120 North Washington Square
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Lansing, MI 48933

Small Business
Association of
Michigan/Small Business Resource Center

Members’ Pooled Employer Plan (PEP)
Recordkeeper Request for Proposal

SBAM/SBRC

Pooled Employer Plan
Recordkeeper Request for Proposal

# Introduction and Instructions

The Small Business Association of Michigan (SBAM), and its for-profit subsidiary, the Small Business Resource Center (SBRC) are seeking proposals from eligible plan recordkeepers, ERISA 3(16) fiduciaries, and third-party administrators (TPAs) to act as a Pooled Plan Provider (PPP) and provide its own and its 28,000+ small business members with a Pooled Employer Plan (PEP) as authorized under the SECURE Act. We are looking for a PPP to provide SBAM and our members with a competitive, affordable, and innovative product. We envision that we will sponsor a PEP that contains both traditional and Roth 401(k) features, both safe harbor and non-safe harbor matches and/or Qualified Nonelective Contributions (QNECs) at the employer’s discretion as well as profit sharing components.

All questions listed in this Request for Proposal must be answered in the order presented, and in full. While the proposing provider may utilize standard marketing materials, Section and Number must identify responses to each question in a separate document.

Due to the nature of this process, individual questions must be directed *in writing only* to:

Scott Lyon
SBAM/SBRC
120 N. Washington Square, Suite 1000
Lansing, MI 48933
Scott.Lyon@sbam.org

E-mail may also be utilized as an “in writing” method.

Three copies of each recordkeeper’s proposals (or one copy via e-mail) must be received at the above address no later than 5:00 pm ET on March 1, 2021.

As part of their proposals, recordkeepers must confirm in writing that their proposals are consistent with the requirements outlined herein and clearly define any and all deviations. All questions must be answered and all instructions must be followed. All proposals must be submitted in their entirety by the deadline.

SBAM’s goal is to reach a vendor decision by June, 2021 for implementation during late 2021 or early 2022. The criteria for selection will include:

* Demonstrated ability to administer the proposed program effectively
* Proposed cost
* Proven investment track record
* Contractual provisions
* Proven track record in superior service capabilities
* Responsiveness to the specifications
* Demonstrated ability to install the plan efficiently and effectively in conjunction with other selected vendors

We have already selected an ERISA 3(38) adviser for our Pooled Employer Plan. This adviser will provide all investment selections and direction for changes across the investments offered to all adopting employers of the SBAM PEP. Please note that each adopting employer will not have their own individual investment selections but rather will utilize the investment “menu” proposed and maintained by the 3(38) adviser.

SBAM recognizes that the PEP space is generating great interest from many chambers and associations across the country. However, your firm should know that SBAM has a successful track record in providing benefits to our large membership base. We anticipate that with the right partners, we will be able to scale a plan that is attractive business opportunity to retirement plan service providers.

The data and questionnaire provided to you is for use only in responding to this RFP. All information is to remain confidential. No information is to be released without SBAM/SBRC’s expressed written permission.

# Background

Organizational Background

The Small Business Association of Michigan (SBAM) is a 501(c) (6) not-for-profit, trade association organized for the exclusive interest and concern of small business in Michigan. SBAM was created to provide leadership in the promotion of free enterprise and other common interests of small businesses in Michigan. SBAM's primary mission is to help Michigan small businesses by advocating for small business, bringing business owners together to share knowledge, creating collaboration and partnerships, and delivering group buying power.

Membership

SBAM membership includes over 28,000 businesses. To be a member of SBAM a company must have fewer than 500 employees and be a registered business in Michigan. Approximately 90% of members have 25 or fewer employees. Our membership comes from across the state and across the spectrum of SIC/NAICS codes.

Do Not Confuse SBAM and the SBA

The Small Business Association of Michigan (SBAM) is a not-for-profit trade association funded by dues dollars and income from several other sources. The Small Business Administration (SBA) is an agency of the federal government. We are not one in the same.

SBAM Products and Services – partial list

* Advocacy/Government Relations relating to issues that impact small business
* Employee Benefits including group health, life and disability, dental and vision insurance, Section 125, health savings account and health reimbursement arrangement administration, COBRA administration, and accident/critical illness insurance
* Consolidated billing and enrollment services for all sponsored group benefit plans
* HCM/payroll
* IT Management and CyberSecurity
* Workers’ compensation
* HR and Legal Hotline

For more information on the Small Business Association of Michigan, as well as our products and services, please visit our website at [www.sbam.org](file:///C%3A%5CUsers%5CScott.Lyon%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CKE7NGT75%5Cwww.sbam.org).

Deliverables

We realize that the retirement plan industry is in a state of constant change - emerging technologies, new laws and regulations, and the ever-changing needs of customers have altered the market environment. Many small businesses do not believe either their company can afford a professionally managed retirement plan, or they find the subject overwhelming or too complex for them to spend time trying to find remedies. At the same time, not offering a retirement plan puts them at a competitive disadvantage in the retention of current or recruitment of new employees. We are seeking your help in designing a Pooled Employer Plan program for small business and in propelling the program to the highest level through effective product development, integration with current product offering, where possible, developing technology enhancements, sales and communications. Therefore, the vendor we ultimately select will provide the best combination of a flexible product offering, innovative technology, marketing commitment, customer service and price.

