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## **ASPPA Retirement Committee Request for Proposal Financial Advisory Services**

### **Overview**

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The American Society of Pension Professionals and Actuaries (ASPPA) is a non-profit organization with 35 employees. ASPPA sponsors a 401(k) plan and a defined benefit plan for the benefit of its employees. ASPPA's 401(k) plan had approximately \$1.7 million in assets and 50 participants as of December 31, 2009. The 401(k) plan allows participants to direct the investment of their accounts and is intended to comply with ERISA section 404(c). As of January 1, 2010, ASPPA's defined benefit plan had 52 participants and \$350,000 in plan assets. Nationwide serves as the custodian for the plans' assets.

The ASPPA Retirement Committee as the plan administrator is interested in hiring an investment advisor to serve as a fiduciary to ASPPA's 401(k) and defined benefit plans and to provide investment education to participants in ASPPA's 401(k) plan. ASPPA is located in Arlington, Virginia and we are interested in talking with investment professionals who are either located in this region or who regularly travel to this region to meet with clients. We would like the advisor to meet with the ASPPA Retirement Committee in person once a year at the time of ASPPA's Annual Conference in October; and discuss the plans' investments with us by phone on a quarterly basis for the remainder of the year. We are also looking for an advisor who will provide enrollment meetings in Arlington, Virginia for ASPPA's employees and investment education for the 401(k) plan's participants.

### **Company Background**

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#### **A. Organization**

1. Provide a brief summary and history of your firm and your parent organization (if applicable), including the year founded, location of its headquarters, number and location of other offices (including which office would service ASPPA), number of professional consultants, and significant developments affecting the firm in the last five years, such as changes in ownership, restructuring, personnel reorganization, or philosophy.
2. Is your firm, its parent, or affiliate a registered investment advisor with the SEC under the Investment Advisors Act of 1940?
3. Note any changes in ownership or management of your firm planned or anticipated during the next two years.
4. Provide the name, title, home office location, and biography of each key individual who would be directly responsible for providing consulting services to ASPPA. Include the year each individual joined the firm, current position and responsibilities, area of expertise, investment/portfolio management experience, education, training, professional designations and memberships, and major clients. Detail their roles and the scope of their involvement with ASPPA.

**B. Alliances/Partners**

1. Note any ownership or financial relationships with any other financial firms, including asset management firms, broker or dealer firms, banking, insurance, or actuarial firms.
2. Provide a list of all direct or indirect Representative Provider Alliances (i.e., Prudential, Watson Wyatt, JP Morgan Chase, etc).
3. Provide a list of all Service Partners (i.e., memberships, patrons, etc.).

**C. Client Base/References**

1. What is the total dollar amount of client assets managed by your firm?
2. What is the mean and median portfolio size of your retirement plan clients?
3. How many retirement plan clients do you currently have?
4. What are your client retention statistics for each of the last three years?
5. Please provide the contact information (name, address and phone number) of three retirement plan clients that may be contacted as references.

**D. Conflict of Interest**

1. Does your firm receive revenue from investment managers, custodians, brokerage firms, trusts, commission recapture firms and so on in the form of dues, finder's fees, "soft dollars," or charge for conferences? Disclose any finder's fees, fee splitting, payments to consultants, or other contractual arrangements of the firm that could present a real or perceived conflict of interest.
2. Disclose any other conflicts of interest that the firm may have in serving in the investment advisor relationship.
3. Include a copy of your firm's conflict of interest policy.

**E. Litigation**

1. Within the last five years has your organization or an officer or principal been involved in any business litigation or other legal proceedings relating to your consulting activities, or have they been involved in a SEC investigation or litigation? If so, provide an explanation and indicate the current status.
2. Have any of your employees had a criminal or regulatory action that has been reported as a FINRA disclosure event? If so, describe the event in detail.
3. Are there any other legal matters we should be aware of? If so, please describe.

**Scope of Services**

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Complete the following chart to provide a full list of consulting services offered by your firm. Insert an "X" in either the Yes or No column. Under the "comments" section, provide any high level details or clarification necessary. Add any other services that we should be aware of.

Investment Management Service	Service Provided?		Comments
	Yes	No	
Asset allocation/portfolio structure advice			
Portfolio monitoring and evaluation			
Portfolio performance reporting (at least quarterly)			
Investment manager monitoring and selection advice			
Co-Fiduciary responsibility			
Investment policy/guideline development, periodic review, and updates			
Vendor search to include investment, actuarial, administrative and trustee services as required			
Plan benchmarking relative to industry standards			
Comprehensive analysis of plan fees and costs			
Communication of updates and changes to regulatory environment and legislation as necessary			
Client meetings on a regular basis			
Coordination of all service providers as requested			
Ad-hoc research requests by client			
Employee education and advice services			

### A. Investment Approach

1. Describe your approach and philosophy to providing investing, asset allocation and portfolio structuring advice.
2. Describe your firm's asset allocation process, including the development of investment policies, portfolio structure, and guidelines for investment managers.

