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Greg Middleton:

I would like to welcome you today's webinar, which is focused on best practices for conducting an advisory request for proposal. My name is Greg Middleton and I'm a senior director at captrust. CAPTRUST is a national retirement and advisory firm with over 3,500 retirement plan clients, representing more than half a trillion in plan assets. As a firm. We've responded to nearly 4,000 advisor RFPs since 2002, from a multitude of organizations ranging from startups, nonprofits, government entities, public and private corporations, higher education institutions, and Fortune 500 companies for their defined contribution defined benefit, non-qualified retirement plans. In addition to corporate cash operating funds and foundation endowments in either a single or multiple plan format with assets ranging from less than 1 million to over 6 billion, our collective annual efforts normally respond to north of 25,000 questions a year. The purpose of our discussion today is to walk through a step-by-step process on how to conduct an advisor request for proposal or RFP and share some best practices that we have learned based on our experience.

Request for proposals are still extremely relevant in the retirement plan industry when plan sponsors or committees are considering hiring or replacing an advisor. At the conclusion of today's webinar, our goal is to help attendees have a starting point and a clear destination. Joining me for today's discussion are the leaders of our institutional client practice groups all are located here in Raleigh. This is our longest running webinar series. This is our ninth year doing it, and we are extremely excited about today's unique focus. Joining me on today's call first is Jennifer Doss. Jennifer is the senior director of our defined contribution practice group, and she's been here since 2007. Her team's focus covers roughly 4,000 defined contribution plans for our clients representing north of \$730 billion. Next is James Stenstrom. James is the senior director for our institutional portfolios group. James has been here for 15 years and his team oversees 34 billion, which is 336 defined benefit plans in addition to 63 billion for 721 different either endowments and foundations or institutional asset pools representing a total of roughly a hundred billion in assets. And finally, we have Jason Stevens. Jason is the senior director for our executive benefits practice and has been here for 25 years. Jason's team oversees 573 different non-qualified plans representing 10 billion in assets. Jennifer,

James, Jason, thank you guys for joining us today. If you could share a little bit in the opening about your teams and what you guys focus on to give audience members perspective of what you do,

Jason Stephens:

I'd be happy to start that, Greg. So again, Jason Stevens, and as Greg mentioned, I oversee the 500 plus non-qualified plans here at captrust, and there's five of us on the team who are really dedicated to supporting the financial advisors here at CAPTRUST and also working directly with clients to optimize all areas of their non-qualified benefits, which in our parlance means sort of the design of their plan. Other plan is finance, the third party administration, the investments and the participant education piece of their plans, and making sure all of those are working in coordination and driving successful outcomes.

Jennifer Doss:

And I can go next. My team. Thanks for having us, Greg. My team, similar to Jason, what he just described, we service our defined contribution clients and also prospects and in all aspects of managing their retirement plan. So I have about 30 people on my team. 11 of those are dedicated to vendor searches, which would be more helping with record keeper and custodial benchmarking and search activity that we have on that side. There's a good amount of that. We have a seven that are dedicated to our 3 38 investment management discretionary business, and then the remainder that work on our core 3 21 non-discretionary DC investment needs. We also help people with a variety of topics. It could range from retirement income to managed accounts to fiduciary training responsibilities, and the list is pretty extensive, so I'm happy to help in any way we can. James?

James Stenstrom:

Yeah, so I'm representing the institutional portfolios team on which there are 24 professionals, including MBAs, CFAs, credentialed actuaries as a whole alphabet soup. We support our financial advisors serving foundations, endowments and pension plans and their sponsors. I have expertise across investments, pension risk transfer, and other plans specific or organization specific challenges and opportunities. And similar to Jennifer's team, we do have a group of folks focused on 3 38 pension plans or OCIO foundations and endowments doing portfolio management and implementation

Greg Middleton:

And for everyone's awareness. The reason that we're so excited about today's session or version of this webinar is outside of the advisor RFP response team. No other group or no other teams have seen more RFPs or more RFP questions than Jennifer and James and Jason's teams. And so for their perspective and their point of view for today's discussion, they're going to focus on what are the specific questions or topics As a plan sponsor, you should focus on whether or not you want to focus on your defined contribution plan. You're not qualified plan or your defined benefit, or if you have an endowment foundation that you want to include. And so that's really what their specialty is going to be and what their focus is. So we are very excited. And again, Jason, James, Jennifer, thank you guys for being part of today's call.

Over the next 45 minutes, we're going to focus on two simple topics. First is advisor request proposal, activity, trends and benefits. We will discuss why there's been such an increase in advisor RFP activity in the retirement plan industry and why plan sponsors should proceed with the process. Second, we'll provide a step-by-step plan to ensure a Sound advisor request for proposal process. We'll walk through and explain the major components of an advisor RFP and provide a simple framework and checklist that will make your process more efficient and easier to manage. For some organizations, it is a challenging and lengthy process to discuss this topic and get to this point of the process. For the purpose of today's webinar, we're going to assume that each of your organizations has already made the decision to proceed with some form of an advisor RFP. And with that, let's begin.

