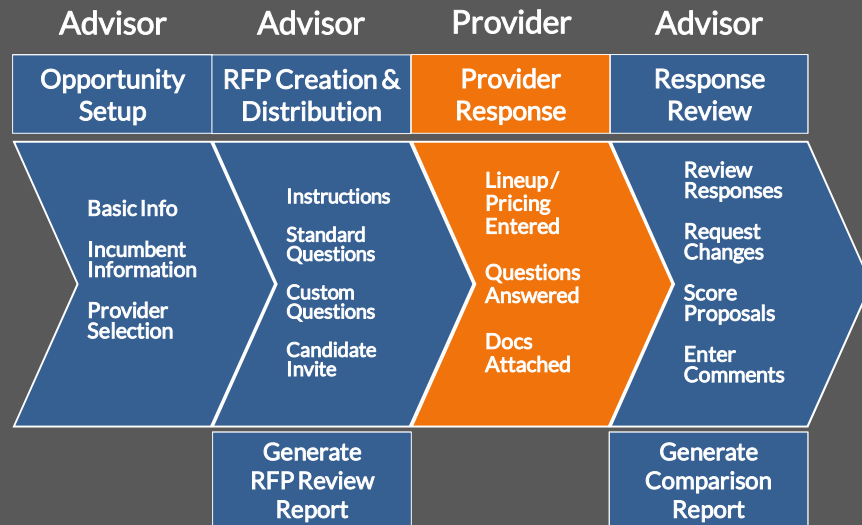
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- Consider using an online vendor search and RFP tool
  - Faster Process
    - » Electronic Vendor Responses
  - Reuse your Vendor instructions and key questions
  - Leverage pre-collected questions and vendor answers to whittle down your list of candidates
  - Online research of Vendors and Features
  - Presentation Generation
  - Apples to apples pricing presentation

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# RFP Director – RFP Workflow

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CANDIDATE SELECTION

RFP CONFIGURATION

INSTRUCTIONS/ATTACHMENTS

STANDARD QUESTIONS

CUSTOM QUESTIONS

LINE-UP CONFIGURATION

CANDIDATE CONFIGURATION

RESPONSE STATUS

SCREENING COMMENTARY

RESPONSE REVIEW

REPORTING

Required Field

Seen by Provider

Displays on Report

Instructions Templates

Large Plan, Bundled

Save as Template

The following options, instructions and attachments will display on the RFP Opportunity Profile screen seen by the Provider.

**Requested Quote Type**

☒ Full Pricing (With Line-Up)  
☐ Required Revenue Pricing (No Line-Up)

**Administrative Treatment**

☐ Bundled  
☐ Unbundled  
☒ Either

**Advisor Requested Compensation**

☐ Include advisor compensation in provider proposal (Communicate amounts to provider using detailed instructions below.)  
☐ Do not include advisor compensation in provider proposal  
☒ N/A (Do not show to provider)

**Detailed Instructions**

Enter the overall Instructions for this RFP that will be distributed to all candidates

B

I

U

Please factor the following information into your proposal:

- Provide a bundled proposal for the included requested lineup. Where there are funds that you have that don't match the requested fund, please propose an alternative in the same asset category.
- Treatment of Advisor charges: fixed fee, covered within asset based charges
- Amount of advisor charges to include:
- Education assumptions:
  - Education will be provided by the provider in all Plan Sponsor locations (listed in attachment), with the exception of the corporate headquarters, where advisor will perform education.
  - Education sessions will occur once per year and potentially more often if there is a major market event.
- QDIA assumptions:
  - Assume that Target Date Funds will be the QDIA



PHUONG | HELP | SETTING

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DASHBOARD > CANDIDATE SELECTION > SCREEN/SELECT

OPPORTUNITY SETUP

CANDIDATE SELECTION

RFP CONFIGURATION

RESPONSE STATUS

SCREENING COMMENTARY

RESPONSE REVIEW

REPORTING

CURRENT SCREENING CRITERIA

Add, remove, enable or disable screening criteria

+ ADD/REMOVE CRITERIA

Filter By Category

All Categories

Templates

Select Template

Save as Template

Delete a Template

Id	Service Category	Screening criteria	Mandatory	Requested	Enable
H01	Background & Experience	Minimum number of years provider has provided defined contribution retirement plan services? 3	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>
H02	Background & Experience	Minimum number of years provider has been providing daily valuation record keeping services? 0	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>
H03	Background & Experience	Participate currently in any alliances or joint marketing efforts (describe)?	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="checkbox"/>
H04	Background & Experience	Deliver services through any parent or subsidiary relationships (describe)?	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>
H17	Background & Experience	Minimum # of 401(k) plans between \$5m - \$20m? 100	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>
H19	Background & Experience	Minimum # of 401(k) plans between \$20m - \$100m? 150	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>
H27	Background & Experience	Minimum # of 401(k) plans between 1,000 - 4,999 employees? 100	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>
H31	Background & Experience	Minimum amount of total db assets you record keep (enter as millions)? 5,000,0	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>

