

Town of Brookfield, Connecticut – Municipal Employee Pension Plan

**Request for Proposal
Defined Contribution, Defined Benefit and OPEB Plan Administration**

October 9, 2015

**Town of Brookfield, Connecticut – Municipal Pension Plans
Request for Proposal
Defined Benefit, Defined Contribution and OPEB Plan Administration**

About the Town of Brookfield, Connecticut

The Town of Brookfield is located in western Fairfield County and has a population of approximately 17,000. The Town sponsors one Defined Benefit Plan and will introduce a newly created Defined Contribution Plan effective 01/01/2016. The current assets in the Defined Benefit Plan are approximately \$41,000,000. The Town also offers OPEB benefits to retired employees, and is in the process of building an OPEB Trust account to support long term funding of OPEB.

Purpose

This document specifies the pertinent objectives and requirements for the selection of a retirement plan service provider (“Provider”). The purpose of this RFP is to obtain specific capabilities from experienced organizations and to find the most appropriate retirement plan service Provider for the Town of Brookfield’s overall retirement plan and manage investments for assets held in the OPEB Trust.

Candidates should submit clear and concise responses to all of the inquiries contained in the questionnaire and service requirement sections of this RFP. Candidates electing to not answer certain questions should explain their reasons for not responding.

RFP Response Deadline and Timeline

Your RFP response is due by 2:00 PM Eastern Time on Friday October 30, 2015 to the contact point listed later in this document. Please submit your final response with five (5) hardcopies and one electronic copy. The final submission should include a cover letter, executive summary, RFP response and all relevant documents. Please include your company name in all electronic file names. The cover letter must confirm your fees will be valid for 90 days from the date of your proposal submission.

The overall timeline is:

| | |
|----------------------------------|------------------|
| Distribute RFP | October 9, 2015 |
| RFP Response due | October 30, 2015 |
| Selected Candidate Presentations | TBD |
| Select Provider | TBD |
| Implementation Date | January 1, 2016 |

The timeline is approximate and subject to revision.

The Town of Brookfield will host advisor presentations for selected candidates. The Town of Brookfield expects providers to bring the proposed team, demonstrate their capabilities, and

discuss services. These meetings may last up to 1.5 hours, including presentation and discussion.

Length of Contract

The initial term of the contract will be for three (3) years beginning January 1, 2016. The Town shall have the option to renew the contract under the same or re-negotiated terms. All proposal submissions and materials become property of the Town and will not be returned. Providers to this RFP are hereby notified that all proposals submitted and information contained therein and attached thereto shall be subject to disclosure under the Freedom of Information Act.

Scope of Work

Provider shall furnish, in addition to those specifically listed below, administrative services including: quarterly employee holdings statements preparation and issuance; monitoring of state, and IRS regulations for adherence to qualification status; annual meeting with the Town plan participants informing them of updates and/or changes to investments.

- Provider will offer a secure, online self-service portal where employees will have access to their own confidential information. Indicate whether the scope includes Defined Contribution plan benefits only or includes both Defined Contribution and Defined Benefit plan benefits. Provider will host an interactive, intuitive and participant friendly website including the ability to monitor, track, obtain reports, and transfer funds daily. Provider will maintain a secure, online portal for the Town to access, update and monitor necessary participant information.
- Provider will issue proper fee disclosure information as required to both employer and participants and regulatory authority.
- Provider will work with the Town to develop or make IRS compliant changes to the plan design as needed.
- Provider will enter into a written service contract detailing the services they provide.
- Provider will furnish online or manual enrollment kits for new employees.
- Provider will accept electronic deposits of participant and employer funds. Provider will maintain adequate levels of fiduciary insurance coverage.
- Provider will provide required actuarial reports to support annual Town reporting requirements and annual audit support, for both OPEB and Pension. Provide benefit calculations for pensions for retiring employees upon request from the Town.

RFP Process and Requirements

Proposals will be evaluated based upon the questions and factors listed in this Request for Proposal. The Town will have the proposals evaluated by its Retirement Benefits Advisory Committee (“RBAC”). The Town shall select a responsible and responsive Provider whose

proposal is determined by the Town to be the best suited, most advantageous, and provides the greatest overall benefit to the Town. The Town expressly reserves the right to negotiate with the selected Provider prior to an award of any contract pursuant to this Request for Proposal.