So the first area that we want to focus on is why plan sponsors are conducting advisor RFPs. Based on our experience, this trend has actually been a long building evolution, but when you dig under the layers, there's four primary reasons why advisor RFPs have become the norm. First changes in their retirement plan, which can be attributed to a number of factors such as overall growth of the plan or an organization has completed a recent merger or acquisition. Next, the increased complexity of fiduciary responsibility. This point has been discussed at length with respect to the topic of the fiduciary rule. Some organizations may feel like they're well equipped to handle those responsibilities, but most do not. Third is just general due diligence fee and service validation and an understanding of the market. For many retirement plans, the overall structure and size of

their retirement plan has not changed, but they may have been with their same retirement plan advisor for more than five to seven years.

Many have received their four B twos but don't know how they compare. Some are concerned about the growing number of fiduciary lawsuits and others want to know what the marketplace has to offer. And finally, the need for a formal process plan. Sponsors need to demonstrate why they make certain decisions. Some clients identify three expert advisors, interview them, document this and make a decision. Others go through the process we're about to describe. Some even include procurement or purchasing, which provides its own challenges. And then also from a topical standpoint, some of the recent catalysts that have driven or increased activity include focusing on whether or not you have a conflicted advisor and the conflicts between the investments and the record keepers. It's very important given the spike in litigation. Next would be vendor consolidation. Specifically with record keepers, you want to understand how that's happening, how you're impacted, and what's going to happen to your plan and to your employees.

Third is participant advice and wellness. That has seen a huge increase specifically since 2020. People frankly just need help. They've been under a lot of financial stress and also organizations look to that as an opportunity to attract and retain talent because they want to offer competitive benefits, and they also want to be able to have personalized advice offerings for their different employee populations, knowing that they're all at different stages in life. And finally, the market volatility over the last three to four years really has driven a focus on investment resources, discretion, or just overall approach. So again, just at a high level, these are the reasons why RFPs are happening. And so regardless of what your catalyst is or why you want to do it, there's several advantages associated with a process. First, it creates the opportunity to align the retirement plan goals with the advisory services and business models available.

This is good because two major components can change your organization takes a different approach with respect to the goals of the retirement plan and services within the industry have evolved and there could be a better option available. Second is fiduciary risk mitigation. You have a process and you followed it plain and simple. Third is a better understanding fees and services. This creates an awareness of different service offerings such as provider RFPs, fiduciary training, participant advice 3 38 or discretion or OCIO depending on what your focus is or target aid fund searches, just to name a few, and whether they're delivered in an a la carte fashion or as

part of an all-in-one solution. And what's the associated pricing for each next detection of trends. RFPs provide the ability for awareness and understanding of the industry or market and what other advisory firms are capable of offering in addition to what they feel are important issues that plan sponsors should be addressing. Fifth is benchmarking information. As we mentioned earlier, you know your number because you received your four eight B two. This process will let you know if it's fair. And finally, inherent fairness of process going through this process demonstrates the fairness and due diligence of your decision, and that if you have an advisor in place, they're qualified to address your organization's specific needs.

Before we go much further, we'd like to understand your experience with advisor request for proposals. So we've created two polls that we would like for you to respond to. With that, if we can launch the first poll, that would be great. So the first poll that we have is what experience do you have with conducting an advisor RFP? So we'll give it probably 15 seconds for everybody to respond. Looks like we had about 70% that have voted. Okay, 75%, that's probably good enough. And so the results nearly half, maybe 45% have previously conducted an RFP, which is good. 30% have not done an RFP, which is good. And then about a quarter of you all plan to conduct an RFP within the next eight to 12 months. That's pretty consistent with what we've seen with previous years that we've done this webinar. And then also just general interactions with plan sponsors in their committees. So thank you for answering the first poll, the second poll, if you could launch the second poll, we want to focus on the catalyst. So we want to understand the factors that are driving your RFPs and why you're thinking about doing it. So if you could please answer the next question and we'll give about the same amount of time.

So again, your options are, it's a benchmarking exercise. You're addressing potential advisor conflicts. You have participant advice or wellness needs, market volatility, or there's no current advisor. Give it about five, 10 more seconds, get it up to about 75% devoted, and we just hit the mark. So it looks like about 67% view this as a benchmark in exercise, 8% want to address advisor conflicts. 15% want to evaluate participant advisor wellness needs 1% deals that market volatility and 9% currently don't have an advisor, James, Jennifer, Jason, based on your all's interactions or your experiences, what are your reactions to those results?

James Stenstrom:

I'll go first, so I'll take the easy one. I mean, I do think that not having a current advisors is great reason to run an RFP. For those of you in the ERISA space, I think the role of fiduciaries and investment consultants is probably much more established in terms of that being the norm. I think the lines are a little bit cleaner in terms of who's providing advice, who's providing education, and who's doing so as a fiduciary for retirement plans, not subject to ERISA endowments and foundations. I'd say that the models of who's providing information, advice, whatever you call it, or three or I guess not 3, 3 8, but discretion, OCIO, you have a lot of different models where you have banks, asset managers, investment consultants, you've got a broader range of folks. And I do think that running an RFP process provides pretty good perspective on how those different types of organizations, those different models may either fit or not fit what your organization's trying to do, especially in the endowment foundation space.

