

**Performance Exam**  
**City of Los Angeles Request for Proposal**  
**2016 DCP TPA**  
**TOPIC A - Administrative, Recordkeeping & Communications**  
**Efficacy - Integration, Customization, & Responsiveness**

**Background**

*This performance examination is designed as an interactive exercise in which you as the service provider will participate in a dialogue with the review panel for this Request for Proposal (RFP) regarding a specific objective, administrative challenge, and/or policy initiative relative to the provision of Third-Party-Administrative services to Deferred Compensation Plan members.*

*In this document you are provided with a brief description of the performance exam topic. In the discussion the review panel chairperson will briefly introduce the concept and provide additional background. You will be asked to engage with the topic by framing the issue from your perspective and discussing potential solutions/deliverables. Please note the following:*

- *The exam will last approximately **two hours**.*
- *No materials or equipment are permitted into the exam.*
- *Your firm may not present information on any organizational resources, capabilities, or services which are not the specific subject of this exam.*
- *All firms participating in the performance exams will be given identical exam exercises.*
- *The exam panel will include only those individuals who are tasked with scoring the written responses to the City's RFP.*
- *Scoring of the performance exams is independent of scoring of the written responses to RFP questions; information discussed in the performance exams will not enhance the scoring of any related topics included in the written responses to the RFP.*

*The City approaches this exercise as an opportunity to explore your firm's resources, capabilities, and creativity in partnering with the City on specific objectives. We look forward to participating with you in what we hope will be an informative, interactive, and engaging discussion.*

**Discussion**

Third party administrator recordkeeping involves a constellation of functions and processes that must satisfy a broad range of often conflicting goals and objectives. At their most essential, they must provide mechanisms to properly effect "money-in" and "money-out" for plan participants. At the same time, they must also incorporate operational efficacy and efficiency for plan sponsors and communications efficacy for plan participants. Finally, service providers, in order to be competitive, must create efficiencies in the design and administration of their services in order to meet the varying demands of a wide range of plan sponsors.

Plan sponsors, meanwhile, should be squarely focused on the unique needs of their participants. Participants, in order to be successful with their retirement savings objectives, need to be supported in the following ways:

- “Core” messaging regarding the most essential concepts and actions required to achieve retirement readiness must be communicated simply and effectively.
- “Process, Rules, and Opportunity” translation must take much larger and more complex sets of information and successfully balance communications efficacy, disclosure and regulatory responsibilities, and embedded administrative processes.



These communication and administrative challenges frequently involve inherent conflicts and contradictory outcomes. For example, a communication output driven by an administrative process within a specific regulatory structure can create participant confusion that leads to a failed outcome.

In this exam you will be asked to engage in a dialogue with the review panel regarding how successfully, creatively, and flexibly your firm will be able to support the City’s mission to balance successful participant outcomes with recordkeeping, process, regulatory, and complexity challenges by:

- Demonstrating whether and to what degree your firm has considered these challenges and both developed a work culture and integrated strategies for prioritizing participant outcomes;
- Indicating the degree to which your processes and protocols are grounded in a participant outcomes-based orientation; and
- Can work as a partner and collaborator in a team-based approach involving the City, its consultants, and other service providers around effective communications, engagement, advocacy and participant support.

# Performance Exam

## City of Los Angeles Request for Proposal

### 2016 DCP TPA

## TOPIC B - Distributions, Rollovers and Loans

### **Background**

*This performance examination is designed as an interactive exercise in which you as a service provider will participate in a dialogue with the review panel for this Request for Proposal (RFP) regarding a specific objective, administrative challenge, and/or policy initiative relative to the provision of Third-Party-Administrative services to Deferred Compensation Plan members.*

*In this document you are provided with a brief description of the performance exam topic. In the discussion the review panel chairperson will briefly introduce the concept and provide additional background. You will be asked to engage with the topic by framing the issue from your perspective and discussing potential solutions/deliverables. Please note the following:*

- *The exam will last approximately **one hour**.*
- *No materials or equipment are permitted into the exam.*
- *Your firm may not present information on any organizational resources, capabilities, or services that are not the specific subject of this exam.*
- *All firms participating in the performance exams will be given identical exam exercises.*
- *The exam panel will include only those individuals who are tasked with scoring the written responses to the City's RFP.*
- *Scoring of the performance exams is independent of scoring of the written responses to RFP questions; information discussed in the performance exams will not enhance the scoring of any related topics included in the written responses to the RFP.*

