



**Health Care  
Foundation**  
OF GREATER KANSAS CITY

**HEALTH CARE FOUNDATION**

**OF**

**GREATER KANSAS CITY**

**REQUEST FOR PROPOSALS**

# HEALTH CARE FOUNDATION OF GREATER KANSAS CITY

## Request for Proposal 401K Advisor

### Contents

- |       | <b>Topic</b>                                  |
|-------|---|
| I.    | Purpose                                       |
| II.   | Health Care Foundation of Greater Kansas City |
| III.  | Current 401(K) Plan Overview                  |
| IV.   | Proposal Format                               |
| V     | Proposal Delivery Requirements                |
| VI.   | Proposal Review and Evaluation                |
| VII.  | Right to Reject                               |
| VIII. | RFP Questionnaire                             |
| IX.   | Proposal Review & Evaluation                  |

## I. PURPOSE

- A. The Health Care Foundation of Greater Kansas City (HCF), is seeking proposals for 401(k) investment management and consulting services.
- B. HCF will not reimburse a respondent for the cost of developing or presenting a proposal in response to this RFP.
- C. The successful respondent will, unless otherwise specified, become an independent contractor to HCF and no employer-employee relationship shall be created. Likewise, the successful respondent shall be responsible for his/her/its own insurance, benefits, materials, office and supplies.
- D. A respondent's submission of a proposal in no way guarantees procurement by the Foundation.
- E. A respondent's submission of a proposal to one HCF RFP shall not preclude submission of a proposal(s) for other RFPs.

## II. HEALTH CARE FOUNDATION OF GREATER KANSAS CITY

The Health Care Foundation is an independent public foundation whose mission is to use leadership, advocacy, and resources to eliminate barriers and promote quality health for the underserved and uninsured. The Foundation's service area is defined as Kansas City, Jackson, Cass and Lafayette counties in Missouri, Johnson, Wyandotte and Allen counties in Kansas. The Foundation is exempt from federal income tax under the provisions of section 501 (c)(3) of the Internal Revenue Code and is classified as a supporting organization under section 509(a)(3).

The Foundation was created in 2003 with an original endowment of \$440 million upon the sale of the nonprofit hospital system of Health Midwest to Hospital Corporation of America, a for-profit hospital management company. The Foundation is governed by a 21-member board of directors and is managed by a professional staff of 22 employees with plans to grow to 25 over the next year.

HCF is committed to promoting diversity and cultural competency in its programming, vendor selection, personnel and employment practices, and governance. HCF views diversity as a fundamental element of social justice and integral to its mission of helping health and health providers improve health in Kansas City. Diverse voices and viewpoints deepen our understanding of differences in health outcomes and health care delivery, and strengthen our ability to fashion just solutions. HCF uses the term "diversity" broadly to encompass both differences in the attributes of individuals (such as race, ethnicity, age, gender, sexual orientation, physical ability, religion and socioeconomic status) and of organizations (foundations and giving programs of differing sizes, missions, geographic locations and approaches to grant-making). Any violation of HCF's diversity policy shall be considered a violation of a material provision of any agreement with HCF and shall be grounds for HCF's cancellation, termination or suspension in whole or in part of any such agreement. The respondents shall at all times in the proposal and contract process comply with all applicable state and federal anti-discrimination laws, rules, regulations and requirements thereof.

## III. Current 401(K) Plan Overview

- A. **Participation and Assets:** There are currently 19 active employees with balances in the plan and 5 non-active prior employees with balances. An additional 5 employees are expected to be added to the plan during 2018. Plan assets total approximately \$3.0 million at the end of December 2017.

Estimated total contributions for 2018 is \$190,000 in employee contributions and \$235,000 in employer contributions.

- B. **Eligibility Requirements:** Employees who are expected to work 16 or more hours per week may participate in the plan. Employee deferrals can be made upon hire date. After 6 months of service, employees are eligible for safe harbor matching contributions of 6% as well as a 4% employer discretionary contribution.
- C. **Deferral and Investment Options:** Employees can elect pre-tax 401(k) deferrals, Roth 401(k) deferrals, or a combination of both. Current fund options include approximately 29 U.S. Equity, Foreign Equity, Fixed Income, and Target Date funds. A schedule of plan balances by fund may be requested by emailing [Finance@hcfgkc.org](mailto:Finance@hcfgkc.org).
- D. **Loans:** Employees are permitted to borrow up to 50% of their account balance. There are currently 3 outstanding loans.