Greg Middleton:

Thanks, James. Jennifer, what are your thoughts on it?

Jennifer Doss:

Yeah, I would say I'm definitely not surprised by the fact that the majority of folks are feel like they're just going through an exercise, right? But I feel like what we see a lot of times is you don't know what you don't know. And so you get into this RFP exercise because you think it's just a regular exercise, and then you find out some really interesting things, services that maybe you didn't know that you could get, or you figure out maybe your fees that you're paying right now are maybe not as competitive as you thought. And so I would just have people keep that in mind, even though it may start as an exercise, it doesn't mean that you don't learn a lot from it and that you don't end up making a change or adding services or something like that. The other thing is participant advice and wellness.

That's a service that a lot of people will say in the DC market that they can do, but the way that they deliver that is vastly different. So we do see a lot of RFP questions around how do you deliver advice? Do you do education? Is it advice? Do you talk about financial wellness topics? How broad is your service that you offer to participants? How well does it integrate into the record keeper? How many people do you have on staff? Just sometimes we get RFPs just for that service. And so that's also something that doesn't surprise me and I wish we had another one on there. I would like to add discretion because I think we see a lot of people doing them to add

discretionary services or at least go out to market as well for that component.

Greg Middleton:

Thanks, Jennifer. Jason, do you concur with James and Jennifer or do you have a different point of view?

Jason Stephens:

No, I think our thoughts are mainly aligned in that here it's mainly an exercise. It's just seeing what the marketplace has to offer. And I think it's relatively new trend in the space that I work in, the non-qualified space because you're not necessarily working in a qualified environment that's governed by ERISA or other rules that it hasn't been as prevalent in the non-qualified space to run RFPs and to benchmark fees and things like that. But definitely we're seeing more of that, and I know we'll talk a little bit further in the webinar about bundling searches and how that might work, and just getting the information that you want to get out of the searches based on how you structure your questions and other things that go into that.

Greg Middleton:

Awesome. Thank you all for your feedback and audience members. Thank you guys for participating in the poll. Moving on. Next, we'll talk about the step-by-step plan to ensure that you have a sound process. So this slide represents what we consider based on our experience, a sound 10 step checklist. It's organized into three phases, and we think that'll ensure a well thought out and efficient and potentially an easy advisor RFP process for any organization or entity. So I would think of this slide as your essential roadmap. So the first phase is preparation, and really there are two main goals for this phase. What do you want to accomplish? This may not be clear upfront, but it is good to think it through early, recognizing it may shift a little. Second is gather the necessary content. Second phase is implementation. In this phase, you'll do four things, assemble your deliverable, identify the recipients, determine and finalize response structure, and distribute your RFP to candidates. The third and final phase is decision making. During this phase, you'll focus on receiving and reviewing final responses, determining finalists, conducting finals meetings, selecting an advisor, and most importantly, documenting the process. So if followed appropriately, this outline will take what initially appears as an

overwhelming process and turn it into an efficient and manageable experience with a positive outcome.

So the first component of good preparation is determining purpose and key stakeholders. So who needs to be involved? Various functions of departments that could be involved or represented include legal, finance, the CFO, the CEO, the HR director, the investment committee. And depending on the size of your organization, procurement, get them all involved early because they will have a point of view, and it's very important to do that. So next, with this potentially large group, determine who is in charge and who is the primary contact. It can be the same or two different people. Then identify the needs of your organization and the goal of this process. To Jennifer's point, this sounds pretty simple, but it is the most important aspect of this phase. If you can correctly agree on the purpose for this process, you'll achieve a better outcome. Fourth, choose a review and a scoring process.

Determine what criteria is most important to your organization, how you'll review and evaluate them and narrow your list of finalists. It's best if these parameters can be agreed upon and documented before the RFP is distributed. Next, agree on a timeline. This is not only for the external responses, but your internal process as well. Based on our experience, a majority of advisor RFP processes do not stay on track due to an underestimation of how long the process will take, primarily the review process. Finally, come to a consensus After you've gone through these steps, please make sure you review the decisions, responsibilities, and timeframe with all involved parties associated to ensure agreement and then proceed. And if you can get this part of the process right up front, it'll make the process so much easier.

The second component of good preparation is gathering content and information about your plan. Help the respondent understand as much as possible about your plan and your needs. This can be accomplished in one of two ways. The first is to include some or majority of the following documents as attachments, which include vital information about your plan. Those items can include the investment policy statement, investment lineup, the fee disclosure, or four eight B two, the number of participants in a demographic report, a recent quarterly review, your summary plan document, an actuarial report if there's a defined benefit plan or any current agreements. The alternative, instead of including the documents, is to get the main data points from the documents and then incorporate them into the background portion of your RFP. The benefit of doing this is that you'll



receive a much more targeted response because responding firms will have a better understanding of your plan. And so I'll pause and just ask our panelists, Jennifer, with your team's involvement with RFPs, and when you have this type of information, how does that change the impact of what your team can put together and include as part of the response?

