

**SEMINOLE COUNTY GOVERNMENT  
AGENDA MEMORANDUM**

**SUBJECT:** Deferred Compensation Plan Briefing

**DEPARTMENT:** Fiscal Services      **DIVISION:** Purchasing and Contracts Division

**AUTHORIZED BY:** Lisa H. Spriggs      **CONTACT:** Janet Davis/Ray Hooper EXT. 7111

Agenda Date 07/27/04    Regular     Consent     Work Session     Briefing   
Public Hearing – 1:30       Public Hearing – 7:00

**MOTION/RECOMMENDATION:**

**BACKGROUND:**

**MOTION/RECOMMENDATION:**

Request the Board provide direction as to the number of providers for the County's Deferred Compensation Plan under RFP-4210-04/AJR and authorize staff to conduct negotiations.

Reviewed by:  
Co Atty: \_\_\_\_\_  
DFS: \_\_\_\_\_  
Other: \_\_\_\_\_  
DCM: \_\_\_\_\_  
CM: \_\_\_\_\_  
  
File No. CFSP01

## **BACKGROUND:**

The Deferred Compensation Plan is currently provided by Nationwide Retirement Services (NRS) as an exclusive provider for the past 18 years. RFP-4210-04/AJR was issued in response to a request to competitively bid this service and to select a second provider to enable Seminole County employees the ability to choose their provider.

The County received nine proposals and staff evaluated all proposals and ranked the top three providers as follows: A financial consultant assisted the evaluation team.

1. Great-West Retirement Services
2. Principal Financial Group
3. NRS

During the evaluation process, staff reviewed the State Deferred Compensation Plan as a potential piggyback. The State plan has six providers with various types of investment flexibility along with very low administration fees. During a two month period, staff was told that Seminole County could piggyback, but later the State indicated that legislation would have to be passed to allow local governments to participate. The earliest that this could be accomplish would be in the Spring/Summer 2005.

Staff decided to continue with the RFP and conducted presentations with the intent to award two contracts; one with the current provider (NRS) and another with the top ranked presenting firm.

When reviewing the proposals and during presentations, staff observed that selection of a single provider would clearly be in the best interest to County's employees for the following reasons:

√ Lowest cost, some firms will not charge any administration/expense fees and provide the service from the 12b-1 fees that are paid by the Mutual Fund Companies. The investment volume as a single provider allows them to not charge additional fees. This cannot be done under a dual provider concept.

√ Revenue sharing back to the participants from the 12b-1 fees paid by the Mutual Fund Companies. This is only available under a single provider, again because of the volume of investment business.

√ Restore any fees that would be charged during the conversion process to make the selection of a single provider easier without the loss of any participants' investment funds.

√ Less confusion from the employee's perspective, if one provider is selected. The competitive sales environment in dual plan providers forces a situation where the providers must try to attract participants and assets to their plans rather than providing unbiased training and education.

- √ Less HR administration, if one provider is selected.
- √ Self-directed brokerage services are available that allows almost unlimited access to any mutual funds and/or stocks; therefore a single provider does not limit your investment selections or choices.
- √ “Buying Power” to negotiate the best deal for participants is diminished when the services is divided among two providers.

During presentations, Great-West Retirement Services as the exclusive provider, offered the following features that are not available under our current contract or under a dual provider arrangement:

- √ Revenue sharing of \$20K per year from 12b-1 fees paid by the Mutual fund companies
- √ No administration/expense fees
- √ Retail mutual funds (not annuities, units)
- √ Self-Directed Brokerage service and Managed account services available for a fee
- √ Customized investment statement (full disclosure) for Seminole County
- √ Up to thirty six on-site visits for training and individual meetings
- √ Conversion money up to \$300K to restore full value to participant’s accounts

Based upon the above information, staff is requesting direction as to the number of providers for the County’s Deferred Compensation Plan and authorization for staff to conduct negotiations.

**B.C.C. - SEMINOLE COUNTY, FL  
RFP TABULATION SHEET**

RFP NUMBER: RFP-4210-04/AJR  
RFP TITLE: Employee Deferred Compensation Plan  
DUE DATE: March 10, 2004, 2:00 P.M

ALL SUBMITTALS ACCEPTED BY SEMINOLE COUNTY ARE SUBJECT TO THE COUNTY'S TERMS AND CONDITIONS AND ANY AND ALL ADDITIONAL TERMS AND CONDITIONS SUBMITTED BY THE PROPOSERS ARE REJECTED AND SHALL HAVE NO FORCE AND EFFECT. RFP DOCUMENTS FROM THE PROPOSERS LISTED HEREIN ARE THE ONLY SUBMITTALS RECEIVED TIMELY AS OF THE ABOVE OPENING DATE AND TIME. ALL OTHER RFP DOCUMENTS SUBMITTED IN RESPONSE TO THIS SOLICITATION, IF ANY, ARE HEREBY REJECTED AS LATE.

<b>RESPONSE -1-</b>	<b>RESPONSE -2-</b>	<b>RESPONSE -3-</b>	<b>RESPONSE -4-</b>
Amvescap Retirement, Inc. 400 Colony Square Suite 2200 Atlanta GA 30311  David Lail 404-879-7916 – Phone 404-879-7982 – Fax	Bert Reames Investment Adv 149 E. International Speedway Blvd. Daytona Beach FL 32118  Bert Reames 386-258-3770 – Phone 386-258-6994 – Fax	Great-West Life & Annuity Insurance Company 8515 East Orchard Road Greenwood Village CO 80111  Al Cunningham 303-737-2083 – Phone 303-737-6544 – Fax	The Hartford 200 Hopmeadow Street Simsbury CT 06089  Eric Wietsma 860-843-3570 – Phone 860-843-3763 – Fax
<b>RESPONSE -5-</b>	<b>RESPONSE -6-</b>	<b>RESPONSE -7-</b>	<b>RESPONSE -8-</b>
ING Life Insurance and Annuity 151 Farmington Ave TNA1 Hartford CT 06156  M. Kathleen Reid 860-723-3239 – Phone 860-723-3258 – Fax	MetLife, Inc. One Madison Avenue New York, NY 10010  Scott Vensor 303-672-3004 – Phone 303-672-3366 – Fax	** Nationwide Retirement Solutions 5900 Parkwood Dublin OH 43016  Thomas F. Houle 614-854-8916 – Phone 614-854-3665 – Fax	The Principal Financial Group 711 High Street Des Moines Iowa 50392  Scott Heidesch 800-543-4015 – Phone 904-367-8404 – Fax
<b>RESPONSE -9-</b>			
The Security Benefit Group of Companies One Security Benefit Place Topeka KS 66636-0001  Richard J. Wells 785-438-3408 – Phone 785-368-1471 – Fax			

Tabulated by: Amy J. Rossi, Sr. Contracts Analyst (Posted: 03/11/2004)

Recommendation of Award: TBD

Initial Discussion and/or Shortlisting Meeting – 8:30am, April 16, 2004 – CSB Purchasing Conference Room, 1101 East First Street, Sanford, Florida

This project is in abeyance while the County reviews all available options until September 2004. (Posted: 05/19/2004)

Interview and Presentation Selection: Great-West Life & Annuity Insurance Company, The Principal Financial Group

Presentations: Thursday, July 1<sup>st</sup>, 2004, starting at 9:00am located at the CSB Purchasing Conference Room, 1101 East First Street, Sanford, Florida

\*\* Nationwide will be given an opportunity to present during a separate meeting held by the County Manager. (Posted: June 21, 2004)

A briefing to the Board will be given on July 27, 2004 for direction relating to having dual providers or a single provider. (Posted: July 8, 2004)