

## **REQUEST FOR PROPOSAL (RFP)**

Retirement Plan and Related Consulting Services

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American Academy of Actuaries  
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### **Introduction**

The American Academy of Actuaries (Academy) periodically conducts both formal and informal reviews of its service provider contracts. These due diligence processes are designed to assist Academy staff in evaluating comparative levels of vendor service, capabilities, and pricing. The Academy is currently conducting such a review related to the administration of its retirement plans and this RFP is part of that process.

### **Background**

The American Academy of Actuaries' mission is to serve the public and the United States actuarial profession.

To accomplish this:

- As the public voice for the United States actuarial profession, the Academy provides independent and objective actuarial information, analysis, and education for the formation of sound public policy;
- The Academy provides for the establishment, maintenance, and enforcement of high professional standards of actuarial qualification, practice, and conduct;
- The Academy advances actuarial practice by informing and educating its members on public policy and professionalism issues and current and emerging practices;
- The Academy identifies and addresses issues on behalf of the public interest on matters in which actuarial science provides a unique understanding;
- The Academy increases the public's understanding and recognition of the value of the actuarial profession;

- The Academy provides opportunities for professional development of its members through volunteerism and service to the profession;
- The Academy facilitates and coordinates response to issues of common interest among the U.S.-based actuarial associations; and
- The Academy coordinates the representation of the U.S. profession globally.

The Academy is a 501(c)(6) not-for-profit membership organization; our annual budget is \$11 million; our membership consists of 17,200 individual members; our staff size is 43; our operating revenue consists primarily of dues (84%); and, our functional program areas include public affairs, communications, membership, professionalism, and finance/administration. Please visit our website [www.actuary.org](http://www.actuary.org) for additional background information which includes our 2009 audited financial statements at [http://www.actuary.org/pdf/audit/fin\\_09.pdf](http://www.actuary.org/pdf/audit/fin_09.pdf). Our IRS Form 990 is available on Guidestar.

The Academy maintains three retirement plans on behalf of its employees:

1. Two defined contribution plans
  - a. money purchase pension plan
  - b. 401(k) profit sharing plan
2. One defined benefit plan

The defined contributions plans are currently administered by the same third party administrator (TPA) and the defined benefit plan is administered by a different, unrelated TPA. It is anticipated that the 2 defined contribution plans will ultimately be merged for ease of administration.

Relevant current plan provisions and statistics are summarized as follows:

Plan:	Money Purchase	401(k)	Defined Benefit
3 Digit DOL Plan #	001	002	003
Established	1/1/1997	1/1/1997	1/1/2001
Last Amendment Effective Date	1/1/10	1/1/10	9/30/2010
Plan Year	Calendar	Calendar	Calendar
Plan Document Sponsor/Type	MassMutual Volume Submitter	MassMutual Nonstandardized Prototype	Volume Submitter
Custodian	MassMutual Life Insurance	MassMutual Life Insurance	Vanguard Investments DWS Investments (Scudder)
Plan Administrator	Employer	Employer	Employer
Third Party Administrator/Actuary	West Pension Solutions Towson, MD	West Pension Solutions Towson, MD	Turpin & Associates, Albuquerque, NM
Investments	27 funds - participant directed	27 funds - participant directed	3 funds – trustee directed
Plan Assets at 12/31/10	\$3,015,682	\$1,993,513	\$647,181
2011 Budgeted Employer Contribution	\$507,000	\$0	\$119,600
2010 Employee Deferral	N/A	\$256,650	N/A
Participants at 12/31/09	50	53	49
Eligibility	Employee, Age 19; 1 Year of Service (1,000 hours)	Employee, No Age or Service	Employee, Age 21; 1 Year of Service (1,000 hours)
Entry Date	First day of month coincident with or following date eligibility requirements are met	Date of Hire	Jan 1 or Jul 1 coincident with or following date eligibility requirements are met

