

# BOARD OF BIDS AND CONTRACTS JANUARY 7, 2016

## 1. 457 DEFERRED COMPENSATION PLAN -- HUMAN RESOURCES FUNDING -- HUMAN RESOURCES

(Request sent to 23 vendors)

RFP #15-0085 Contract

|                                | Great-West Life & Annuity Insurance Company  | Voya Retirement Insurance and Annuity Company | Lincoln Retirement Services Company, LLC            | The Variable Annuity Life Insurance Company |
|--------------------------------|--|---|---|---|
| 1. Internet investment advice  | \$25.00 annually                             | 0.50%   | no add'l fee  | 0.45%                                       |
| 2. Managed account services    | 0.10-0.50%                                   | 0.50%   | 0.45%   | 0.45%                                       |
| 3. Financial planning services | quote based                                  | no add'l fee                                  | no add'l fee  | no add'l fee                                |
| 4. Self-directed brokerage     | \$60.00 annually                             | \$50.00 annually                              | \$0.00  | \$50.00 annually                            |
| 5. Loans                       | \$50.00/\$25.00                              | \$100.00/\$0.00                               | \$75.00/\$25.00                                     | \$50.00/\$50.00                             |
| 6. Revenue requirement         | 0.165%*                                      | 0.19%   | 0.175%  | 0.29%                                       |
| 7. Acknowledge addendum        | Yes  | Yes   | Yes   | Yes   |
|                                | ICMA-RC                                      | Nationwide Retirement Solutions, Inc.         | OneAmerica  | John Hancock Retirement Plan Services       |
| 1. Internet investment advice  | \$20.00                                      | \$45.00                                       | not stated  | T. Rowe Price Retirement Plan Services      |
| 2. Managed account services    | 0.25-0.40%                                   | 0.45-0.65%                                    | not stated  |   |
| 3. Financial planning services | generally waived                             | no add'l fee                                  | not stated  |   |
| 4. Self-directed brokerage     | \$50.00 set up                               | \$50.00 annually<br>\$50.00 set up            | \$200.00 annually<br>\$175.00 set up                | Vanguard Institutional Investor Group       |
| 5. Loans                       | \$75.00/\$50.00                              | \$50.00/\$50.00                               | \$75.00/\$25.00                                     | TRI-AD                                      |
| 6. Revenue requirement         | 0.15%*                                       | 0.17%   | 0.25%   | Verisight, Inc.                             |
| 7. Acknowledge addendum        | Yes  | Yes   | No  |   |
| No Bid                         | Wells Fargo Institutional Retirement & Trust |   | Fidelity Investments Tax-Exempt Retirement Services |   |

On the recommendation of Joe Thomas, on behalf of Human Resources, Linda Kizzire moved to **accept the best proposal from Great-West Life & Annuity Insurance Company and execute a five (5) year contract.** Jennifer Dombaugh seconded the motion. The motion passed unanimously.

A committee comprised of Eileen McNichol, Heather Bell and Becky Page - Human Resources, Chris Chronis, Rick Durham and Cindy Dodson - Finance, Tim Kaufman - Health & Human Services, John Peterson - Communications, Michael Owen - Emergency Medical Services, Justin Waggoner and Misha Jacob-Warren - Legal, Joe Thomas - Purchasing and Vincent Galindo - Hyas Group, LLC (independent outside advisor) evaluated all proposals submitted based on selection criteria, transition approach, education/training, approach to participation growth, asset allocation, retirement outreach and administrative fees.

The committee selected four firms for interviews, reference checks and further questioning: ICMA-RC, Nationwide Retirement Solutions, Inc., Great-West Life & Annuity Insurance Company and Lincoln Retirement Services Company, LLC. The committee selected ICMA-RC and Great-West Life & Annuity Insurance Company for final negotiations and best and final offers.

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The committee agreed unanimously to accept Great-West Life & Annuity Insurance Company, the county's current provider for recordkeeping and administrative services for the 457(b) plan, as offering the best proposal given the totality of their response (the RFP document was 42 pages), the interviews, subsequent reference checks and final negotiations. The main reasons supporting the recommendation of Great-West Life & Annuity Insurance Company as the most appropriate choice for the county are as follows:

- The current participant representative is effective and is accessible to county employees.
- There will be no conversion or blackout period which creates disruption at the participant level.
- Great-West Life & Annuity Insurance Company knows our employee base and culture.
- We will incorporate outcome-based performance guarantees with dollars at risk for failure to perform in the new contract and with specific objectives benefiting the participants.

The current plan offers one investment menu, 20 investment options plus one suite of target date portfolios with participants paying \$364,556.53 or 0.89% annually. The new proposed plan will offer one investment menu, 16 investment options plus one suite of target date portfolios with participants to pay \$150,012.19 or 0.38% annually (expense ratio) plus \$53,785.15 or 0.165% annually (fees). This represents an annual savings based on current participant census of 44%.

\*Note: Best and final offers

Question - Tim Kaufman - Bid Board member asked: Can we get an explanation of the changes the participants will see as benefits with this new contract?

Answer - Connie Rettig, Client Relationship Director with Empower Retirement (branding for Great-West Life and Annuity Insurance Company) stated: What you will see as far as the new contract is concerned is that we will continue to work to communicate and educate participants and non-participants about the plan and the importance of saving for retirement with the focus on replacing in retirement what they're earning while they are working.

There is a meeting scheduled next week to put together an annual strategic partnership plan and work directly with Human Resources to put together that plan and present it at the first quarter meeting of the Deferred Compensation Board. Once that is approved, we will move forward with our communication and education plans.

Over the five year contract, we plan to increase participation levels. Especially with a focus on staffs that are eligible for the plan but are not currently contributing or not participating in the plan. Also, we have goals with respect to asset allocation.