CAPTRUST

THE LATEST TRENDS IN ADVISOR REQUESTS FOR PROPOSALS

Information about Today’s Session

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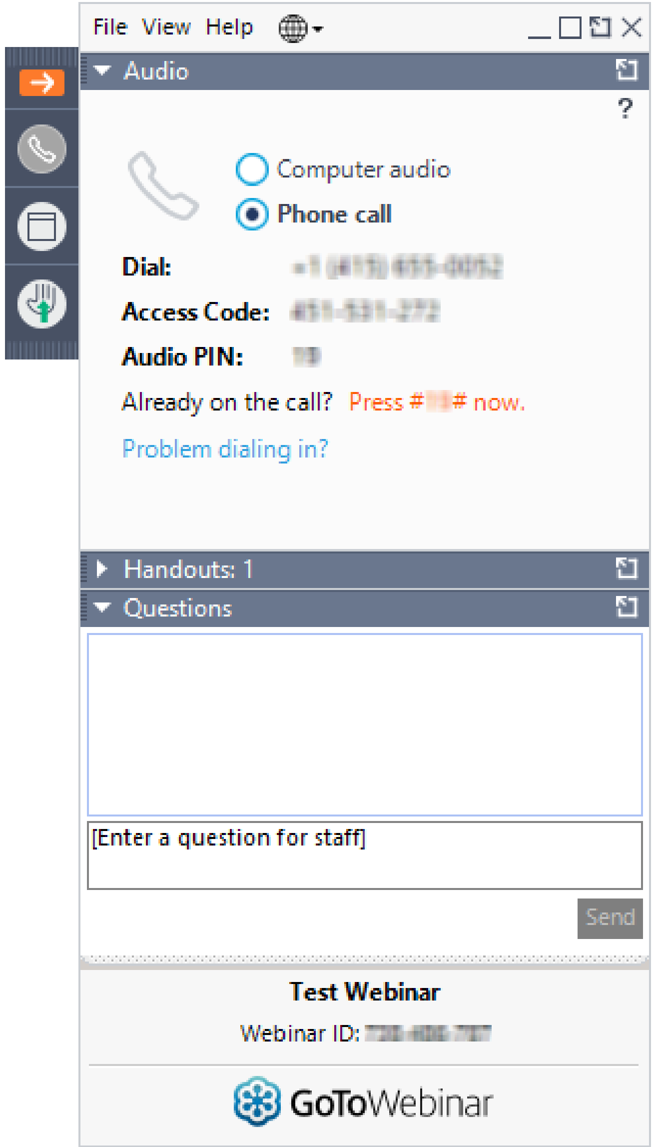

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Agenda

01 Advisor RFP Activity, Trends, and Benefits

02 Step-by-Step Plan to Ensure a Sound Process

ADVISOR RFP ACTIVITY, TRENDS, AND BENEFITS

Why Plan Sponsors Conduct Advisor RFPs

Potential Catalysts

- Changes in their retirement plan
- Increased complexity of fiduciary responsibility
- General due diligence, fee and service validation, and an understanding of the market
- The need for a formal process

Benefits

- Alignment of retirement plan goals with services
- Fiduciary risk mitigation
- Better understanding fees for services
- Detection of trends
- Benchmarking information
- Inherent fairness of process

Audience Poll

STEP-BY-STEP PLAN TO ENSURE A SOUND PROCESS

RFP Process

1 PREPARATION

- Determine purpose and key stakeholders
- Gather content and retirement plan information

2 IMPLEMENTATION

- Assemble your deliverable
- Identify recipients
- Determine and finalize response structure
- Distribute, intent to bid, and Q&A

3 DECISION MAKING

- Review final responses and determine finalists
- Conduct finals meetings
- Make a decision
- Document your process

RFP Process

1 PREPARATION

Determine Purpose and Key Stakeholders

- Determine who needs to be involved, who is in charge, and who is the primary contact
- Identify the needs of your organization and the goal of this process
- Choose a review/scoring process
- Agree on a timeline
- Reach a consensus

RFP Process

1 PREPARATION

Gather Content and Retirement Plan Information

Retirement Plan Information

- Investment policy statement
- Summary plan document
- Quarterly review
- Actuarial report
- Investment lineup
- Fee disclosure
- Number of participants and demographic report
- Current agreements

RFP Process

1 PREPARATION

Gather Content and Retirement Plan Information

11 Basic Content Categories

- General firm overview
- Client experience
- Legal
- Fiduciary status and services
- Investment consulting services
- Committee/trustee education and training
- Provider search experience
- Participant services
- Differentiators and culture
- Fee and service proposal
- Information technology/data security

Make sure the questions you ask match the services you are requesting.

THE DOL'S CYBERSECURITY GUIDANCE

- Published | April 2021 by the U.S. Department of Labor (DOL)
- Guidance was directed to plan sponsors and fiduciaries, plan service providers, and participants and beneficiaries

Three Separate Guidance Documents

1. Guidance for **plan sponsors** on the selection of vendors
2. Guidance for **vendors** on cybersecurity program best practices
3. Guidance for **plan participants** related to online security

U.S. Department of Labor, "U.S. Department of Labor Announces New Cybersecurity Guidance For Plan Sponsors, Plan Fiduciaries, Record-keepers, Plan Participants," https://www.dol.gov/newsroom/releases/ebsa/ebsa20210414, 2021

