

Financial Services
Mrs. Judith M. Marte, Chief Financial Officer

SUBJECT: INVITATION TO NEGOTIATE (ITN) # 15-060-MT FOR INVESTMENT PROVIDERS FOR M-DCPS 403(b) PLAN

COMMITTEE: FISCAL ACCOUNTABILITY

LINK TO STRATEGIC BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES

Staff requested the Board's 403(b) plan administrator, TSA Consulting Group, Inc. issue an Invitation to Negotiate (ITN) #15-060-MT. The purpose of this ITN was to gather and evaluate information from all organizations currently authorized as investment providers to the Board's 403(b) Retirement Savings Plan and negotiate with a limited number of these organizations as a requirement of continued participation in the Plan. The evaluation and final recommendation of authorized investment providers was based on the following:

- Experience and financial ability and operating performance of the provider;
- Evidence of current enrollment and service activities in the plan;
- Provisions and pricing of the annuity and/or custodial contracts;
- Array of services (including pricing) available to participants.

The Board adopted the Independent Benefit Council's (IBC) Statewide "Model Plan", as referenced in Board Policy 6144.01, as the accepted platform for companies offering investments to District employees as part of the Tax Sheltered Annuity (TSA) investment program and classified the investment providers into the following categories:

- IBC Model Plan Provider: Those investment providers listed in the Model Plan as recommended by the IBC.
- Run-Off Provider: Investment provider that is restricted to receiving and/or changing contribution amounts from employees with current contributions.
- Grandfathered Provider: Investment provider receiving employee contributions that is not classified as either a Run Off Provider or as an IBC Model Plan Provider.

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Currently, there are seventeen (17) investment providers eligible to add new participants. Of these providers, five (5) organizations are listed as members of the Independent Benefits Council's (IBC) Statewide Model Plan. The remaining twelve (12) organizations are considered "Grandfathered Providers" pursuant to School Board Policies 6144.01, effective July 1, 2011. There are 10,524 participants contributing to accounts in the M-DCPS 403(b) Plan and a total of 24,623 accounts with assets in the plan.

Solicitations were sent to the existing providers which met the definition of Model Plan providers and grandfathered providers through the Board's 403(b) Plan Administrator, TSA Consulting Group, Inc.

Currently the internal and outsourced costs associated with the administration of the 403(b) Plan are offset by a fee of \$1.42 per participant per month assessed to each provider. As the results of limiting the number of providers, the fee may be increased accordingly to assure administrative compliance for the Plan. Payment of the administrative fee is a requirement by all authorized providers.

Proposals were reviewed and discussed at a Superintendent's Ad-Hoc Committee convened on May 24, 2016. A unanimous recommendation by the committee was made to reduce the number of providers from 17 to 11 with the remaining 6 providers moving to run-off status as defined in policy. This will allow current participants to continue contributing to their respective providers while limiting new annuitants. Providers who are being recommended for run-off status have limited or no new enrollees or chose not to respond to the District's ITN.

Therefore staff is recommending, the Board adopt proposed changes to the 403(b) Retirement Savings Plan effective September 1, 2016 as outlined below:

Model Plan providers:

- American Century Services, LLC
- AXA Equitable Life Insurance Company
- PlanMember Services
- Security Benefit Group
- VALIC

Grandfathered providers:

- Foresters Financial (First Investors)
- Great American-Annuity Investors Life
- Investacorp – FTJ Fund Choice – Princeton Financial
- National Life Group (Life Insurance Company of the SW – LSW)
- Metropolitan Life Insurance Company
- ReliaStar Life Insurance Co/Voya Financial

Run Off status:

- Waddell & Reed, Inc.
- TIAA-CREF
- Americo Financial Life and Annuity
- Ameriprise Financial
- New York Life Insurance and Annuity Corp
- PFS Investments

Additionally, staff is recommending the Board's plan administrator, TSA Consulting Group, Inc. analyze the current plan offerings by provider, in order to review and possibly consolidate the current number of offered plans by company to ensure said plans would best provide investment options at the lowest fee structures and report to a subcommittee to include members of labor organizations for implementation.

Part of the goal in offering a more concise number of choices to employees is making the options clearer. The success of the redesigned program will be contingent, to a large degree, on our capacity to offer high quality options to employees and to educate them on those options. Therefore, 403(b) company representatives will be encouraged to develop and present program options to school district personnel during open enrollment and other non-work times. They will be encouraged to provide literature to the Office of Risk and Benefits Management to share with employees.

Lastly, staff is recommending all providers adhere to all Board Policies including but not limited to Policy 9150, School Visitors - Outside Vendors, except where labor contract provisions provide for representation of specific companies to service their members during non-work time. Staff will send notifications to all Tax Sheltered Annuity providers notifying them of their status and include School Board Policy 9150, School Visitors – Outside Vendors, which will include an acknowledgement of the policy with instructions to return the signed acknowledgement to the District. Failure to provide acknowledgement of the Board policy, or to properly follow the policy, will result in the District taking action including, but not limited to, suspension to provide IRS 403(b) products to Miami-Dade County Public School employees.

Revised

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

1. authorize the proposed changes to the 403(b) Retirement Savings Plan effective September 1, 2016, as outlined below:

Model Plan providers:

- American Century Services, LLC
- AXA Equitable Life Insurance Company
- PlanMember Services
- Security Benefit Group
- VALIC

Grandfathered providers:

- Foresters Financial (First Investors)
- Great American-Annuity Investors Life
- Investacorp – FTJ Fund Choice – Princeton Financial
- National Life Group (Life Insurance Company of the SW – LSW)
- Metropolitan Life Insurance Company
- ReliaStar Life Insurance Co /Voya Financial

Run Off status:

- Waddell & Reed, Inc.
- TIAA-CREF
- Americo Financial Life and Annuity
- Ameriprise Financial
- New York Life Insurance and Annuity Corp
- PFS Investments

2. authorize the Board's plan administrator, TSA Consulting Group, Inc, to review the current plan offerings by provider, in order to analyze and possibly consolidate the current number of offered plans by company to ensure said plans would best provide investment options at the lowest fee structures and report their recommendations to a subcommittee to include members of labor organizations for implementation; and
3. authorize the providers adhere to all Board Policies including but not limited to Policy 9150, School Visitors – Outside Vendors, except where labor contract provisions provide access to union members.

JMM:sbc