Jennifer Doss:

Yeah, I would just echo what you said, which is the more information you can provide, the better. And I think it also goes back to being more intentional with the types of services, knowing and setting upfront the services that you want to include. There are a lot of questions generally in advisor RFPs, and it's hard to tell as a person responding sometimes how important some of those topics are. Are you really interested in 338 services, discretionary services? Are you really interested in custom target date funds or is it just a question among a sea of other questions? You just kind of want to know if that's a service we provide one day, if you might want to do so. Just knowing what you have today, what you're evaluating, what you're interested in, where you're real, real interests lie I think is super helpful. And knowing where you are today is part of having these documents, so knowing what record keeper you're with and what you're paying and what your investments are. And that just is going to allow us to provide much more tailored responses in terms of either recommendations for actions that you could take or thoughts around services you could add. It really is super helpful to just know what we're dealing with. And again, if you want to provide background over in the background portion, which is here's what we're dealing with, here's some things that we're thinking about, but that is also super helpful in terms of tailoring the responses.

Greg Middleton:

Thank you, Jason. James, anything to add to that?

James Stenstrom:

I would echo what Jennifer said in terms of if there's a catalyst for doing the RFP in terms of plan change or change in situation. If you're an endowment or a foundation, put that in the RFP. I think we're constantly amazed as we matriculate through the RFP process, we're lucky enough to be invited to finals presentations, how sometimes there's this whole wealth of information and unique circumstances that come up and sometimes from our side, it works out to your benefit in terms of maybe it's easier, you don't

have a very specific question, but I mean we're happy to invest time. I think peers of ours are happy to invest time to answer specific questions and really be focused about that. So the more specifics that you can get in there and try and quantify questions. So for example, if you're a pension plan and you want to terminate your pension, can ask about how you support that, but also ask how many pension plan terminations have you done in the past five years or whatever that is to try and quantify that expertise instead of just all those two paragraphs sounded like they really knew what they were doing, they included all the buzzwords.

The one thing I will say about including information is it really helps, I think pricing is the number one reason for doing an RFP. It does help with pricing, particularly in the endowment space. There are services that are just significantly more expensive for us to support. So for example, direct private equity investing versus in all passive public markets portfolio. So if we don't know the information, we'll generally tend to respond and kind of have a worst case scenario in terms of how we do the pricing. And the more information that you can provide, the more intentional you are about what services you want to consume. I'd say on the net, it definitely reduces pricing because we can be a little bit more focused as opposed to saying, well, they might want to consume all these things. So we'll start with a high number and then bring that down.

Greg Middleton:

Very helpful. Jason, any other thoughts?

Jason Stephens:

I mean, I think I would echo what everybody is saying that more information is better when it comes to having us look at it and understand really what the objectives are of the search in the first place and how we might be able to add value and differentiate ourselves in a more concise way that'll help sort through the sea of responses that you get. So always happy to look at as much information as possible. And the other thing I would add to that is really to the extent that you can within the RFP really define the scope of what you're looking for. And I see this particularly when you're in a world of bundled searches where you have multiple plans within the RFP. And if the RFP is really structured in a way where it's focused on questions about one particular plan and you're trying to get responses that cover multiple plans, that sometimes becomes challenging for the people who are responding to the RFP, but then also for you to digest the answers when you get those

responses back. So I always like to see some differentiation or acknowledgement of differentiation between the plans, even if it's bundled in the one RFP search.

Greg Middleton:

Got it. Super, super helpful. And that's just a great segue to our next section. So the next area are the questions, and it can be extremely daunting and it's simply put, it's which questions to ask and where do you find them. So in addition to the executive summary, the categories on this slide, you guys are also going to receive an industry approved advisor RFP template that has all the questions covering everything that we're about to discuss. And so the simplest thing, and again, Jason brought up a great point, the number one best practice that we can suggest that's going to save you time and get the best responses is to make sure that the questions you ask match the services that you're requesting. I know that sounds simple, but if you're doing a search for a defined contribution plan, make sure you have questions that are attributed to or appropriate for a defined contribution plan.

So that way, again, it helps create an effective process. So for everything that we've seen, and again, we've seen thousands of these, most of the questions fall into one of these 11 categories. So the first one is general firm information. So that's just it's basic information about the firm, questions about the structure and history of the organization, and then what are the focuses of its business activities. Next section will be client experience. You want to understand the firm's approach to how they service clients. You want to understand the responding team's experience and biographies. You want to understand their current client base and experience specifically as it relates to your type or size of your plan, and then your industry, maybe geography, if that's important to you. Then you also may want to ask for references in this section. Third section is legal and compliance. This is pretty self-explanatory.

Fourth is fiduciary status and support. For this section just directly ask the firm if they consider themselves to be a fiduciary, what fiduciary status they can assume and if they recognize that status in the client contract. Now the next section is where we're going to pause for a minute and have a little bit deeper discussion. And this is around investment consulting services. Now that's a broad statement, but that's the segue to transition into Jennifer and James and Jason's expertise and what their teams focus on because the simple thing on this type of section is that you can talk about investment

philosophy, development of an investment policy statement. You want to ask about manager selection and due diligence and how they score and conduct performance reviews that topic and RFPs in general are about 80% consistent with every other response. And what I mean by that is if you look at the questions, they're going to be pretty consistent.

