

**RETIREMENT COMMITTEE
DECEMBER 13, 2023**

TAB	DESCRIPTION	ACTION
1	OPTIONAL RETIREMENT PROGRAM - DEFINED CONTRIBUTION RECORDKEEPING SERVICES	Action Item

BUSINESS AFFAIRS AND HUMAN RESOURCES
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SUBJECT

Retirement Plan Committee – Idaho State Board of Education (Board) Optional Retirement Plan (ORP) 401(a) - Defined Contribution Recordkeeping Services

REFERENCE

October 2021

Board approved Retirement Plan Committee proposal to hire an Optional Retirement Plan consultant – Multnomah Group, Inc.

December 2022

Board approved Retirement Plan Committee proceeding with solicitation of defined contribution recordkeeping services for the Board 401(a) Optional Retirement Plan (ORP) in collaboration with Multnomah Group, Inc.

January 2023

Board Office received exemption from Idaho Division of Purchasing which allowed completion of the RFP process outside the state procurement process.

APPLICABLE STATUTES, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections II.K.2. and II.R.

Idaho Code §§ 33-107A, 33-107B, 33-107C

Idaho Code § 59-513

BACKGROUND

Board Policy II.R. creates the Retirement Plan Committee (RPC) which is charged with “stewardship of the retirement plans sponsored by the Board for the exclusive benefit of participants and their beneficiaries.” The Board-sponsored plans include the 401(a) Optional Retirement Plan (ORP), and the 403(b) and 457(b) voluntary deferred compensation plans (Plans). The Board has authority to manage and control the Plans’ operation and administration. The Board retains exclusive authority to amend the Plans and select trustees/custodians.

The information below represents a timeline of the process undertaken by the RPC in order to reach its recommendation for the sole provider of Defined Contribution Recordkeeping Services for the Idaho State Board of Education 401(a) ORP.

- January 2021, the RPC began discussing issuing a request for proposals (RFP) specifically for Defined Contribution Recordkeeping Services of the Idaho State Board of Education 401(a) ORP for Plan vendors. The ORP Plan itself had not undergone an RFP process since its inception (circa 1990s). In anticipation of this, the RPC agreed to expanding committee membership to ensure all participating Idaho public colleges and universities had

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representation.

- May 2022, the RPC discussed a possible RFP at the Q2 committee meeting.
- July 2022, the RPC focused on roles and responsibilities for managing the RFP and reviewed a proposed timeline.
- August 2022, a proposed timeline was presented and reviewed by the RPC. Before issuing an RFP, the committee endorsed a survey for all college and university campuses to gauge satisfaction with current providers and the current two-provider system.
- November 2022, the RPC reviewed campus survey responses at the Q4 meeting. The responses highlighted the importance of high-quality participant services, the need for in-person services at all college and university campuses, and a strong interest in administrative efficiency. The committee agreed to move forward with the RFP to solicit Defined Contribution Recordkeeping Services for the 401(a) ORP. This action item was approved by the Board at its December 22, 2022, meeting. The committee also appointed a sub-committee to review proposed questions prepared by RPC's financial advisor Multnomah Group.
- February 2023, the RFP sub-committee shared their list of RFP questions with the full RPC. Additional information was also being gathered to determine appropriate campus service levels.
- May 2023, the RPC convened to review a final draft of the RFP prepared by Multnomah Group, Inc. for recordkeeping of the 401(a) ORP. The objective of issuing this RFP was to ensure that 1) costs and services provided to participation in the ORP is competitive, 2) the obligations of the Board as plan sponsor are being fulfilled in accordance with state law, federal law, and the provisions of plan documents, 3) capture of any operational efficiencies that may accrue from outsourcing additional services to the service provider, 4) all employees, regardless of location are provided access to education resources to assist them in planning for their successful retirement. The RPC agreed to send the RFP to six (6) companies – CoreBridge, TIAA, Fidelity, Empower, Vanguard and Voya. The RFP was issued by Multnomah Group with responses from interested parties due on June 2, 2023.
- June/July 2023, RPC reviewed the responses from five (5) companies; Corebridge, Voya, TIAA, Empower, and Fidelity (Vanguard did not respond). Evaluation of the providers was based on a review of the following key criteria: Organizational Overview, Systems and Security, Plan Sponsor Services, Participant Services, Implementation, Fees for the services requested. After careful consideration, the RPC narrowed the field down to two (2) providers: TIAA and Fidelity. RPC also decided to have each of these two (2) providers present to the campus representatives their participant communication strategy and on-site participant education strategies.

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- August 2023, participant education presentations were completed by TIAA and Fidelity to campus representatives.
- September 2023, finalist presentations by TIAA and Fidelity were presented to the RPC. The committee discussed the impact of various scenarios including moving to a sole recordkeeper. The committee agreed to meet again before making a final decision.
- October 2023, the RPC continued the discussion with all committee members agreeing that Fidelity would be the best choice for plan participants moving forward. The recordkeeping cost presented by Fidelity was \$37 per plan participant. The committee then unanimously agreed to propose Fidelity as the sole Defined Contribution Recordkeeper for the Idaho 401(a) ORP. The RPC proposal will be included as an action item for the Board's December 2023 meeting.

DISCUSSION

The RFP process has been completed and the unanimous consensus by the RPC to move forward with proposal to select Fidelity the sole Defined Contribution Recordkeeper for the Idaho SBOE 401(a) ORP effective December 2, 2024.

IMPACT

Board approval would consolidate Defined Contribution Recordkeeping Services to one provider, Fidelity, beginning on December 2, 2024. The current 401(a) ORP model presently has two (2) providers (TIAA and Corebridge), which would continue to be service providers and work with Fidelity on the transition slated for December 2024.

STAFF COMMENTS AND RECOMMENDATIONS

RPC committee members and staff have worked closely with Multnomah to facilitate a thorough and deliberate RFP process. After careful consideration and extensive due diligence, the consensus of all committee members was to move forward with Fidelity. This review ensured that the ORP continues to meet industry best standards and practices, while saving Plan participants money and providing more transparent investment and fee information.

Fidelity is being proposed by the RPC based on their commitment to participant solutions and services, lower and more transparent costs, best in class technology, and simplified administration. RPC members included Board members and staff, campus representatives from all eight (8) colleges and universities, as well as the Public Employee Retirement System of Idaho (PERSI).

The fees going forward with Fidelity will be 25% less than current recordkeeping fees being paid by participants. Once transition occurs to Fidelity, all participants will pay \$37 per year for the recordkeeping fee, reflected as a \$9.25 per quarter charge on participant statements. The savings that will be achieved by this transition only apply to participant accounts.

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Staff recommends approval.

BOARD ACTION

I move to approve Fidelity as the Idaho State Board of Education 401(a) Optional Retirement Plan's sole provider of Defined Contribution Recordkeeping Services effective December 2, 2024.

Moved by _____ Seconded by _____ Carried Yes _____ No _____