

# Charter Township of Shelby, MI



## RESPONSE TO BIDDER QUESTIONS 2/23/18

### **401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan Recordkeeping and Administration**

1. Can you provide the plan documents for each plan?
  - **Plan documents are attached. It is anticipated that the selected vendor will provide plan document services, including initial plan document review which may include a new/amended plan document for both plans.**
  
2. Please confirm that participants are not able to purchase Life Insurance policies and that the recordkeeper is only responsible for remitting premiums?
  - **Correct, no new life insurance contracts. There are six (6) participants still paying premiums to Transamerica. The Township has not made the final decision on how it will handle these six (6) participants, but being able to remit contributions for these six (6) participants would be preferred.**
  
3. Can you provide the current fund line-up with assets for each plan?
  - **The current fund lineup will not be utilized. We are not asking proposers to respond with a fund lineup. It is expected to be open-architecture, with the exception being proposers should submit their preferred fixed interest/stable value option with their proposal.**
  
4. Can you provide the current pricing for each plan?
  - **No.**

5. What communication techniques have been effective with participants?
  - **Please keep in mind proposers are not providing onsite participant-level enrollment, education, and advice; those services will be handled by RPA. The proposer's service center and website must be available for participant access/service.**
6. How do participants prefer to be communicated with – paper, electronic, face-to-face, combination of these media?
  - **All three methods are utilized and are expected to continue to be utilized. Participant onsite one-on-one and group meetings will not be handled by the proposer; these will be handled by RPA. Proposer staff will/may be utilized for the initial transition in conjunction with RPA Advisors, as well as in the future in certain circumstances, but they will not be the primary providers of onsite participant services.**
7. We understand the advisor conducts meetings, but is there an opportunity for us to assist either during transition and/or afterward?
  - **Correct, RPA provides participant education and advice. Yes, we will/may rely on the recordkeeper to assist with transition meetings and perhaps occasional topical group presentations as deemed appropriate.**
8. Are there any foreign/secondary language needs?
  - **Not at this time, but having materials available in other languages will be looked upon positively.**
9. What are the engagement goals for the Township during and after transition?
  - **We have yet to determine engagement goals for during and after transition.**
10. What is working well and what could be better in terms of communications from John Hancock and Nationwide?
  - **The plans are operating efficiently today, and we will not comment on what is and is not working well.**
11. Are there any transfer restrictions and/or (deferred sales charges, market value adjustments) that will apply upon termination of the current provider's contract? If so, please describe.
  - **There is complete liquidity for all assets other than the fixed assets of both vendors.**

**Considerations:**

- **John Hancock – Of the total John Hancock assets, approximately \$455,000 in fixed assets are subject to a 20%-per-year withdrawal restriction, which may be overcome by paying an MVA of approximately \$14,500.**
- **Nationwide – Of the total Nationwide assets, \$7.26M is in their General Fixed Interest Account, which is subject to a five (5)-year spread provision or an MVA.**

**The MVA formula is not available at this time. There is \$7.26M in the Nationwide fixed account.**

12. Does the Township currently offer managed accounts? If so, please provide the number of participants utilizing the service and the amount of assets held in the managed accounts.
- **John Hancock does not offer managed accounts. Nationwide does offer managed accounts under the 457(b) plan; there are sixteen (16) participants and \$2,842,520 in the managed account program.**
13. Is there a specific number of service/education days that the Township is looking for? How many days of service/education is the Township currently receiving?
- **None. Employee education and service is being handled by RPA. You are not pricing participant services in your response.**
14. Please provide a complete breakdown of assets by fund including ticker symbols for each provider.
- **Because we are not asking you to provide a fund lineup with your proposal, the data already released in the RFP should suffice. The RFP also gives the fixed account assets for you to price accordingly.**
15. Please provide the total contributions to the plan in 2015 & 2016 for each provider.

