

# Request for Proposal (RFP) Guide

## *Selecting Defined Contribution Plan Service Providers*

Developed by



The SPARK Institute, Inc.  
SHAPING AMERICA'S RETIREMENT

5<sup>th</sup> Edition

June, 2019

© The SPARK Institute, Inc.

*All rights and ownership of the contents and use of The SPARK RFP Guide reside entirely with The SPARK Institute. Any unauthorized use is strictly prohibited and subject to prosecution.*

## About SPARK

The Society of Professional Asset - Managers and Recordkeepers (SPARK) was founded in 1989 as an Inter-industry trade association of investment managers and service providers, particularly in the defined contribution plan market. It is the first organization to bring together members of the six major provider groups—banks, insurance companies, asset managers, third party administrators, trade clearing firms, and retirement plan advisors and benefit consultants. Membership in this trade association includes over 850 individual members from 250 companies, representing a broad cross section of the major players in the defined contribution retirement plan industry. These member companies provide services to approximately 96% of all 401(k) plan participants in the U.S.

SPARK Headquarters  
9 Phelps Lane  
Simsbury, CT 06070  
Phone 860-658-5058  
fax: 860-658-5068

## Acknowledgement

SPARK wants to acknowledge the efforts of Cynthia Hayes of Oculus Partners for her time and dedication in the making of this document. These efforts are greatly appreciated.

## INTRODUCTION

SPARK developed this tool for preparing and evaluating Requests for Proposal (RFP) for defined contribution (DC) plans to assist advisors/consultants and plan sponsors in this important task. While use of this tool is completely voluntary, the Society is encouraging widespread use of this tool to enable service providers to prepare consistent responses, resulting in reduced response time and improved evaluations. This package is designed as a comprehensive guide to simplify the service provider selection process and make it more effective. It may not be appropriate for every situation, however. *Users of this Guide are encouraged to modify the guide, as necessary, to fit their particular needs.*

**THIS MATERIAL HAS NOT BEEN REVIEWED, APPROVED, OR AUTHORIZED BY ANY REGULATORY AGENCY AS MEETING THE REQUIREMENTS OF ANY APPLICABLE LAWS, RULES OR REGULATIONS. THE SPARK INSTITUTE DOES NOT PROVIDE LEGAL, FIDUCIARY OR TAX ADVICE TO ANYONE. USERS OF THIS MATERIAL SHOULD CONSULT WITH THEIR OWN LEGAL COUNSEL, TAX ADVISORS AND OTHER RETIREMENT PLAN PROFESSIONALS BEFORE USING IT. USE OF THIS GUIDE IS COMPLETELY VOLUNTARY.**

## Table of Contents

<b>SECTION</b>	<b>CONTENT</b>	<b>PAGE</b>
<b>1</b>	<b>Instructions for the Guide</b>	<b>4</b>
<b>2</b>	<b>Request for Proposal</b>	<b>7</b>
	A. Proposal Process	7
	B. Information for Respondents	11
	C. Request for Proposal Questionnaire	24
	D. Supplemental Schedules and Materials	96
<b>3</b>	<b>Provider Evaluation</b>	<b>100</b>
<b>4</b>	<b>Glossary</b>	<b>105</b>

## Section 1 – Instructions for the Guide

### WHO SHOULD USE THIS GUIDE?

The guide is geared primarily for companies that already sponsor some form of defined contribution retirement plan and have made a decision to change service providers, or want to thoroughly evaluate the available service provider resources in the marketplace. This guide is designed to help select a “bundled” or recordkeeper-only service provider for the plan. In today’s environment, multiple plans are often included in one search. This guide is meant to cover multiple types of defined contribution plans, both qualified and non-qualified. In addition, providers are always adding and integrating new types of programs and products all related to the overall financial wellness of employees. Questions relating to these supplemental services are also included in the guide.

