



City of Los Angeles
Deferred Compensation Plan

THIRD-PARTY-ADMINISTRATOR REQUEST FOR PROPOSAL



Personnel Department

 **Employee Benefits Division**

 **Segal Consulting**
Benefits, Compensation and Human Resources Consulting

REVIEW MEETING OBJECTIVES

- Define **mission** of procurement relative to Plan mission
- Review primary **service categories**
- Review defined contribution **services landscape**
- Review concepts for RFP **best practices & innovations**



I. PROCUREMENT MISSION





PROCUREMENT MISSION



CITY OF L.A. DEFERRED COMPENSATION PLAN CORE MISSION

A. What is our **Core Mission**?

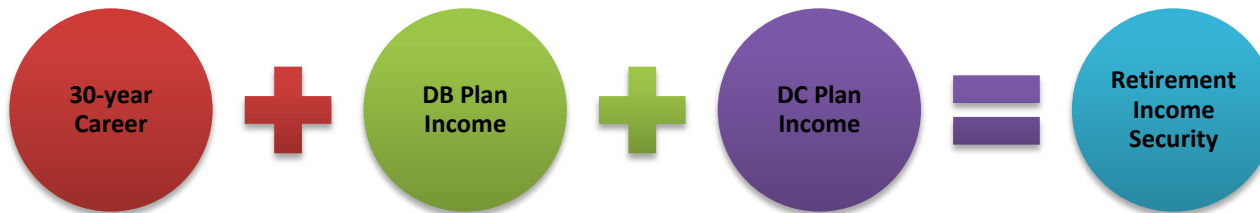
- To help City employees achieve **retirement income security**

B. What is Retirement Income Security?

- Replacement of **100% of "lifestyle income"** upon retirement

C. What is Lifestyle Income?

- **Nominal annual salary upon retirement less primary salary reductions for retirement saving (a.k.a. maintaining one's standard of living)**





PROCUREMENT MISSION

HOW DO WE MEASURE SUCCESS?



Plan Participation &
Providing Exceptional
Service



Achieving Retirement
Income Security
(Accumulation)



Maintaining Retirement
Income Security
(Decumulation)



PROCUREMENT MISSION



WHAT IS MISSION OF TPA PROCUREMENT?

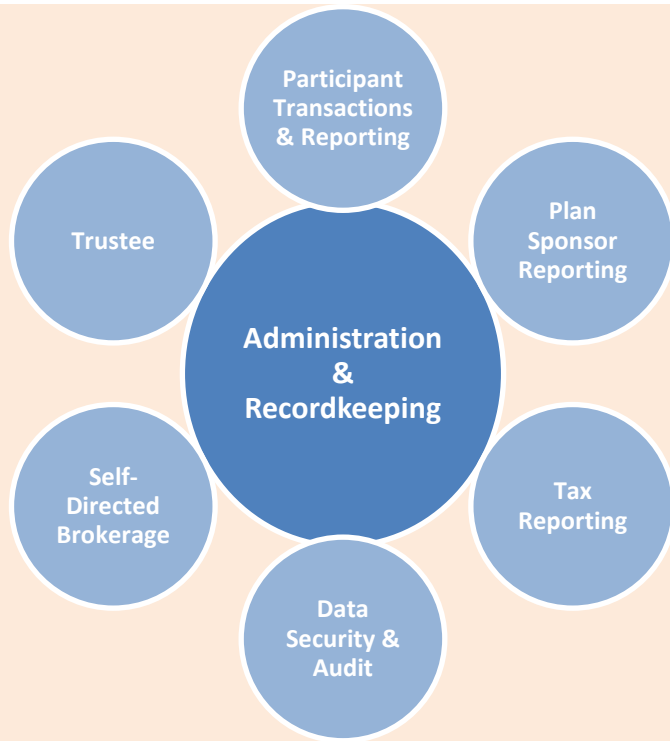
To identify the service provider who can best support the City's Plan in:

- Enrolling employees into the Plan and providing them exceptional service
- Promoting/supporting participant accumulation consistent with achieving retirement income security; and
- Promoting/supporting participant decumulation consistent with maintaining retirement income security

II. PRIMARY SERVICE CATEGORIES



III. PRIMARY SERVICE CATEGORIES



Administrative competency and communications effectiveness support participants in meeting core mission and achieving/maintaining retirement income security.

III. DC SERVICES LANDSCAPE



Marketplace Trends & Implications



➤ **Vendor consolidation**

- Implication: Fewer bidders in the universe

➤ **Evolving business models**

- Implication: Bidders are more selective on opportunities

➤ **Complexity of service models**

- Implication: Importance of mutual understanding of required services and associated effort

➤ **Customization vs. standard process**

- Implication: Focus process on value-adds that are important; eliminate custom processes when unnecessary

Marketplace Trends & Implications



➤ Procurement processes

- Implication: Bid processes require significant effort and there is a need for streamlined process, reasonable timelines, elimination of unnecessary roadblocks, robust information exchange

➤ Fee transparency and pricing complexity

- Implication: Process to ensure full understanding of all costs and sources of revenue

➤ Performance standards

- Implication: Satisfaction improves when expectations are clear

IV. CONCEPTS FOR RFP BEST PRACTICES & INNOVATIONS



CONCEPTS FOR PROCUREMENT BEST PRACTICES & INNOVATIONS

A. Assess Participant Service Preferences

- Focus groups
- Survey

B. Identify Core Group of Services

- Identify current core services
- Best fit & thorough exchange of information & mutual understanding
- Document current/operations/services
- Benchmarking & identifying potential new services

C. Focused Written Questionnaire

- Comprehensive without being burdensome
- Tables/checklists and “essay” questions
- Create with evaluation process in mind
- Invitation for value-added services

CONCEPTS FOR PROCUREMENT BEST PRACTICES & INNOVATIONS

D. Pricing

- Standardized format
- Full revenue disclosure statement
- Identify potential misunderstandings
- Consider costs of additional services and implementation effort
- Sealed price proposals?

E. Performance Based Exams

- Preset agenda including respondent-specific items
- Scored items in process
- Site visits?

F. Evaluation

- Bid requirements verification
- Common process used by all evaluators
- Evaluate in context of identified goals

CONCEPTS FOR PROCUREMENT BEST PRACTICES & INNOVATIONS

G. Selection

- Decision
- Notification
- Protests
- Contract negotiations
- Transition