

August 31, 2016

TO: City Commission, City of Coral Gables
FROM: Dave West, Steve Gordon, Jacob Peacock

RE: Resolution recommending award for the 401(a) Defined Contribution and 457(b) Deferred Compensation Plan Provider Services to Nationwide Retirement Solutions, Inc.

BRIEF HISTORY

The City currently sponsors two “supplementary” retirement plans for its employees: a Defined Contribution Plan under Internal Revenue Code Section 401(a) and a Deferred Compensation Plan under Internal Revenue Code 457(b) designed to allow employees of state and local governments and tax-exempt organizations to defer compensation for retirement. The City Manager formed the Retirement Committee, constructed of representatives for all employee groups eligible to participate in the plan including police officers, firefighters, union members, general employees and retirees. This Committee was given the responsibility to ensure that the plans are being administered under well documented defined contribution plan “best practices” relating to fees, investments, participant education and administration on behalf of eligible employees and retired participants.

On October 27, 2015, The City of Coral Gables authorized the issuance of a Request for Proposals to consolidate record keeping providers for the City’s deferred compensation and defined contribution plans. The Bogdahn Group worked in coordination with City Procurement throughout the course of the project and served as technical consultants to the Evaluation Committee.

PROJECT SUMMARY

The City currently utilizes a total of three different recordkeeping providers (Nationwide, ICMA-RC and Voya) in various combinations to administer the 457(b) and 401(a) retirement plans. Research and actual results in the marketplace strongly support using a single record keeper in order to reduce complexity for participants and significantly decrease administrative expenses.

The primary objectives of the RFP were:

- 1) Lower participant expenses
- 2) Enhance participant experience
- 3) Utilization of a simplified investment menu using City directed, open architecture fund options
- 4) Streamline City administrative involvement to reduce time and expense allocation
- 5) Fulfill the City’s fiduciary obligation to review all aspects of the Plans

The Bogdahn Group reviewed the nine (9) responsive RFP submittals and provided technical support to the Evaluation Committee. The Evaluation Committee scored each responsive proposal and selected four (4) firms to further interview:

- Empower Retirement (Great-West Life & Annuity Insurance Company)
- Lincoln Retirement Services Corporation LLC
- Massachusetts Mutual Life Insurance Company
- Nationwide Retirement Solutions, Inc.

The Bogdahn Group agreed with the selection of these firms for further analysis as their proposals most comprehensively addressed the needs of the City. The Evaluation Committee scoring was based on the pre-established, topical evaluation criteria as follows:



<u>Points</u>	<u>Evaluation Criteria</u>
30	Proposer and Assigned Service Team Experience and Qualifications
10	Past Performance and References
25	Project Understanding, Proposed Approach, and Methodology
20	Participant Experience and Education
15	Price Proposal

In preparation for the finalist interviews, the Evaluation Committee requested each finalist respond to a pre-determined set of questions. The finalist interviews focused on the following:

- Participant Web Experience
- Participant Education Experience
- Implementation/Transition

Upon conclusion of the interviews, the Evaluation Committee recommended contract negotiations be completed giving award preference order as follows:

1. Nationwide Retirement Solutions, Inc.
2. Massachusetts Mutual Life Insurance Company
3. Lincoln Retirement Services Corporation LLC
4. Empower Retirement (Great-West Life & Annuity Insurance Company)

CONCLUSION

By consolidating to a single provider, it is anticipated that the proposed offer from Nationwide of 0.06% will save participants over \$200,000 annually in explicit recordkeeping fees. In addition, this will provide participants with a seamless, comprehensive experience, relieve administrative burdens for City staff and fulfill the other objectives identified as important to this project. The proposed fee is also substantially less than the current fee structure of the Firefighters' Plan and provides for equitable access to all participants to the Guaranteed Fixed account at the current rate of 3.5%.

RECOMMENDATION

The Bogdahn Group fully supports and agrees with the Evaluation Committee's recommendation for the City to contract with Nationwide Retirement Solutions, Inc. to be the sole provider for 401(a) Defined Contribution and 457(b) Deferred Compensation Plan Provider Services.