

EXECUTIVE SUMMARY

Third Amendment to Agreement 16-005V – Retirement Plan Administration and Investment Management Services for School Board Employees

Background

On May 19, 2015, the School Board approved the contract for BENCOR, Inc. to provide Retirement Plan Administration and Investment Management Services. The initial term of the contract is July 1, 2015 through December 31, 2018, with two (2) one (1) year renewal options. At the time of award, the additional documents had not been received from BENCOR, Inc. and their third-party vendors. Due to the complexity and regulatory environment for these types of products and the need for additional third-party approvals, upon notice from the vendor, staff and the Benefits Consultants began reviewing the additional documents and negotiating the terms to ensure the School Board and its employees received the best possible services. The initial Agreement was therefore amended, and the School Board approved the First Amendment to Agreement (Item E-9) on June 21, 2016, and executed the attached Exhibits (A-E) with Transamerica Life Insurance Company, Transamerica Retirement Solutions Corporation, and Prudential Retirement Insurance and Annuity Company.

Subsequent to the School Board approving June 21, 2016, Board Item, Transamerica and Prudential notified BENCOR that their Contract Crediting Rates would continue to be reduced from one (1) point seventy-five (1.75) percent to as low as one (1) percent. Understanding that this change would be viewed by SBBC and its plan participants as less than desirable, BENCOR reviewed alternatives and negotiated an Agreement with Lincoln Financial to use their Stable Value Account for the Program. SBBC Benefits staff and its Benefits Consultants reviewed the proposed change and determined that it would produce more competitive Crediting Rates (a minimum of one-point-five (1.5) percent) for SBBC and its participants. On June 13, 2017, the School Board approved the Second Amendment to Agreement and executed the attached Exhibits (A-C) - Lincoln Application, Lincoln Contract Specifications, and Lincoln Group Annuity Contract established with BENCOR under each of the plans respectively.

On May 16, 2018 the Superintendent's Insurance & Wellness Advisory Committee (SIWAC) held its annual contract renewal meeting. The SIWAC voted unanimously to recommend approval of the first one (1) year renewal option to the Superintendent of Schools.

Requested Action

This request is to approve the Third Amendment to Agreement for the above referenced RFP and execute the attached Exhibits (B & D) with Lincoln Financial Group and Bencor, Inc.

Overview of Services

Approved by the Internal Revenue Service and offered by BENCOR, Inc., the Plan includes two (2) tax-qualified, defined-contribution retirement investment plans:

- **FICA Alternative Plan**
 - As an alternative to Social Security, the FICA Alternative Plan provides an individual investment plan for part-time, temporary and seasonal employees. Contributions to the plan are deducted from each employee's wages and are income tax-deferred and invested in accordance with each employee's direction.

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- **Special Pay Plan**

- The Special Pay Plan is an employer-sponsored retirement plan for full-time employees. Under this plan, contributions of accumulated sick, vacation and other leave or incentive pay permanently avoid Social Security and Medicare taxes, while deferring income tax until the funds are withdrawn. This means that participants and employers could realize a seven-point sixty-five (7.65) percent payroll tax savings on eligible plan contributions immediately.

Upon approval of this agenda item, both the District and its employees will continue to receive tax savings with the associated benefits.