Proposals are requested for the following services:

* Plan recordkeeper services, including employer-by-employer tracking and management of all contributions, distributions, plan loans (where selected), investments and government reporting (1099-R; assisting with the required annual plan audit; and assisting the TPA with data necessary to complete the required IRS Form 5500 series)
* Provision of a secure employer and TPA portal for employer-level information
* Provision of a secure participant portal to view that individual’s accounts in the plan

SBAM’s objectives for this bidding process are:

* Provide all recordkeeping services for a high quality Pooled Employer Plan
* Secure high quality account and participant services

# Bidding and Implementation Timeline

This competitive bidding process involves the following steps and timetable:

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| --- | --- |
| RFP to recordkeepers | February 1, 2021 |
| Recordkeepers’ proposals due | March 1, 2021 |
| Analysis of proposals | May 1, 2021 |
| Interview of finalists (if necessary) | May 2021 |
| Recordkeeper selection(s) | June 2021 |
| Integration of recordkeeper, ERISA 3(16) and 3(38) fiduciaries, and TPA | July 2021 |
| Development of marketing materials | July and August 2021 |
| PEP rollout | September 2021 |

# Plan Profiles

Sources of contributions:

* Employee 401(k) contributions [traditional and Roth at the adopting employer’s discretion] 0% to 75% of annual compensation (fully vested)
* Safe harbor (match or QNEC) at the adopting employer’s discretion (fully vested)
* Discretionary employer contribution [at the adopting employer’s discretion] (subject to employer’s vesting schedule of either 2-year cliff or 6-year graded)
* Employee rollovers and transfers (fully vested)

Loan provisions: At the adopting employer’s discretion

Hardship withdrawal provisions: At the adopting employer’s discretion

In-service withdrawal provisions: After age 59-1/2 [at the adopting employer’s discretion]

**Request for Proposal Questions**

# Section I – General Information

1. Provide your corporate headquarters address and telephone number.
2. Provide the names, addresses, and telephone numbers of your Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer.
3. Provide the address and telephone number of each of your Service Centers that representatives of SBAM, our adopting employers, and their plan participants would utilize to receive information and reports regarding account balances, vested balances, reporting issues, and general client services.
4. Provide the name, address, telephone number, and e-mail address of the primary service representative proposed for this account for our dealings with the recordkeeper. In addition, provide the number of years this individual has been employed by your organization and in what capacities, along with the number of years employed in the defined contribution field. Any experience with multiple employer plans should also be highlighted.
5. List all corporate “parents” and affiliates of the recordkeeper, along with their associated address and telephone number.
6. List all predecessor organizations with the year of any corporate changes.
7. Are there any discussions or pending agreements to merge or sell any part of your organization? (Yes/No) If yes, please explain.
8. Are there any discussions or pending agreements to buy any outside organizations? (Yes/No). If yes, please explain.
9. Has your organization ever been petitioned into bankruptcy or insolvency? (Yes/No) If yes, please explain and provide applicable date(s).
10. Please provide your most recent audited financial statements for the past three years. If the proposing firm is an insurance company please provide your claims paying ability ratings from Standard & Poors, Moodys and Fitch. If rated by some other service, provide the rating and rating criteria.
11. Has your firm or any of its affiliates been subpoenaed by regulators with regard to trading practices? (Yes/No) If yes, by whom and when?
12. Are there any current or pending litigation, settlement negotiations or agreements, or regulatory actions involving your firm or other business units as a result of alleged or confirmed improper trading practices? (Yes/No) If yes, please describe.
13. Describe any other litigation, in the past ten years against your organization or local service representatives resulting from its current or past involvement with any deferred compensation, defined contribution or public/private pension plan.
14. Has your organization or any of your local service representatives been cited, reprimanded or penalized by any regulatory agency within the past ten years? (Yes/No) If yes, please describe.
15. Please describe the amount of errors and omissions and fiduciary liability insurance you carry. What carrier(s) provide your coverage? Please describe all claims that have been filed against your firm within the past three years and their status.
16. Does your firm have any affiliations with or endorsements from any public or private organizations? (Yes/No) If yes, please describe the relationship, and be sure to include a description of whether or not it is a monetary relationship.
17. Does your recordkeeping business cover the entire state of Michigan? Do you have local representatives that cover the entire state?
18. Briefly describe the credentials and related experience of the local service representatives who will be assigned to the SBAM account. How often can you make a representative available at the employer’s locations?
19. What percentage of your business is dedicated to defined contribution plan recordkeeping?
20. Please describe the implementation and account management teams (including the detail of each of their roles) who will be assigned to SBAM. Who will be the point-of-contact for SBAM and what is his/her experience in this role?
21. Where is the plan’s primary client contact located? How many client accounts does he/she maintain?
22. What is the maximum number of client accounts per client representative?
23. Please provide statistics relative to the turnover rate of your client representatives.
24. Offer an overall view of your organization’s future strategy and goals as they related to qualified retirement plans.
25. What is your corporate philosophy toward group purchasing programs?
26. Are you currently administering any similar group purchasing programs for qualified retirement plans/multiple employer plans?
27. What is the length of time those programs have been in effect?
28. How many employers participate in the programs? Please break this down by:
29. Average number of Plan Participants by employer
30. Average amount of Plan Assets by employer
31. Number of Plans by Plan Size
32. Under 25 participants
33. 26 – 50 participants
34. 50 -99 participants
35. 100+ participants
36. What contractual relationships with other associations does your company maintain? Could any be considered as a conflict with SBAM? What solution would you propose to any conflict?
37. What would you describe as your core competency (ies)?
38. What sets your company apart from your competition?
39. Provide three references for employers with similar plans. Please also include two references for employers who have discontinued your services within the past two years.