Plan:	Money Purchase	401(k)	Defined Benefit
Eligible Contributions	Employer – Nondiscretionary Cross-Tested Grouping Method (10% of actual comp) Employee Rollover (allowed but none received to-date)	Employer Discretionary Profit Sharing (allowed but none made to-date) Employee Salary Deferrals Employee Rollover	Employer funding only
Loans	Not allowed	Allowed – 11 outstanding	Not allowed
Investment Change Allowed	Daily	Daily	Discretionary
Valuation Period	Daily	Daily	Annual
Vesting	3 Year – 100% (cliff)	Employee – always 100% Employer 3 Year 100% (cliff)	5 Year – 100% (cliff)
Normal Retirement Date	1 <sup>st</sup> day of the month coincident or following 65 <sup>th</sup> birthday	1 <sup>st</sup> day of the month coincident or following 65 <sup>th</sup> birthday	1 <sup>st</sup> day of the month coincident or following 65 <sup>th</sup> birthday or 5 <sup>th</sup> anniversary year, if later
Normal Monthly Retirement Benefit	Account Balance	Account Balance	Greater of \$30 per month multiplied by years of service or 0.25% of “Final Average Monthly Compensation” (highest 3 final years) multiplied by Years of Service.
Retirement Benefit Options	Continuation of Account Lump Sum Direct Rollover JSA – 50% Annuity Contracts	Continuation of Account Lump Sum Direct Rollover	Lump Sum Direct Rollover Life Income Term Certain Installment JSA – 50%, 66 2/3%, 75%, 100%
Distributions Other Than Retirement	In-Service Distributions at normal retirement age Disability – 100% Vested Balance Death – 100% Vested Balance paid to beneficiary	In-Service Distributions at age 59 ½ Hardship Withdrawals for medical, principal residence, education, funeral expenses Disability – 100% Vested Balance Death – 100% Vested Balance paid to beneficiary	Early Retirement – reduced benefits available after age 55 Disability – 100% Accrued Benefit Death – 100% Accrued Benefit paid to beneficiary
Trustee	Academy Treasurer	Academy Treasurer	Academy Treasurer

The primary Academy employee contacts include an Executive Director, CFO, Director of Accounting and Finance, and an Assistant Director of Human Resources. The successful candidate will also interact with the Academy volunteer leadership, most notably, a five-member Personnel and Compensation Committee which oversees the Academy’s employee benefit programs. Many of these volunteers are pension specialists and renowned experts in the field of pension plan administration.

**Scope of Work**

The Academy is soliciting proposals for services related to its employee retirement plans. Those individuals or firms submitting proposals must provide services related to plan design, plan installation, plan consolidation, plan termination, IRS qualification and tax filings and all other compliance-related work, plan amendments, participant eligibility determinations, employer contribution calculations, excess

contribution calculations, forfeiture calculations, employee loan servicing, distribution reporting (hardship, separation from service 70 ½ minimum), retirement distribution processing and related tax disclosure preparation, vesting determinations, testing (including but not limited to Coverage Test, ADP/ACP Test, Top Heavy Test, IRC Section 415 Test), Summary Plan Description development, actuarial valuations and certifications, SFAS Nos. 87 and 158 reporting, trust accounting and reconciliation, plan specification reporting, employee census reporting, Summary Annual Report and all other PBGC and DOL reporting (including but not limited to Form 5500 and all attachments), plan account balance statements, participant account and benefit statements, participant education, and other communication, recordkeeping, administration, or investment management services.

We seek a vendor who will be thoroughly knowledgeable of our organization and our employees' retirement needs and exhibits a passion for excellence in terms of both client service and work product.

The Academy needs a vendor who will be:

1. Proactive - offering specific solutions to help us maximize the Academy's retirement benefits to employees;
2. Collaborative - willing to meet on a regular basis with Academy benefits staff and volunteers regarding plan maintenance and with employees regarding enrollment and education;
3. Creative - presenting new ideas regarding possible plan design and administrative improvements;
4. Responsive – responding to administrative and participant requests in a timely fashion;
5. Professional – exhibiting at all times an ethical, meticulous, and highly-detail oriented manner; and,
6. Comprehensive-able to coordinate (in-house or thru outsourcing) all administrative requirements for the existing 3 Plans, including investment management.