The Town reserves the right to reject any and all proposals and to waive any informalities or technical defects in any proposal.

All Providers agree that their proposals are a firm offer to provide the proposed services to the Town. Once submitted, all offers must remain valid for 90 days.

Selection Criteria and Requirements

The analysis of RFP responses will be based on each Provider's ability to:

- Act as a partner to the Town and its entities related to the defined benefit and defined contribution plans.
- Provide competitive, bundled and unbundled fees. It is imperative that each response includes pricing inclusive of all services and individually priced services. Also important to the analysis will be the disclosure of any conflicts of interest.
- The experience and expertise of the Retirement Service that the Provider has proposed for the Town.
- Furnish the Town's Defined Benefit Plan, including:
 - Defined Benefit plan administration.
 - Open communication with plan actuaries in terms of funding status, liability risk transfer strategies, etc.
- Furnish the Town's Defined Contribution 457 and 401(a) plans, to include:
 - Low participant and plan expenses.
 - Flexible investment menu.
 - Timely and orderly implementation.
 - High level of participant and sponsor services.
- Manage and report investments in the OPEB Trust account.

An objective is for all current and future employees to see all of their retirement assets within one portal. The Town would like each Provider to submit a plan for a complete retirement solution. This means that if a Provider cannot provide a service for a part of the solution, they may use outside resources to provide these solutions to the Town.

Town of Brookfield shall have sole discretion in the selection of a Provider. At the end of the evaluation process, all Providers who have submitted responses will receive notification concerning their selection status.

RFP Terms

The Town of Brookfield reserves the right to reject any or all proposals, accept all or parts of any proposal, to not issue a contract for any of the services described in this RFP, award all services to one Provider or issue contract awards for any combination of services and Providers. This RFP or receipt of any proposal related to this RFP does not create any obligation on the part of the Town of Brookfield to enter into any contract regarding the services described herein.

All expenses incurred for the preparation of the response to this RFP are the sole responsibility of the Provider and shall not be charged to Town of Brookfield.

The Town reserves the right to amend, modify, withdraw, cancel or terminate this RFP at any time. All amendments or modifications will be in writing from the Town.

Proposal Content

The Request for Proposal is intended to provide interested Providers with uniform information concerning the conditions for submitting proposals. Providers must examine all information and materials contained in this RFP. **Failure to do so will be at the Provider's risk.** In response to the RFP, Providers shall adhere to the established format. By doing so, comparable objective data will be provided for the Town's review and analysis.

Contact for Submission and Questions

William Leverence
Town Controller
Town of Brookfield
100 Pocono Road
Brookfield, CT 06804
203-775-7342
wleverence@brookfieldct.gov

**APPENDIX A
PERTINENT INFORMATION**

| Plan Profile | |
|----------------------------|--|
| Plan Sponsor Name | Town of Brookfield, CT |
| Address and Contact | William Leverence Town Controller 100 Pocono Road Brookfield, CT 06804 203-775-7342 wleverence@brookfieldct.gov |

| Plan Information | |
|--|---|
| Name and type of plan (401(a), deferred compensation, combination, etc.) | Town of Brookfield Enhanced Retirement Plan |
| Who will have investment direction for employee and employer contributions? | Participants for 401(a) and 457 |

| Plan Operational Information 401(a) and 457 Plan | |
|--|--|
| Name of current record-keeper or service provider | N/A |
| Will contributions be submitted through a single payroll or multiple? | Multiple (Town, WPCA and Board of Education) |
| Frequency of data remittance | Bi-weekly |
| Method of data remittance (Paper, Disk, Tape, Modem, On-line) | On-Line |
| Method of contribution remittance (Check, Bank Wire, ACH) | ACH |

| Town of Brookfield Defined Contribution | |
|--|-------------------------------|
| Anticipated Number of active 401(a) participants as of 12/31/2016 | 6 |
| Anticipated amount of gross 401(a) and 457 contributions for 2016 | \$15,000 |
| New participants after 2016 | 3-7 new participants annually |
| Method of data remittance (paper, disk, tape, modem, on-line) | On-Line |
| Method of contribution remittance (Check, Bank Wire, ACH) | ACH |

| Town of Brookfield Defined Benefit | |
|--|---------------------------|
| Number of participants as of 6/30/2015 | 257 |
| Pension Assets as of 9/30/2015 | \$41,000,000 |
| Name of current record-keeper or service provider | Wells Fargo Institutional |

| Plan Operational OPEB Trust | |
|--|--|
| Name of current record-keeper or service provider | Wells Fargo Institutional |
| OPEB Trust Assets as of 09/30/2015 | \$300,000 (with additional \$450,000 to be deposited by December 2016) |