# Section II – Investment and Reporting Services

1. Do you currently provide investment and reporting services to other Multiple Employer Plans or Association Retirement Plans? If so, please describe in detail.
2. Do you provide investment services for both internally and externally managed funds? Please describe.
3. Do you offer non-proprietary funds? If so, please provide a listing of same.
4. Describe any custodial services you provide. If you do not provide these services, do you have an established relationship with a third party custodian? If yes, with whom?
5. Describe year-end reporting services for the IRS Form 5500 series and attachments and schedules, Summary Annual Report, and other tax reporting requirements including 1099-R, Form 945, etc. Does your firm prepare these filings, or does it provide all necessary data so that a TPA may prepare the forms? Please describe your process in detail.
6. Are ERISA Budget Accounts available at the adopter level?

# Section III – Marketing Support

1. As this is a new program for SBAM, describe your plans for how you would assist us in marketing this to our small business members.
2. What marketing support dollars would you propose to provide to SBAM, in addition to materials and collateral for us to provide to our members?

# Section IV – Communications and Education

1. Describe your employer and participant communication and education services. Include sample materials.
2. Do you provide materials to educate participants about general financial and retirement planning issues and how SBAM’s and their employer’s plan may fit into their personal plans? Include sample materials.
3. To what degree do you customize your materials?
4. Describe your proposed communication process for adopting employers of the PEP.
5. Where will the service representatives for this account be located?
6. How many accounts will the representatives for our PEP be responsible for?
7. Are local representatives incented to solicit outside products that are not directly associated with SBAM’s PEP?
8. Do you require any special licensing or training for local service personnel? If yes, please describe.
9. Will you provide plan participants with on-site group education and retirement planning sessions on an on-going basis? If yes, please list the subjects that are covered in your program.
10. What special educational services do you offer specifically for employees nearing retirement?
11. Are you willing to indemnify and hold SBAM/SBRC harmless from any legal claims, and actions arising out of the education activities related to investments of the plan in compliance with related deferred compensation and qualified plan fiduciary compliance requirements under state and federal law? If no, please explain.
12. Do you offer specific investment advice to individual participants? If yes, please describe the process for providing such advice.
13. Does your firm, or a firm you are partnered with to give investment advice assume fiduciary responsibility for the recommendations that are given to participants?
14. Do you provide “managed account” services that enable a participant to pay a fee to your firm or partner firm to provide discretionary management of investment decisions for that participant? (Yes/No) If yes, please explain.
15. Quantify your proposed and ongoing on-site annual enrollment/education commitment. How many group meetings will you commit to perform annually for each adopting employer? How many individual consultations?
16. How do you measure the success of your educational programs?

# Section V – Fees

1. Estimate the total one-time start-up costs for implementing your services. Break the total charge down into its component parts, including any per-adopting-employer and per-participant and/or asset-based charges.
2. Estimate the total ongoing costs for your services. Break the total charge down into its component parts, including any per-adopting-employer and per-participant and/or asset-based charges.
3. Fully identify (and certify) any and all direct or indirect financial arrangements (including any revenue sharing) with the plan, your firm, and/or any other entity providing services (either directly or indirectly) to SBAM/SBRC and/or any adopting employer through your firm. For each financial arrangement, fully describe how the remuneration is paid (*e.g.* from plan assets, charging each participant a fee, charging the adopting employer a fee, or billing the adopting employer directly), and whether it is a one-time or ongoing payment. Enumerate how each of these direct or indirect financial arrangements and/or payments is utilized for plan purposes.
4. Does your organization have any financial arrangements with another individual or entity whereby your firm (or an agent for your firm) receives compensation based upon the amount or number of plans or assets placed with that entity? If so, fully disclose each arrangement.
5. For what period of time are your all of your ongoing fees guaranteed?
6. What service guarantees do you provide and what fee bonuses or penalties do you offer?
7. What has been the average increase in your fees over the past five years?
8. Are there any “termination fees” that would apply at any time in the future, either to SBAM/SBRC as the PEP sponsor, or to any adopting employer? If so, please provide complete details.

# Section VII – Quality

1. How do you monitor employer/participant satisfaction?
2. How do you monitor your employees’ performance?
3. How are participant and plan sponsor complaints handled?
4. What differentiates your quality program from your competitors?