### **Proposal Requirements**

Proposals will be accepted in electronic or hardcopy form. Proposals shall include, at a minimum, the following:

1. General background information about you or your firm, number of years in business, location(s), and principal(s);
2. Total number of employees and a list of those that would be dedicated to our account(s) showing names and professional designations or other credentialing. Also, describe whether you have on-staff ERISA counsel;
3. Total number of clients;
4. Total number of money purchase, 401(k), and defined benefit plans administered;
5. Number of new and resigning clients in 2010;
6. A description of any trust/custody/recordkeeping or other system conversion planned in the next 12 months or an affirmative statement that there are none;
7. A description of your insurance coverages including Errors and Omissions, D&O, Fiduciary Liability, including names of carriers and limits;
8. Your privacy policy with regard to sharing client and account information to outside parties;

9. A description of your data security policies and procedures, including those related to physical access, data encryption, back-ups, and disaster recovery;
10. A list and description of any current or pending administrative or similar actions against you or your firm or an affirmative statement that there are none;
11. A full and complete description of the process(es) by which you address participant requests for support, e.g., telephone-based response, web portal, and a description of what individual(s) at your firm will be available to participants;
12. Description of how you assist with new enrollee procedures including whether you will provide representatives for on-site enrollment and other educational meetings;
13. A description of participant statements and whether they can be customized. Include samples and specify whether personalized rates of return are included;
14. A description of your quality standards related to returning requests for administration assistance from your clients;
15. A full and complete description of the services you will and will not provide for each of the items listed under “Scope of Work” above. Include your fee structure, consultant hourly rates and/or other pricing arrangements for annual plan administration fees itemized by base fees, if applicable, and/or per participant fees. Also, describe any 12b-1 fees, commissions, rebates, asset-based fees, or other compensation received by you, your employees, or firm or a related/affiliated broker or other similar entity for any mutual funds that will be contained in our plans;
16. A full and complete description of any fees, commissions, revenue-sharing arrangements, commission recapture, or similar arrangements that are received by you, your employees, or firm from any related/affiliated entity associated with the servicing of our plans, but received from sources other than our plans;
17. A description of all the types of plan documents you provide and support (standardized and non-standardized prototype plans, volume submitter, individually designed) and a list of potential plan custodians for each of these products;
18. A specimen copy of your client service agreement, contract, or other relevant document;
19. Description of fund and fund family offerings included in your fee quote and any variations thereof, including maximum number of funds provided and any limitations on the number of funds or families offered within the total offering. Also specify whether it is possible to invest in funds not managed by your company or the custodian(s) with which you are affiliated;
20. A description of what information you will provide regarding funds and fund options; provide specimen copies of this material;
21. A description and/or samples of plan management reports that include total assets, contributions, and other statistics and whether that information is available on a plan sponsor website;
22. A copy of your latest SAS #70 Service Organization Report or a statement that you do not have one;
23. References for five not-for-profit organization clients with budgets in the range of \$5M to \$15M including organization name, contact; phone number and email, number of years as administrator, and number of participants.

**Failure to address all of these items may result in the Academy removing your proposal from consideration.**

Supplementary narrative – to foster creativity, respondents are encouraged to provide a narrative describing any options, alternatives, or other opportunities not addressed in the RFP that, in the respondent’s opinion, would strengthen the Academy’s employee retirement programs.

**Confidentiality**

All information presented during the proposal process is confidential.

**Academy Review and Selection**

Proposals are due by May 31, 2011 and should be sent to Steve Knell at the contact information noted above. Finalist interviews with both Academy staff and Academy volunteers will begin the week of June 6, 2011. Subsequent selection activities may include Academy Board or Committee interviews and on-site due-diligence. We expect to make a selection no later than June 30, 2011.