APPENDIX B SPECIFIC RFP QUESTIONS

Organization and History

1. Please provide the names, titles, address, telephone and email address of the individuals responsible for responding to this report.
2. Provide a brief overview of your company and please describe any parent/subsidiary/affiliate relationships.
3. Do you rely on any outside parties for any component of the recordkeeping/administration, plan design, or plan trustee components?
4. How many municipal plans with a combination of Defined Benefit and Defined Contribution programs do you currently administer?

Client Service/Quality Assurance

1. Please describe the team that would deal directly with The Town of Brookfield during the transition and on an ongoing basis. Indicate staff size, experience and turnover rates.
2. What is the number of clients managed by the plan relationship manager proposed for this plan?
3. What is the average client relationship duration?
4. Describe your service/timing standards. What checks and balances do you have in place to assure plan administration integrity and accuracy including participant account data?

Recordkeeping/Administration

1. Do you provide one main contact for the daily administrative needs of each plan (DB, DC and OPEB)?
2. What methods of data transmission are available? Do you interface with payroll vendors?
3. Describe in detail how your system processes contributions.
4. Describe how your system tracks participant vesting?
5. Do you provide non-discretionary/ directed trustee services? What is the name of your trustee? Fee?

6. Indicate whether the following services are standard, non-standard or not offered:

| Service | Standard | Non-Standard | Not Offered | Additional Costs |
|---|----------|--------------|-------------|------------------|
| Wire transfer of contributions | | | | |
| Benefits representative for questions | | | | |
| Interfund transfer | | | | |
| Loan Administration | | | | |
| Loan Modeling | | | | |
| Hardship withdrawal administration | | | | |
| QDRO administration | | | | |
| Age 70 ½ notification | | | | |
| Calculation of RMD | | | | |
| Preparation of form 1099-R | | | | |
| 401(a)(4) testing (general testing) | | | | |
| ADP/ACP testing | | | | |
| 415 annual additions testing | | | | |
| 402(b)(I) – coverage testing | | | | |
| Calculation of vested benefits | | | | |
| 402(g) testing | | | | |
| Preparation of Form 5500 and related attachments, EFAST submission; and summary | | | | |
| Preparation of PD/SPD and | | | | |
| Auto Enrollment | | | | |
| Website Customization | | | | |
| Draft distribute annual notice requirements? Cost? | | | | |
| Auto Escalation | | | | |
| Custom communications to participants regarding automatic payment? | | | | |
| Automated eligibility tracking? | | | | |

Regulatory Services

1. Describe your capabilities for the following:

Discrimination Testing: ADP/ACP, IRC 415(c) limitations, Monitoring of elective deferrals (402(g)), Top-heavy testing (416(c)), Participation testing (401(a)(26)), Identifying HCE's: 401(a)17

2. How do you address violations for any of the testing covered in question 1?
3. Describe your ability to handle a customized plan document and SPD.
4. What fiduciary responsibility does your organization assume?
5. How are Plan Sponsors informed and updated on any DB/DC/OPEB regulatory changes?

Reporting

1. Describe the standard package that you would provide the town and participants as well as the mediums used (ex: combined DB & DC statements).

Internet Access

1. Is your website fully accessible without performance compromises for those participants who are using non-Windows based operating systems like Mac and mobile applications along with browsers Internet Explorer, Firefox, Chrome, and Safari?
2. Describe the account services and transaction capabilities available through your participant website.
3. Are there any transactions that cannot be processed through your website or mobile applications?

Communication and Education

1. Please describe your communication and enrollment capabilities for newly eligible employees.
2. Does your organization provide any services (e.g., personal questionnaires, software) that would help individual participants with personal financial planning?