While this guide provides a comprehensive set of information, each search situation may be unique and the guide should be reviewed each time it is used to determine whether each section and each question is appropriate for a given search. Additionally, users should consider adding questions related to any specific facts and circumstances about their plan that may require custom services that are not otherwise addressed in the materials.

### HOW TO GET STARTED

There are several initial steps that should be taken before beginning the service provider selection process. Some of the issues to be resolved include:

- Which plans and programs are to be included in the search?
- Who will play the primary role in coordinating issuing the RFP, collecting responses, and evaluating them? What process will be used to manage the project?
- Who else in the company should be involved in the evaluation and selection process (HR, Finance, Payroll, Legal and other departments)?
- Will an outside advisor/consultant be used to assist in the selection process? If so, what will be their role and set of responsibilities?
- Exactly what services are desired or needed from a new provider?
- How much is to be outsourced and how much will be handled internally?
- Which service providers should be included in the search?

Candidates to consider including in the search, can be found in many trade journals including *Pensions & Investments*, *Institutional Investor*, *Plan Sponsor Magazine*, *Employee Benefit News*, and others. You may want to limit your list of potential candidates to 10 or fewer companies after doing some preliminary research and identifying those companies that would best meet your retirement plan needs and goals.

- How will respondents be evaluated and the winner determined?
- What is the process for awarding the business to the selected provider?

## USING THE RFP GUIDE

There are some general guidelines to remember when utilizing this RFP guide.

- **General Information:** This is intended as a comprehensive guide and covers services that might be performed by a provider who offers investments, recordkeeping, plan administration, and/or participant communications services. The guide also includes additional programs and products that may be offered by providers, and included as a 'bundled' package. **It may not be necessary to ask every question in each section. Questions should be added or deleted based on the relevance based on the types of plans and programs being included, the importance of specific issues and the scope of services being requested.**
- **Informational Guide:** Section 2 is the only section designed to be included in the actual RFP package offered to potential providers included in the search. Most of the topic areas in Section 2 include additional information for the user of the guide. This information is isolated in a special green bordered '*Informational Guide*' text box in each section or highlighted in green as appropriate in specific response choices. This text is for your information only and should not be part of the RFP sent to potential providers. When a set of choices is offered, only the applicable choice(s) should be included in the RFP package. If there is more than one type of plan that is part of the search, each of these questions should be answered separately for each type of plan.
- **Proposal Process:** RFPs are generally issued and responses returned with a defined set of protocols and instructions. Typical protocols and instructions are included in the Proposal Process section (Section 2A). Each RFP search may call for a tailored set of instructions and thus the Proposal Process section should be reviewed for applicability. Only the table portion of this section should be included in the RFP package to providers.
- **Plan Information:** The key to an effective selection process is information. The Information for Respondents section (Section 2B) has been developed for you to outline information for the potential providers. This information will help them in

tailoring an RFP response that will result in an informed decision. It is important that RFP issuers be as accurate as possible in providing this information as the information included will be used by providers in crafting their responses to questions, and in their calculation of expected plan fees.

- **RFP Questionnaire:** The questions in the RFP questionnaire (Section 2C), should reflect the scope of services being requested for the applicable plan types. The scope of services being requested should be decided prior to RFP issuance. Certain questions may only be appropriate to specific types of plans as noted in the informational guides for each section. A review of all questions should be performed to determine applicability for each search situation.
- **Supplemental Schedules:** The Supplemental Schedules and Materials section (Section 2D) includes additional information and samples that may be important depending on the specific search situation. A review should be performed to determine if all schedules and materials are appropriate for each situation, or to tailor the supplemental materials as appropriate.
- **Proposal Evaluations:** Section 3 of this Guide is designed to assist in evaluating providers against criteria appropriate for the specific situation, in selecting a provider, and in awarding the business to the selected provider. This section of the Guide is not meant to be included in the RFP package that is shared with providers, but is an informational guide for companies and their advisors/consultants.
- **Glossary:** Section 4 of this Guide is a glossary designed to eliminate confusion by providing standard definitions of certain technical terms that are in the RFP questionnaire.