The DOL's Cybersecurity Guidance—RFP Topics

1. A formal, well-documented cybersecurity program
2. Prudent annual risk assessments
3. Reliable annual third-party audit of security controls
4. Clearly defined and assigned information security roles and responsibilities
5. Strong access controls
6. Assets and data stored in a cloud or managed by a third-party service provider are subject
7. Cybersecurity awareness training conducted at least annually for all personnel
8. Implement and manage a secure system development life cycle (SDLC) program
9. A business resiliency program that effectively addresses business continuity, disaster
10. Encryption of sensitive data stored and in transit
11. Strong technical controls implementing best security practices
12. Responsiveness to cybersecurity incidents or breaches

RFP Process

1 PREPARATION

Gather Content and Retirement Plan Information

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RFP Process

2 IMPLEMENTATION

Determine and Finalize Response Structure

Section One: Introduction

Section Two: Instructions and Information

Section Three: Overview and Requirements

Section Four: Questions

Section Five: Supporting Materials

RFP Process

2 IMPLEMENTATION

Assemble Your Deliverable

Issues to Consider

- Non-disclosure agreement/confidentiality clause
- Cover letter/executive summary
- Procurement forms
- Hard copy or electronic
- Packaging
- Content limitations
- Pricing separate
- Contract feedback
- Samples or marketing materials
- Third-party service

RFP Process

2 IMPLEMENTATION

Identify Recipients

Questions to Answer

- What is an appropriate number?
- Should you include the incumbent?

Sources

- Key stakeholders
- Industry publications
- Current service providers
- Peers (professional and within the industry)
- Third-party consultants

RFP Process

2 IMPLEMENTATION

Distribute, Intent to Bid, and Q&A

- Establish a deadline for intents and inquiries
- Summarize all of the questions in one document
- Distribute summary of questions and responses to intended responses

RFP Process

3 DECISION MAKING

Review Final Responses and Determine Finalists

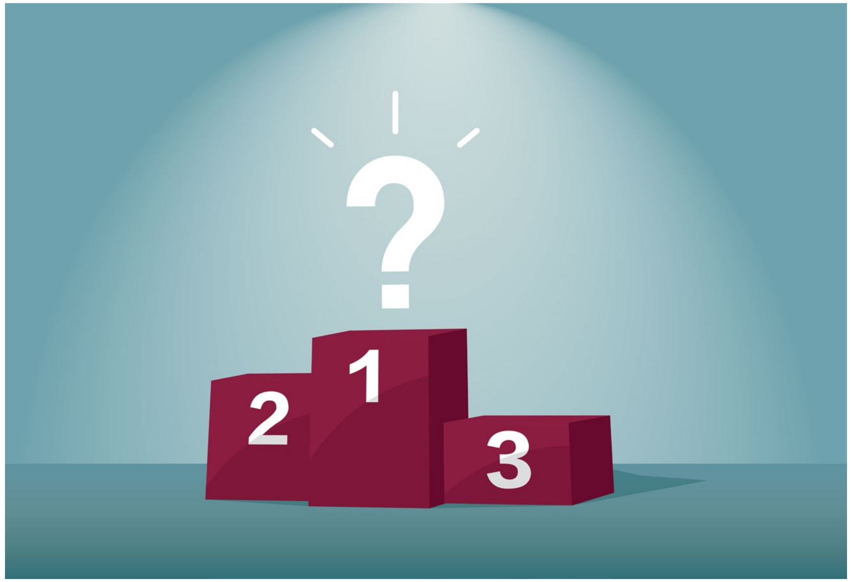
- Let respondents know you have received their response and that you are reviewing
- Try not to get overwhelmed
- Follow your pre-determined process and give yourself enough time
- Know that it is ok to ask follow up questions
- Communicate internally and try to come to a decision quickly

RFP Process

3 DECISION MAKING

Coordinate and Schedule Finals Meetings

- Communicate to both those that were selected and those that were not
- Review key decision-makers' schedules for availability
- Coordinate and schedule presentations with finalists



RFP Process

3 DECISION MAKING

Conduct Finals Meetings and Make a Decision

- Communicate specific expectations, topics to address, agenda, and timing to finalists
- Provide a real-time issue and ask them to respond to it
- Check references
- Conduct a site visit, if necessary
- Make a decision
- Document, document, document

Summary

As a Fiduciary You Will

- Have a well-thought-out and thorough plan
- Have a well-documented plan
- Reinforce a previous decision or identify an ideal fit going forward
- Align with your company’s goals, needs, and objectives for its retirement plan

QUESTIONS?

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RFP Process—Additional Resources

11 BASIC CATEGORIES		
1	General Firm Overview	Ownership, history, principal biographies, and a high-level menu of services
2	Client Experience	Number of clients and assets under care from clients like you, representative client list, and references
3	Legal and Compliance	Current status as registered investment advisor or broker-dealer, outstanding and recent legal proceedings or complaints against the advisor
4	Fiduciary Status and Services	Scope of services, protections, and pricing
5	Investment Consulting Services	Scope of services, reporting, research capabilities, and team
6	Committee / Trustee Education and Training	Advice on meeting minutes and new retirement committee member orientation
7	Provider Experience	Number of providers an organization has with plans like yours
8	Participant Services	Participant communication, education, and advice services
9	Differentiators and Culture	What makes an organization unique
10	Fee and Service Proposal	Summary of all proposed service offerings and associated fees
11	Information Security / Data Security	Address potential risk associated with cyber attacks and general support

RFP Process—Additional Resources

ASSEMBLE YOUR DELIVERABLE		
1	Introduction	Company overview and background RFP purpose and scope
2	RFP Instructions and Information	RFP schedule and timeline RFP contact RFP response requirements
3	Overview and Requirements	Plan information and scope of services Purpose and requirements Minimum respondent qualifications Performance Reporting
4	Questions	
5	Supporting Materials	

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