<b>401(a) J Hancock Only</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Contributions	\$1,169,805	\$1,284,309	\$1,379,168
Withdrawals	\$3,100,772	\$3,574,617	\$2,317,062
12/31 balance	\$25,328,629	\$24,810,584	\$28,294,815

<b>457(b) J Hancock</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Contributions	\$556,419	\$673,856	\$747,513
Withdrawals	\$876,797	\$1,127,819	\$335,221
12/31 balance	\$7,748,958	\$7,928,662	\$9,830,233

<b>457(b) Nationwide</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Contributions	\$556,204	\$503,993	\$500,101
Withdrawals	\$391,516	\$376,459	\$510,873
12/31 balance	\$16,990,897	\$17,480,190	\$19,317,586

16. Please provide the total distributions to the plan in 2015, 2016, & 2017 for each provider.
- **See tables in the response to Item 15 above.**

17. Please provide information on the fixed funds in the plan today for each provider. If not included on the asset breakdown, how many total assets are in each fixed option? What is the current crediting rate? What are the expense ratios? Are there any termination provisions or liquidity restrictions (i.e., MVA, 12 month put, etc.)?
  - **The amounts in the fixed account are in the RFP. There are liquidity restrictions on the fixed account; see the responses to Items 11 and 28 in this document.**
18. Please provide the current service agreements with each provider.
  - **We will not be providing those.**
19. What are the current fees for the plan today with each provider?
  - **We will not be providing this information.**
20. Please provide a list of any ancillary fees that are currently being charged to the plan and or its participants (i.e., QDROs, financial advice, etc.).
  - **We will not be providing this information.**
21. Please provide the current plan document.
  - **Documents attached.**
22. Does the plan currently have managed account programs with each provider? If so, please provide the total assets in those programs today. Does the Township plan to map any participants currently invested in managed accounts to the new providers managed accounts?
  - **See our response to Item 12 above. We may map the managed account to the managed account of the new provider, but we may decide to simply re-enroll participants; that decision has yet to be made.**
23. What provider is used for the self-directed brokerage option?
  - **Nationwide**
24. Do you currently process payroll in house or work with an outside payroll provider?
  - **Payroll is handled in house, and it is a single payroll system.**
25. Please provide the current asset allocation by fund.
  - **We will not be providing this information. See the response to Item 14 above.**
26. On page 3 of the RFP, in the Background Information section, you provided the total contribution as of 2017; please also provide the total distributions for 2017 for each plan.
  - **See tables in the response to Item 15 above.**

27. Please provide the total number of participants that are in both plans.
- **We do not have that data at this time. As of the most recent payroll, there are 228 participants contributing to the two 457(b) vendors. Participants can only contribute to one 457(b) vendor at a time, but they are able to change from one to another at will. The Township has 284 full-time employees.**
28. What is the Township's current crediting rate for your fixed accounts?
- **Nationwide credits a rate of 3.5%. J Hancock rates vary based on time of deposit.**
29. What are the total assets for each of the last three years for all 3 plans?
- **See tables in the response to Item 15 above.**
30. What are the total contributions for each of the past three years for all 3 plans?
- **See tables in the response to Item 15 above.**
31. What are the total distributions for each of the past three years for all 3 plans?
- **See tables in the response to Item 15 above.**
32. Approximately how many distributions are taken annually in each of the 3 plans?
- **We do not have that data.**
33. What is the total number of unique participants?
- **We do not have that data.**
34. What is the number of eligible participants for each of the 457(b) plans?
- **284**
35. Are all assets in the plans fully liquid? (no MVAs, no hold from current vendor)
- **See the response to Item 11 above.**
36. Besides the fixed interest account, is there any other Stable Value Fund(s) in the 3 plans?
- **No. Each vendor has a single fixed/stable value investment option.**
37. What is the number and frequency of payrolls?
- **26 pay periods per year.**
38. Do they currently have an advice or managed account product?
- **See the response to Item 22 above.**
39. RPA currently provides education meetings. Is the intent to have the new vendor provide education meetings?
- **No. See the responses to Items 6 and 7 above.**

40. There is a high amount of terminated participants in comparison to total count. Can you confirm if the plan intends to have terminated participants with low account balances cashed out of the plan prior to conversion? If so, what are the number of participants and assets impacted?