And most of the responses that you're going to get, 80% of the firms are going to have about an equal push in terms of, okay, they say this group says exactly the same thing or pretty close. That distinguishes responses pretty quickly, but then more specifically, it's the reason why you're doing an RFP, that's the 10 to 20% that makes it specific for your issue or for what you're trying to achieve and maybe what your challenge is. And so I wanted James, Jennifer, and Jason to talk about if you're thinking about a defined contribution plan or you're thinking about a pension plan or non-qualified plan, what are the relevant issues right now that most plan sponsors should be thinking about? So with that, I'll start with Jennifer and say from a defined contribution point of view, what are the questions that plan sponsors should be thinking about to understand more about the marketplace? More specifically, how should they be using those responses to compare to other respondents?

Jennifer Doss:

Yeah, I think there's a few areas I would call out and they're going to be more topical and timely, right? Because you're right, all the general how philosophy process, I mean that stuff doesn't change really a lot over time. It's kind of core and it is going to be very similar from, or at least going to sound very similar on paper, right from person to person. But the more specific you get with your questions, so I'll use 3 38 discretion as an example, if you are interested in that service, the more specific you get with the questions around that service, the easier it's going to be for you to differentiate between responses. So we see a 3 38 bid ask in almost every single advisor, RFP, that comes in our door at least on the DC side, and I would ask people to ask more questions about where that responsibility starts and stops from the advisor's perspective, I think this is still an area that's still relatively new.

It's certainly trending in that direction. That's why we're seeing it in almost every single bid we see, but it's still trending and it's still on the increase. And that's an area that can look very different in how you implement from firm to firm. And I know that James will probably reiterate that point on the OCIO side, there are some core things about being a 3 38 discretionary

investment manager that's going to look the same across the board. Yes, of course I'm going to take responsibility and I'm going to pick funds, but there's going to be a lot of differences in how they handle it too. So how do you handle the timing of fund changes and communication with the actual plan sponsor? Do you use proprietary products? Do you have a set lineup that you have to use? Who signs certain documents? Who approves things? If that is a service you're really interested in, I would just recommend that you dig in a little bit more than what I typically see, I think in a lot of RFPs that are coming in.

The other area I think is really timely is secure act 2.0. A lot of that is going to be vendor driven, but I will tell you we've got 11 people on my team that just focus on vendor analysis and benchmarking and due diligence, and we are spending a ton time with our record keeping partners and our TPA partners to figure out how they're implementing a lot of these secure 2.0 provisions. And so I would ask some general questions about how the advisor has been helping their clients prep, how they've been helping them keep up, how have they been helping them work with the vendor, the record keeper, what kind of due diligence have they done? So those are really timely things I think where you can just dig in a little bit more. You can also ask for like, Hey, what's your philosophy on trends like retirement income? Those are good ones to throw out there as well, but really anything that's kind of more trendy is where you're going to be able to get the differentiation.

Greg Middleton:

And I'll just briefly add to Jennifer's comment. The other question that you could include, if you don't know specifically what the trends are or what you think you should be asking about, have that be your question. Ask the respondent to say, what are the timely and relevant or topical things that we should be thinking about or that you're solving for other clients? It's a tremendous open-ended opportunity to really learn about that team's point of view and their capabilities. So James, how does that look normally for defined benefit plans and then for endowments to foundations or other asset pools?

James Stenstrom:

There we go. There's the mute button. I think for us, the questions that you want to be asking questions about performance if you're hiring somebody to serve as an OCIO, but what I would say is I would caution against

putting too much weight in those. I think it's very rare as part of an RFP process to get really apples to apples performance numbers in terms of, part of it is we work with hundreds of different organizations and they all have a little bit unique goals and objectives, and then the way that it gets reported out the way that we may do it versus an asset manager versus some a bank, some other organization may be a little bit different. And so I think what you want to do is really understand if you ask for performance, what the performance is that you're being provided. Is it a composite, is it a model, is it a sample client?

And then if it's for actual clients, how much do they reflect what you're doing versus what you may not be interested in? Private markets, hedge funds, things like that. So really be able to understand what you're looking at and be confident that the organizations that you're doing RFPs with bringing finals presentations, that they have competitive returns. The first line of, I think pretty much every disclaimer in the industry is past performance is no guarantee of future results. And so making the decision over what you perceive to be marginally better or worse performance when you're not looking at apples to apples, I think is a mistake that some folks can make. Related to that, the one thing which I would definitely request from us or anyone else that you're going out and doing an RFP with is a sample performance report. Make sure that you see it, you understand what's in there and that you can tell whether the investment portfolio would be doing well or would be doing poorly. We always joke that there's investment advisors, consultants, managers who have good performance and bad performance. Nobody's ever gone into a quarterly review and said, I have bad performance. And so make sure that you're going to get the right information so that you can on an ongoing basis, fulfill your fiduciary responsibility of overseeing the investment consultant or asset manager or whoever you may have

Greg Middleton:

Very, I would

Jason Stephens:

Maybe just add to that from a non-qualified context. Some of the questions to be thinking about are, and this goes a little bit back to the definition of the scope, but it's really to add questions that hammer home on the capabilities that you're looking for and the nuances that you expect out of the advisor that you'll be looking for. A lot of the RFPs that we see are focused on

investment advice, and if that's what you're looking for, that's fine, but if there are nuances to that investment advice such as you own corporate owned life insurance and these investments are structured through life insurance policies, that's a nuance that not all advisors may be able to handle. The other elements of that is that there may be different fee structures because the non-qualified plan, you're not working or operating within a fiduciary environment per se.