### B. Performance Evaluation

1. Describe your firm's performance reporting and evaluation services. How often are performance reports produced and delivered? Please provide a sample performance report that includes overall portfolio, asset class and manager performance. Provide sample quarterly client reporting and a sample monthly performance update.

2. Describe your approach (methods and sources of data) to monitoring and evaluating the performance of a portfolio, including the monitoring and calculating of performance, risk, investment style, manager guideline compliance, account restrictions, etc.
3. Give an overview of your firm’s approach and criteria for placing a manager on a watch list and removing a manager from a watch list.
4. Provide a sample investment reporting timeline, which includes the number of business days after the end of a reporting period that performance reports are available.

**C. Fiduciary Issues**

1. Is your firm willing to accept fiduciary status?
2. Describe how your firm assists (if at all) with: (a) satisfying the requirements of ERISA section 404(c); (b) investment policy statements; and (c) benchmarking plan expenses.

**D. Educational Services**

Describe any services provided around employee education and advice and provide sample communications.

**E. Firm’s Strengths**

What are the firm’s key strengths, competitive advantages, and targeted areas of opportunity? What do you believe sets your firm’s services apart from the competition, and what unique value-added services could you provide?

**Fees and Fee Structure**

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**A. Schedule of Fees**

Please provide a fee proposal for the scope of services outlined in this RFP. Attach a schedule of all expenses covering each of the services/activities offered, using the chart that follows as a template. This chart is not all-inclusive. In preparing the chart, please consider the scope of services that you are proposing—we want to be aware of all charges, expected and potential. Add any other services that we should be aware of with associated fee structure.

*If any assumptions are necessary in providing this fee proposal, please fully explain your assumptions.*

***ASPPA’s procurement strategy requires all bidders, regardless of product or service, to submit only one financial offer. Although at this stage of the process, fees and expenses are estimates for purposes of identifying finalists, it is important to ASPPA that the concept of “first, best” offer be disclosed from the onset of the process. The actual “first, best” financial offer will be requested from the finalists who may be selected from the RFP process.***

Service Fees	Fee Structure/Frequency
Proposed Flat Fee <u>or</u> Asset Based Fee (specify)	

Service Fees	Fee Structure/Frequency
<b>If below service is included, note "Included" in the Fee column. If not, indicate the fee structure.</b>	
Asset allocation/portfolio structure advice	
Portfolio monitoring and evaluation	
Portfolio performance reporting (at least quarterly)	
Investment manager monitoring and selection advice	
Co-Fiduciary responsibility	
Investment policy/guideline development, periodic review, and updates	
Plan benchmarking relative to industry standards	
Retirement plan design consultation	
Comprehensive analysis of plan fees and costs	
Communication of updates and changes to regulatory environment and legislation as necessary	
Vendor search to include investment, actuarial, administrative and trustee services as required	
Coordination of all service providers as requested	
Client meetings on a regular basis	
Required travel for client site meetings or client Board meetings	
Ad-hoc research requests by client	
Employee education and advice services	
Periodic retirement record keeper and related ancillary RFP work	

**B. Fee Questions**

1. How will travel and miscellaneous expenses be handled within the proposed fees?
2. If you offer an alliance relationship/accept soft dollars, please identify any "offset" to expenses.
3. Are you willing to guarantee your fees for a specific period of time? If so, how long? What are the limits on annual increases?
4. Will you commit to performance standards/guarantees and place fees at risk if standards are not met?
5. Does the firm have any minimum fee requirements?

6. Describe what plan consulting services are not included and related hourly charges and out-of-pocket expenses.
7. What are the factors you consider in determining future increases and when do they occur?
8. What are the breakpoints for reassessing the fee structure for administration services? Please describe the process.

**Sample Agreement**

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Please provide a sample service agreement.

**Responses**

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Responses must be submitted no later than **Thursday, April 7, 2011** to:

Tom Hopkins  
ASPPA  
4245 Fairfax Drive, Ste. 750  
Arlington, VA 22203  
[thopkins@asppa.org](mailto:thopkins@asppa.org)

*Thank you for your time and interest in submitting a proposal!*

**The ASPPA Retirement Committee**