- **We have yet to make a determination on a low-balance cash out at this time. We are open to discussing liquidating balances of terminated accounts for participants with balances of \$1,000 or less, but have yet to decide on if and when that will happen.**

41. How many participants are utilizing the 3-year pre-retirement catch-up? What is the average annual contribution for this?

- **We do not have that data at this time.**

42. We want to be sure the pricing is based on correct assumptions and can't reconcile the participant numbers from the RFP. Since the 457 is voluntary, I was surprised to see that the number of active contributors in the 2 457 plans combined exceeded the 401a.

- **You are correct. We do not have the unique number of participants in the 457(b) plans. Employees may change the vendor they contribute to, and it is difficult to determine the number of unique participants in the 457(b) plans as a result of the time frame the vendors use for labeling a participant as "active." See the responses to Item 27 above and Item 47 below.**

43. According to the RFP, there are:

- 206 total participants in the 401a (170 actively contributing)
- 164 total participants in the 457 w/ JH (151 actively contributing)
- 160 total participants in the 457 w/ NW (75 actively contributing)
- **Correct, these are the figures in the RFP. See the response to Item 44 below.**

44. Please confirm what the numbers would be once the plans are consolidated:

	<b>401(a)</b>	<b>457(b)</b>
Total # EEs <b>eligible</b>	170	284
Total # EEs who <b>would be</b> deferring	170	228

- **We do not know the number of unique participants in the 457(b) plan; both recordkeepers have inactive accounts of either retired participants or participants not currently contributing. There are 206 participant accounts in the 401(a).**

45. Are there participants with balances in the Nationwide that are no longer contributing to Nationwide but are contributing into JH? In other words, are there some participants with balances in both NW & JH 457? If yes, how many are duplicates?

- **Yes. We do not have the number of unique 457(b) plan contributors at this time.**

46. Our firm has \$4 billion in retirement plan assets under management, and our business is mostly in the private sector. Would we be considered?
- **All respondents will be considered. Firm size and public sector experience are factors in evaluating responses.**
47. We would like to confirm the number of unique participants. Can you clarify if there is any overlap in participants between plans. We show 530 unique participants. Please confirm if this is the number we should base our proposal on.
- **There are not 530 unique participants. We do not know the number of unique participants in the two 457(b) plans. See the responses to Items 27, 45, and 47 above.**
48. What is the number of unique participants? What is the participant overlap between plans (how many participants are enrolled in both plans)?
- **See the responses to Items 27, 42, 44, and 47 above.**
49. Please provide the current investment with asset allocation for both the 401(a) and 457(b). At a minimum, please provide the percentage of assets in stable value for each plan.
- **We will not be providing the asset allocation at this time. See the response to Item 11 above.**
50. Are there liquidity/transfer restrictions on any of the assets?
- **See the response to Item 11 above.**
51. Are assets transferable at the plan level or participant level?
- **See the response to Item 11 above.**
52. Under Scope of Work #9, we are asked to confirm we can deduct RPA's fee of 10 bps. Please confirm that also means we should build that compensation into our quote.
- **Do not build the 10 bps into your quote. Your quote should be the fees that you will assess for your services (your required revenue). It is anticipated that the selected recordkeeper will have the ability to assess their fee as well as the 10 bps RIA fee under the plan. The 10 bps for the plan- and participant-level RIA services should not be part of your quote.**
53. On page 16, Section D - between the 5 references (not including the 2 lost client references), do all of these have to be unique? In other words, if some fit the mold for the additional references you ask for, can we use them, or are you looking for them to all be different?
- **The goal here is to get three (3) client references of existing clients and two (2) client references of terminated clients. The three (3) should be current clients and the two (2) should be terminated clients, for a total of five (5) client references. They should be five (5) unique clients: three (3) active and two (2) terminated.**