*The City approaches this exercise as an opportunity to explore your firm's resources, capabilities, and creativity in partnering with the City on specific objectives. We look forward to participating with you in what we hope will be an informative, interactive, and engaging discussion.*

### **Discussion**

Distributions, rollovers and loans involve high degrees of administrative, communications and process complexity. This exam will focus specifically on the administrative processes and participant communications your firm has created for Plan participants within each of these arenas:

- Distributions
- Loans
- Rollovers

In this performance exam you will be asked to discuss your distribution/loan/rollover request forms and educational materials as presented in your written RFP response, and administrative processes, and engage with the review panel in a participant-oriented, reflective evaluation of their efficacy and suitability for assisting Plan participants in achieving successful outcomes. To the extent that your materials may be determined to be unsuccessful or less than optimal in achieving successful outcomes, you will be asked to identify the factors that produced the deficiencies, the obstacles to creating change, and a path to overcoming those obstacles.

# Performance Exam

## City of Los Angeles Request for Proposal

### 2016 DCP TPA

## TOPIC C - Communications Resources & Success Metrics

### Background

*This performance examination is designed as an interactive exercise in which you as the service provider will participate in a dialogue with the review panel for this Request for Proposal (RFP) regarding a specific objective, administrative challenge, and/or policy initiative relative to the provision of Third-Party-Administrative services to Deferred Compensation Plan members.*

*In this document you are provided with a brief description of the performance exam topic. In the discussion the review panel chairperson will briefly introduce the concept and provide additional background. You will be asked to engage with the topic by framing the issue from your perspective and discussing potential solutions/deliverables. Please note the following:*

- *The exam will last approximately **one hour**.*
- *No materials or equipment are permitted into the exam.*
- *Your firm may not present information on any organizational resources, capabilities, or services which are not the specific subject of this exam.*
- *All firms participating in the performance exams will be given identical exam exercises.*
- *The exam panel will include only those individuals who are tasked with scoring the written responses to the City's RFP.*
- *Scoring of the performance exams is independent of scoring of the written responses to RFP questions; information discussed in the performance exams will not enhance the scoring of any related topics included in the written responses to the RFP.*

*The City approaches this exercise as an opportunity to explore your firm's resources, capabilities, and creativity in partnering with the City on specific objectives. We look forward to participating with you in what we hope will be an informative, interactive, and engaging discussion.*

### Discussion

The City's Deferred Compensation Plan is in the early stages of moving to a goals and results oriented focus on expanding participant success. The City has defined its core mission as assisting City employees in achieving retirement income security. Retirement income security has been defined as achieving 100% replacement of "lifestyle income" (defined as gross salary less primary reductions for retirement salary reductions). To achieve that objective, an employee must:

- Enroll in the City's Deferred Compensation Plan;
- Contribute to his/her account at a rate sufficient to accumulate the required balance to close the income gap between the 100% lifestyle income target and the salary replacement produced by the defined benefit plan;
- Invest in a manner consistent with both the individual's unique risk tolerance and the retirement security objective; and
- Withdraw the funds in a manner consistent with the retirement security objective.

Success within each of these fundamental goals can be measured in part by:

- Participation rates
- Contribution rates
- Investing patterns
- Withdrawal elections/patterns
- Asset retention patterns
- Knowledge/awareness of retirement plan opportunities, services and features
- Engagement with Plan educational resources

Improvement upon success can be created by focusing on key success metrics, establishing goals, developing strategies to meet those goals, and evaluating the success of the strategy in improving upon success.

The Plan's Third-Party-Administrator is not solely responsible but is a vital partner in the pursuit of success. In this exam you will be asked to engage in a dialogue with the review panel regarding:

- Relating your communications resources (local counselors, website, mobile technology, educational materials, etc.) to, and creating accountability for producing, measurable participant outcomes;
- Defining your philosophy around assisting plan sponsors in meeting their mission, developing and implementing outcomes-based strategies, and measuring and creating success;
- Relating your philosophy to specific policies, practices and metrics you have developed or will implement as part of assisting the City in its success objectives; and
- Identifying a relationship between your philosophy, support mechanism, and participant outcomes.