CANCEL

CONFIRM

CANDIDATE SELECTION

RFP CONFIGURATION

RESPONSE STATUS

SCREENING COMMENTARY

RESPONSE REVIEW

REPORTING

Candidate Selection : KANSAS CITY BBQ 401(K)

\* Required Field

Seen by Provider

Displays on Report

SCREENING

Select the provider product candidates to utilize for RFP creation

MANAGE SCREENING CRITERIA

Current Selection \*

Provider Product	Mandatory (of 30)	Requested (of 9)
Sample Provider A: Product A	26	2
Sample Provider C: Product C	23	2
Sample Provider B: Product B	26	6

Available Products

Search or choose providers from the below list

Search

Q

Provider Product	Mandatory (of 30)	Requested (of 9)
ABG Retirement	23	8
ADP Retirement Services: ACCESS OFA	25	2
Alerus	26	8
American Funds: PlanPremier-Bundled	22	8
American Funds: PlanPremier-TPA	21	2
American Funds: RecordkeeperDirect-American Funds	10	2



## PLAN FEE SUMMARY – ONGOING FEES

Report Date: 08/20/14

STONEBRIDGE  
FINANCIAL



Fee Category	Incumbent	Mass Mutual	OneAmerica	Putnam
Investment Management	\$74,255	\$178,807	\$153,255	\$83,913
Recordkeeping	\$164,823	\$52,343	\$43,968	\$39,774
Administration	\$41,874	...	\$29,312	\$2,100
Advisor/Consultant	\$52,343	\$52,343	\$52,343	\$52,343
Credits	...	...	...	...
<b>Total Ongoing Plan Fees</b>	<b>\$239,078</b>	<b>\$283,493</b>	<b>\$278,877</b>	<b>\$178,130</b>
	1.14%	1.35%	1.33%	0.85%
<b>Per Participant</b>	<b>\$53</b>	<b>\$63</b>	<b>\$62</b>	<b>\$40</b>

(Sample Data, not real)



Please review Important Disclosures at end of report for more information. The analysis and assumptions set forth in this report are based on (1) information provided by the plan sponsor regarding your retirement plan and its participants and (2) provider-specific data and responses obtained directly from the service provider candidates. While this report is intended to assist in evaluating providers, it does not constitute a specific recommendation or advice and should not be used as the sole factor in selecting a provider for your plan.

## PRICING COMPARISON

Report Date: 08/20/14

STONEBRIDGE  
FINANCIAL

	INCUMBENT		MASS MUTUAL		ONEAMERICA		PUTNAM	
Investment Management	\$	74,255 0.35 %	\$	178,807 0.85 %	\$	153,255 0.73 %	\$	83,913 0.40 %
Recordkeeping	\$	164,823 0.79 %	\$	52,343 0.25 %	\$	43,968 0.21 %	\$	39,774 0.19 %
Recordkeeping Base Fee	\$	52,323	\$	52,343	\$	43,968	\$	39,774
Education/Communication Fees	\$	112,500	\$	0	\$	0	\$	0
Administration	\$	41,874 0.20 %	\$	0 0%	\$	29,312 0.14 %	\$	2,100 0.01 %
Administration Base Fee	\$	0	\$	0	\$	29,312	\$	2,100
Third-Party Administration Fees	\$	41,874	\$	0	\$	0	\$	0
Advisor	\$	52,343 0.25 %	\$	52,343 0.25 %	\$	52,343 0.25 %	\$	52,343 0.25 %
Advisor Fee	\$	52,343	\$	52,343	\$	52,343	\$	52,343
Credit	\$	(94,217) -0.45 %	\$	0 0%	\$	0 0%	\$	0 0%
Applied to Recordkeeping	\$	(52,343)	\$	0	\$	0	\$	0
Applied to Advisor	\$	(41,874)	\$	0	\$	0	\$	0
<b>Total Ongoing Plan Fees</b>	\$	<b>239,078 1.14 %</b>	\$	<b>283,493 1.35 %</b>	\$	<b>278,877 1.33 %</b>	\$	<b>178,130 0.85 %</b>

(Sample Data, not real)

## RFPs versus Benchmarking Considerations



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- Accuracy desired versus time invested
  - Timeliness of data
    - RFP Process – real time pricing
    - Benchmarking – historical pricing
  - Fit to your actual situation
    - RFP Process Output – Exact Fit
    - Benchmarking – Approximated based on averages, categorization
  - Exploration of other features or providers
    - RFP Process – Likely
    - Benchmarking – Not possible (except average pricing)

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## Q & A

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Please submit any questions  
using the GoToWebinar interface

Additional questions can also be sent to [support@fi360.com](mailto:support@fi360.com)

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THANK  
YOU

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