3. Describe your position on providing investment advice to participants. What fiduciary responsibility do you assume if advice is provided? If advice is offered, is it in-house or via a third party? Describe your process, mode and scope of advice. *Please include fees for this service in your fee quote.*

Investments

1. To the extent we wish to comply with 404(c), how can you assist us?
2. Discuss your organization's ability to provide investment vehicles for defined benefit, defined contribution and OPEB plans.
3. Please describe in detail any requirements for proprietary funds vs. non-proprietary funds. This should also include the required use of Stable Value or other Capital Preservation Investment. Describe any limitations on the inclusion of non-proprietary funds for both defined benefit and defined contribution plans.
4. How many investment options may the client offer participants under the standard agreement?

Defined Benefit Payment and Administration Services

1. Describe the process that participants would follow to obtain an estimate of their pension benefit.
2. What is the average turnaround time to obtain a benefit estimate?
3. Describe the process that participants would follow to initiate payment of their retirement benefit. On average how long does the process take?
4. Can you help us track terminated vested participants and notify them of their entitlements to begin receiving a benefit under the plan?
5. Do you provide direct deposit or electronic funds transfer?
6. Do benefit disbursements make monthly deductions for Federal and State Tax withholding?

Fees

1. What are the start-up/conversion costs and the termination costs? Please differentiate the cost between contract termination and assistance with a transition to a new provider.
2. What are the factors you consider in determining future increases or decreases in fee and when they are to occur?
3. Please segregate the custody costs and actuarial costs for the defined benefit plan on a stand-

alone basis and on the basis that your firm provides both custody and actuarial services.

4. What is the annual revenue sharing requirements based on the defined contribution plan information provided as an exclusive record-keeper and administrator for the merged plan? What is the fee for ESOP services?
5. Please outline any and all contract termination fees and/or charges at both the plan level and participant level. This should also include any charges to the stable value investment proposed (i.e. Market Value adjustment, surrender charge, CDSC or other fees and penalties.)
6. Please check Yes or No your support on the following questions. Note if there is an additional cost to the plan sponsor or participant.

| Criteria | Yes/No | Cost |
|--|--------|------|
| Comprehensive enrollment outsourcing | | |
| Payroll deferral percentage tracking | | |
| Enrollment kits mailed to plan sponsor | | |
| Enrollment kits mailed to participant | | |
| Enrollment posters, payroll stuffers, flyers | | |
| Loan administration | | |
| Loan origination fee | | |
| In-service, non-hardship withdrawals | | |
| QDRO processing | | |
| Return of excess contributions | | |
| Minimum required distributions | | |
| Ad hoc plan level reports | | |
| Are all of your fees fully disclosed? | | |

Bundled Retirement Solutions

1. Will you provide all services for Defined Contribution, Defined Benefit and OPEB plans in-house, or would you outsource the service to a third party?
2. Describe your firm's unique strengths relative to the bundled retirement services you offer.
3. What are the benefits of choosing one service provider for all plans? Explain separately the benefits realized by the plan sponsor and the participant.

4. Describe the participant experience in your ability to show all plans under one portal.

References / Statements

1. Please provide 3 references of current clients who have similar defined benefit and defined contribution plan demographics (i.e., size and plan design). At least 1 of the 3 should have converted within the last year. Please provide client name, contact name, address, phone number, services provided, and year they became a client.
2. Please provide 2 references of former clients who had similar Defined Benefit and Defined Contribution plan demographics (i.e., size and plan design). At least 1 of the 2 should have left within the last year. Please provide former client name, contact name, address, phone number, services provided, and year they became and the year they ceased to be a client and the reason(s).
3. Please provide a sample participant statement.
4. Please provide a website demo link.
5. Please provide a list of current Connecticut governmental plans in which you provide services.

**APPENDIX C
FEES STATEMENT AND SIGNATURE**

Please set forth your annual Fees to perform all services for the Town of Brookfield Enhanced Retirement Plan indicated in the Scope of Services:

Year 1) _____

Year 2) _____

Year 3) _____

Providers must disclose all expected and potential payments, commissions or remuneration of any type (direct or indirect), which might be associated with the Provider receiving this award.

Authorized Signature _____ Date _____

Print Name _____

Print Title _____

Company Name _____

Address _____

City, State, Zip _____

Phone/Fax _____

Email _____