So there may be different ways that an advisor is collecting or looking to collect fees. And so you want to be very transparent in your questions to bring that out to light and how they expect to be paid, whether it's just strictly hard dollar fees or if there's some soft dollar arrangements going on as well, so that you can then compare that to what other advisors are saying in their responses. And then maybe the last part, certainly in the qualified market, we've seen a trend towards discretion, and that's kind of leaked into the non-qualified space as well. So if that's something that you're looking for, make sure you include questions about how that process might differ in a non-qualified environment compared to a qualified environment. So those are maybe just a few things I throw out there relative to non-qualified plans in particular.

Greg Middleton:

Awesome. And just to engage the audience, there are a couple of questions in the chat. First, as a reminder, all the slides that we're going through, we will email that to you all and then second, Jason, Jennifer, and James', contact information will be in the slide, so if you need to reach out to them, you can get that there. Continuing on with the different categories, section six, that's around committee and trustee education and training. This section is where you want to understand what training or education is offered, as well as what resources they provide to help with your fiduciary role and responsibilities. The next category to focus on is provider experience. Here you want to understand how the organization addresses its relationships with the provider community. As you heard, Jennifer mentioned that her team has 11 individuals focused on that and what that impact is for you as a plan sponsor, specifically helping with negotiations with services and pricing.

Eighth is participant services. This you want to understand the services and resources each firm has to address the needs of your plan participants and also whether they can provide advice in addition to education and guidance, and if that extends to your highly compensated employees. Next

is differentiates and culture. This is the place to ask what makes a firm special different or sets them apart from other firms. We also see a lot of plan sponsors ask about mission and company culture in this section because if you're going to start a long lasting relationship with an advisor, it helps if your culture and your ethics are aligned. And while we're discussing culture and ethics, DEI has become a big, big focus over the past few years. So this would be the area where you would want to understand an organization's stance on diversity, equity, inclusion, and also what efforts they're doing for that.

Next is fee and service proposal. Here you should ask responding firms to specifically list out the proposed services, the fees associated with those services, and what additional services they might offer outside of what you initially requested and any extra fees there might be for those services. And the final section is information technology and data security. Data breaches and cyber attacks have become very prevalent and can have a catastrophic impact on an organization and an individual, especially when it comes to their financial information and personal information such as their birthday or social security number. So how we can, as a reminder, how we're going to make this process easy. You're going to get two great resources as a follow up with the email with this presentation. The first is from the Retirement Advisor Council, which is an independent third party organization that a few years ago, actually, probably 10 years ago, created an industry standard RFP template with great questions for each of the categories that we just went through. The other resources from the Department of Labor or the DOL, and it's a fact sheet called Selecting and Monitoring Pension Consultants Tips for fiduciaries. It can also be found on the DO L'S website. Again, we'll provide both of these as the follow-up email.

So now that we've talked through the preparation process and gather appropriate questions and information to include, let's shift gears and focus on the implementation process. And the first step, assembling your deliverable based. Our experience, a majority of RFPs can be organized into five sections. The first section is the introduction and needs to address two areas. The first is to provide an overview and background of your organization. The other area to address is the purpose and scope of the RFP, which explains why you're conducting the process and what you're looking for. The next section covers general information and instructions about the RFP process itself. Content listed in this section includes the RFP schedule, which specifically lists out milestones and deadlines and the



primary contact for all questions and communications. The final section should address requirements of the response that discuss the parameters of how you want the response organized, packaged, and delivered.

The third section of your RFP should provide an overview of what you're looking for and what the specific requirements could be. The section is where you would include specific information about your retirement plan and the specific scope of services you were seeking as part of this exercise in as much detail as possible. As part of this section, you should consider including a set of minimum respondent qualifications, which could eliminate some respondents and ultimately save you time. The final content to include is how your organization will rate the performance of the advisory firm and what your preference is for interaction and ongoing reporting for the services the responding team is providing. The next section will include the specific questions you would like answered, organized for responding firms in a logical way. And the fifth and final section will contain any supporting materials like plan information or client agreements you would like to include.

So now that your RFP has been constructed, here are a few other things that you may want to consider as you're getting ready to hit the send button. Does your company require the responding firms to sign a non-disclosure Act in order to receive the RFP or participate in the process? What about a cover letter? One tip clients have told us that make things easy for executives in the process was requesting a cover letter or an executive summary to be included, detailing the main points or takeaways. If your organization requires procurement, be involved in the process, get them involved early. How do you want the response delivered electronically or hard copies or both? And if hard copies, how many do you want them in an envelope? Do you want 'em in a three ring binder? However you want them delivered. Just remember to be specific. And will there be any page or work count restrictions?

