

## EXECUTIVE SUMMARY

### Fourth Amendment to Agreement 16-005V – Retirement Plan Administration and Investment Management Services

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#### **Introduction**

##### **Responsible: Procurement & Warehousing Services (PWS)**

This request is to approve the Fourth Amendment to the Agreement and renewal for Request for Proposal (RFP) 16-005V – Retirement Plan Administration and Investment Management Services with Bencor, Inc. The RFP provides for an option to renew the contract for two (2) additional one (1) year periods. This request is the second and final one (1) year renewal option from January 1, 2020 through December 31, 2020. This RFP provides investment products, administration, employee communication, and legal consultation to support the School Board's employee retirement plan.

#### **Goods/Service Description**

##### **Responsible: Benefits**

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.
  
- **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or incentive pay permanently avoid Social Security and Medicare taxes, while deferring income tax until the funds are withdrawn.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.

#### **Procurement Method**

##### **Responsible: PWS**

The procurement method chosen was through a competitive solicitation, which is required by Purchasing Policy 3320, Part V, Rule A, and Florida Administration Code 6A-1.012(15).

A draft RFP for Retirement Plan Administration and Investment Management Services was developed and subsequently reviewed in a public meeting by the Superintendent's Insurance & Wellness Advisory Committee (SIWAC) on November 13, 2014. The RFP 16-005V was released via Onvia DemandStar on December 12, 2014, and opened on February 6, 2015. Three hundred and seventy-four (374) vendors were notified through Onvia Demandstar, forty-four (44) vendors downloaded the RFP, and The School Board of Broward County, Florida (SBBC), received responses from three (3) proposers for RFP 16-005V - Retirement Plan Administration and Investment Management Services Bencor, Lincoln Financial Group, and VALIC.

#### **Fourth Amendment to Agreement**

#### **16-005V – Retirement Plan Administration and Investment Management Services**

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On March 12, 2015, SIWAC evaluated the proposals, based on Experience & Qualifications, Scope of Services, Cost, and Minority/Women Business Enterprise. As a result of the scoring and subsequent negotiations, SIWAC voted to recommend to the Superintendent the following award to Bencor, Inc.

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 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 the June 21, 2016 Board Item, Transamerica and Prudential notified Bencor that their Contract Crediting Rates would continue to be reduced from one-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, 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. On August 21, 2018, the School Board approved the request for the first one (1) year renewal option and executed Exhibits B & D with Lincoln Financial Group and Bencor, Inc.

On May 8, 2019, SIWAC held its annual contract renewal meeting. The SIWAC voted unanimously to recommend approval of the second and final one (1) year renewal option to the Superintendent of Schools. Upon approval of this agenda item, both the District and its employees will continue to receive tax savings with the associated benefits.

#### **Financial Impact**

**Responsible: PWS and Benefits**

There is no financial impact to the District.