



## Deferred Compensation – RFP Process - Summary

Human Resources Department  
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### Background

- The City of Riverside currently offers both 401a and 457 deferred compensation plans to all eligible benefited City employees. The contracted providers for these services have been Empower (Great-West Retirement Services) and ICMA Retirement Corporation since 1988. Both entities provide administrative services to City employees for the investment of deferred compensation funds in investment accounts.
- In addition, the City has an established Deferred Compensation Committee comprised of City management to provide administrative oversight and a Deferred Compensation Consultant, Benefit Financial Services Group (BFSG), to provide investment services and fiduciary compliance consulting.



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## Executive Summary

- Benefit Financial Services Group assisted the City of Riverside with its Request for Proposal ("RFP") process to benchmark the services of their retirement plan administration service providers for the City of Riverside's Deferred Compensation Plan (the "Plan").
- The Deferred Compensation Selection Committee was comprised of City Management and Union Representatives.
- Six vendors: ICMA-RC, Empower, MassMutual, Prudential, TIAA, and Voya submitted a proposal. All met the Phase 1 - Minimum Requirements.
- ICMA-RC, Empower and MassMutual were invited as finalists to conduct a 1-hour presentation to the Committee.



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## Scoring Summary Methodology

- All vendors were evaluated based on their RFP responses. Four main areas were evaluated and scored. The weightings applied to each are as follows:

Recordkeeping / Administration	Weight	Possible Points
Recordkeeping Systems / Platform	24%	5
Client Service Team / Call Center	24%	6
Compliance Support Systems	20%	5
Capabilities / Reporting	20%	5
Cybersecurity	12%	3
<b>Section Weighting/Points</b>	<b>25%</b>	<b>25</b>

Communication / Education	Weight	Possible Points
Employee Meetings	28%	7
Customization	24%	6
Planning Tools / Mobile App	24%	8
Education Campaign	24%	8
<b>Section Weighting/Points</b>	<b>25%</b>	<b>25</b>

Investments	Weight	Possible Points
Fund Flexibility	25%	5
General Platform	25%	5
Stable Value / Fixed Options	25%	5
Participant Asset Allocation Programs	25%	5
<b>Section Weighting/Points</b>	<b>20%</b>	<b>20</b>

Costs	Weight	Possible Points
Net Revenue per Participant	66%	20
Additional Costs	16%	5
Termination Costs / Fee Guarantee	16%	5
<b>Section Weighting/Points</b>	<b>30%</b>	<b>30</b>

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## Scoring Summary - Final

Recordkeeping / Administration	Weight 25%	Points 25	Empower (Incumbent)	ICMA-RC (Incumbent)	MassMutual
Recordkeeping Systems/ Platform	20%	4	4	4.5	4
Client/Member Tools / Call Center	20%	4	4	4.5	4.5
Compliance/Support Systems	15%	4	4	4.5	4
Investment / Reporting	15%	4	4	4	4
Cybersecurity	15%	4	4	4	4
TOTAL RECORDKEEPING / ADMINISTRATION SCORE			21	22.5	21.5
Communication / Education	25%	25			
Employee Meetings	15%	7	7	8	8
Planning Tools / Mobile App	15%	4	4	4	4
Customization	20%	4	4	4	4
Education Campaigns	20%	4	4	4	4
TOTAL COMMUNICATION / EDUCATION SCORE			25	23	23
Investments	20%	20			
Fund Flexibility	15%	4	4	3.5	3.5
General Platform	20%	4	4	4	3.5
Global Value / Fixed Options	20%	4	4	4	3.5
Participant Asset Allocation Programs	15%	4	4	4	4
TOTAL INVESTMENTS SCORE			15	14.5	11.5
Costs	30%	30			
Est. Revenue per Participant	10%	10	10	17	10
Additional Costs	10%	4	4	4	4
Termination Costs/ Fee Guarantees	10%	4	4	4	4
TOTAL COSTS SCORE			25	26	27
TOTAL SCORE			86	86	83



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## Final Pricing Proposals - Single Provider

Current Co-Provider Pricing	Year 1	Year 2	Year 3	Year 4	Year 5	Average
Current Blended Pricing <sup>1</sup>	0.112%	0.112%	0.112%	0.112%	0.112%	0.112%
Single Provider Pricing Proposal						
ICMA Proposal						
ICMA-RC <sup>2</sup>	0.0590%	0.0590%	0.0590%	0.0270%	0.0270%	0.0462%
Empower Proposal						
Empower	0.0475%	0.0475%	0.0475%	0.0475%	0.0475%	0.0475%
MassMutual Proposal						
MassMutual	0.0400%	0.0400%	0.0400%	0.0400%	0.0400%	0.0400%

<sup>1</sup> Current pricing is net of the \$17,000 annual credit provided by each vendor. Stated revenue requirement of ICMA is 12.5 bps and Empower is 14 bps.

<sup>2</sup> Revenue Requirement for ICMA drops in year 4 from 0.059% to 0.027%



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## DEFERRED COMPENSATION PLAN - RFP COMMITTEE PROPOSAL

- The Committee's proposal is to award the 5-year contract for Deferred Compensation Plan record keeping services to ICMA-RC as a single provider. ICMA-RC is recommended for the following reasons:
  - ICMA received the top quantitative score under the request for proposal evaluation methodology (tied with Empower).
  - Under the single provider pricing proposal, ICMA proposed the second lowest required revenue of the finalist (using a 5-year average), with a reduction in year 4 to the lowest, at 2.7 basis points, or average 4.62 basis points over the course of five years.
  - ICMA offered the most robust, in-house education and financial planning campaign and offered the most experienced number of personnel.

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