We typically only see this of a plan sponsors using the specific format such as Excel or an online platform. And regarding pricing, some organizations may not want pricing to be a major driver until the end. So they ask that pricing is submitted in a separate file or envelope to be opened only after the rest of the responses are reviewed and discussed. Some plan sponsors also want bid feedback on their contract upfront as they feel this could save some time on the backend. And then the last question is, do you want to allow samples and marketing material? Some firms want to show you everything that they can do, which could result in a lot of materials for you

to read, which is unnecessary in some instances. So if you want to limit additional deliverables only to the ones that were requested, please say so now that you've assembled your deliverable, proofread the document and give it to someone outside of your group to review it one last time before you send it.

And the last item to address is the utilization of a third party firm to outsource some or all of the components to. There are a number of groups out there, just engage them and understand how they approach it and if that's appropriate for what you want to accomplish. So now that you have those details worked out and your RFP is package, who do you send it to? On most opportunities, plan sponsors will include roughly six to 10 respondents in the process. But don't let it get too high because you still have to review all of the responses. Couple good sources to focus on to get a list of names. One would be key stakeholders. Next would be industry publications, current service providers, your peers, or third party consultants. They either have a list of names that they can share with you or publish somewhere for groups to include.

So the final element of the implementation process is to distribute and manage the intent to bid and a portion of the process. Apologies for the slide. There we go. So once you've sent the RFP out to your selected group of advisors, it's best to include some language in the email asking that recipients acknowledge that they received it. You should also include deadlines for an intent to bid response. And for any questions that need to be submitted, the deadlines can be copied and pasted from your timeline within your RFP. By including an intent to bid option for questions, you will have a higher probability of getting sound responses from quality firms. Once the question deadline is passed and you've received all the questions, it's easiest just to copy them all into one document with the answers and then distribute it out to all the firms who've acknowledged their intent to bid.

That way you don't have to send out multiple emails or respond to the same question multiple times. And a good typical timeline for receiving a final respondent submission is three to four weeks after you've issued your RFP. Now, let's transition to the final phase of the process decision-making, which starts with reviewing final responses and determining finalist. First is a courtesy acknowledge recipient of the response that you are going to go through your review process and that you will be in touch just like the bullet says, try not to get overwhelmed. Your immediate reaction is likely to be one of surprise at the variation of packaging, heft

and thoroughness of the responses you've received. Follow your agreed upon process and schedule. And some tips to help with that are look for advisors who frame their responses as solutions or focus on outcomes rather than just listing their background and capabilities.

Next, beware of check the box answers to questions where every respondent could say the same thing. And finally, look for responses that go deeper, either by evidencing and understanding of the challenge you framed or illustrating the unique advantages they can bring to your plan. If there are areas you need clarification or further explanation for, it's okay to reach out to firms for this information. They don't mind providing it. And we'll jump at the chance to give you additional context and detail. And once you've reviewed responses, please communicate internally and try to narrow down your list as soon as possible.

Most ask, how many should be invited to a finals? We say three to four is a good number. And as a best practice, review the list to make sure they distinguish themselves from the pack and have no apparent red flags. If you feel good about your list, the next step is to communicate to firms that they've been selected as a finalist. And it's also a best practice and a courtesy to inform those firms that were not selected and offer to provide them feedback once the entire RFP process has concluded. The final step would be coordinating logistics for finalist presentations and ensuring internal decision makers are available and prepared. So the finals meetings represents the near end of your RFP process. So the focus about the slide is fit, in my opinion. You are trying to find a fit for your organization, and there are a number of ways that you can focus on doing that.

You can communicate specific expectations, topics to address, and an agenda for folks to engage. You can provide them a case study or a specific issue and ask them to respond to it. And for that, I'll pause and pivot back to our panelists. Normally, an advisor will attend, but also folks from your team or you specifically have been included in those finalist presentations. And so when you are going into those meetings, or frankly, if anyone's bringing subject matter experts in there, what should they be prepared to discuss or contribute to a meeting? And so Jennifer, I'll start with you, given the volume of defined contribution activity that we do,

Jennifer Doss:

Yeah, I would say one of the, I'll just add one of the maybe best practices that I've seen in my experience doing or participating in RFP finals is to have an agenda that is relatively the same or uniform across the different

people you're interviewing, right? So if you have three to four advisory firms, you're bringing in having a, and this goes back to the original concept of just knowing what services you're interested in and knowing really where you want to spend your time. So if you did that work upfront, the setting the agenda for the actual RFP finalist meeting should be just mirroring that because I think those can go really differently depending upon, somebody can get in there and just start talking about something and you never get to a certain thing that you really wanted to talk about and you talk to somebody else and they go down a rabbit hole about their firm and you really don't care that much.

You really want to talk about the investments. I mean, again, set the expectation with an agenda of what you want to discuss and make sure people stick to that so that you can more easily compare and contrast. A lot of these are done back to back. I know you just have one group in and then you have another group in, or maybe if you're lucky, they're done over a couple of days and they can start to blur together a little bit. So take good notes. But again, having a set agenda I think could be really helpful. The other thing that ties back to some of the comments we were making earlier, which is provide anything you guys are thinking about in terms of issues you're grappling with, or maybe if you are interested in doing something in the future, you're really interested in doing a vendor benchmarking, RFP.

Maybe you want to really think about that and say, come with a case study of a recent vendor, benchmark, RFP, you did for a client that looks like me, right? And how did you work through it? And I think it gives you, when you have live examples like that, and you can be more specific, it just gives you a much better view of how that consultative process would work and what it would feel like to work with that advisor. So again, getting more specific, being more intentional about what services you're looking to achieve, issues you might be grappling with, asking for case studies. I think those are all really good ways to have those conversations.

Greg Middleton:

James and Jason, we got about five minutes left. I want to make sure you guys have enough time. James, your point of view about maybe what would a successful finals presentation with your team representative look like?

James Stenstrom:

Yeah, I mean, echoing what Jennifer said, unique situations are everybody has to have one or two things that are unique and if they don't realize it. And so setting aside like a half hour to prep finalists, having a representative from your decision-making group do that, I think is hugely helpful. I think you get out what you put in to some extent throughout the process. You're going to invest a lot of time. And so I think making sure that everybody has a good experience, including your peers on the decision making body, not wasting their time is a good way to invest time. And then I think two questions that I would include as part of that is really understand who's answering the questions in terms of the finalists. Is that somebody that you're going to see on a quarter to quarter basis? Is that not, if it's not somebody you're going to see on a quarter to quarter basis, how do they work together?

Is that person purely a salesperson and that finalist meeting is the last time year we're going to see them? Or is that somebody who's a subject matter expert who if you have interest in target date funds, they're there at the pitch, you have questions 18 months from now, they'll be there. And then I think the last one is just kind of put people on the record for quantitative figures that you're likely to base your decision on. So if it's performance, restate to them how you are interpreting the performance that they provided. Make sure that it's accurate, kind of put people on the record. And same thing with piece, right? Be really be clear about that. Ask people to confirm that because those quantitative points that after you close the door, you may focus on in terms of the deliberation, you want to be really sure that you understand what those are for all of your different files so that you're making informed decisions.

Greg Middleton:

Very helpful, Jason.

Jason Stephens:

Yeah, I mean, I don't really need to add onto what James and Jennifer said. They covered it very well. But maybe the only thing I would say is just given the age that we're in, it's so easy for firms like ourselves to bring in resources by video or other ways that in the past would've maybe been in person visits that would've been more challenging for folks. So I wouldn't hesitate to ask the advisor team to really bring in the people that are going to be involved in the servicing of the plan and to show the depth that they

intend to bring to the relationship, because that should be easy in today's day and age to do.

Greg Middleton:

Awesome. Again, what you're looking for is you want fit. You've taken 10 to 15 groups, you've narrowed it down to probably three, and you're trying to find the areas of differentiation. And you're also trying to find which personalities or which individuals fit and align well with you. And so once you've concluded all those meetings and you're close to a decision, make sure you check references, ask for a site visit if you need to do exactly what Jennifer, James and Jason have just described, and hopefully at the end of this, you got a clear winner. You've connected and there's a good cultural fit. You had creative ideas and it felt good. And then once you finalized your decision, communicate your decision to all finalists, congratulate the winner, offer an opportunity for feedback the other firms, and then for everything that you did, whether it's emails, meeting minutes, scoring sheets, RFPs, take all of that information and organize it into some sort of a functional repository so that way when someone wants to know why you chose this advisor, you can show 'em. So in summary, hiring an advisor's a fiduciary decision, so you should follow it, a well thought out and thorough plan. You should document each step of your plan from creation of your deliverable to your final decision and show how your selection is in line with your goals and objectives. We have a couple of minutes, and so wanted to see if there were any questions from the field that we could answer.

We've already answered one about Jason and Jennifer and James's contact information that'll be included in the deliverable. This will be available. Oh, okay. So here's the first one. What sections of questions should I include? Again, it just depends on what the needs of your organization is, why you're doing the RFP. If it's a due diligence benchmark, no plans for change. We've seen one section, if it's a complicated multi-plan, RFP. We've seen as many as 18 different sections, so it can run the gamut. But again, it's specific on what your needs are. It looks like we have one other, there's an issue. Is there an issue if our review process or decision process is delayed? Nope. Again, it's very common. Just let everybody know what your updated schedule is in terms of internally and externally, and just give 'em a new timeline to help reset their expectations.

Okay. I think those are all the questions that we've seen today. So again, at a high level, you'll get this snapshot of these, the 11 sections. We also get

links or copies of the RFP template and the DOL questionnaire that you can use. We've also got an overview of the five different sections to assemble your RFP into. There are Jennifer, Jason, and James's information in case you need it along with mine. And again, at a high level. Thank you all so much for attending. We appreciate your time and hope this past hour has been helpful for your RFP needs. Jason, Jennifer, James, thank you all so much for being part of today's webinar.

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