The Foundation will annually evaluate the performance of the Advisor and reserves the right to terminate services at any time. An adviser's relationship with its clients is fundamentally one of "trust and confidence." HCF's 401(k) adviser is required to act in the best interest of the plan and plan participants without regard to the financial or other interest of the adviser providing the advice. HCF requires disclosure of any material conflicts of interest.

#### **IV. PROPOSAL FORMAT**

##### **Letter of Transmittal**

A one-page letter of transmittal should be submitted that includes the following information:

- A. The respondent's understanding of the goods or services to be procured or the work to be performed.
- B. The names of persons authorized to represent the firm, and their titles, addresses, and telephone numbers.

##### **Title Page**

Each proposal must contain a title page that identifies the RFP and provides the organization's name, address, and telephone number; the name and title of a contact person; and the date the proposal was submitted. The title page must also state the period the proposal is effective.

##### **Responses to RFP Questionnaire**

For ease of evaluation, retain categorical headings in the submittal document and answer all questions in the same order as listed in the RFP Questionnaire and number accordingly. The maximum number of allowed pages for the entire Questionnaire is 30 pages. Maximum allowed pages does not include Appendix materials.

#### **V. PROPOSAL DELIVERY REQUIREMENTS**

All proposals shall be submitted in electronic form to the Health Care Foundation of Greater Kansas City at [Finance@hcfgkc.org](mailto:Finance@hcfgkc.org) prior to 5:00 p.m. on Friday March 23, 2018. All submissions become a part of the records of the Foundation.

#### **VI. PROPOSAL REVIEW AND EVALUATION**

Only those proposals that meet all the mandatory criteria in the RFP will be given consideration. While cost is a factor, the procurement will not be awarded solely based on cost.

## **VII. RIGHT TO REJECT**

The Foundation reserves the right to:

- A. Reject any or all proposals submitted.
- B. Request additional information from any or all firms submitting proposals.
- C. Conduct discussions with respondents for clarification to assure full understanding of, and responsiveness to, the solicitation requirements.
- D. Negotiate modifications to the firm's proposal prior to final award for obtaining best and final offers.

## VIII. RFP QUESTIONNAIRE

### About Your Firm

1. Briefly describe your firm's history
  - a. How many years has your firm been in business?
  - b. How many years has your firm been servicing retirement plan clients?
2. Describe the ownership and structure of your firm. Please note any planned or anticipated changes in structure, process, or technology in the next two years.
3. List your firm's lines of business (including affiliated companies).
4. What are the total number of employees in the firm?
  - a. Of those, how many are Investment Advisory Representatives?
  - b. What is the average ratio of Clients to Advisors?
5. Describe your firm's commitment to diversity, including examples of your firm's diversity efforts that you believe demonstrate your capacity to translate your philosophy into effective action.
6. What is the position of your firm in the employer-sponsored retirement plans business?
  - a. Percentage of revenue from retirement plan investment advisory services
  - b. Plan assets under advisement for investment advisory services and number of clients
  - c. Number of client plans added over the past 3 years
  - d. Number of clients lost over the past 3 years and reasons lost if known.
  - e. Recognition received from independent sources demonstrating expertise and credibility
7. Briefly describe the philosophy of your organization and what differentiates your firm from other investment consulting firms.
8. List the federal, state, and other regulatory agencies with which your firm is licensed or registered, and the type of license held.
  - a. In the Appendix, provide a copy of both parts of your firm's most recent SEC Form ADV.
9. In the Appendix, provide a list of 3 current clients and 3 former clients, whom we may contact as references. Include names, telephone numbers, emails, asset values, years serviced.
10. In the Appendix, provide a current list of representative clients.

### Conflicts of Interest

1. Do you or an affiliate have relationships with money managers or other service providers that you recommend, consider for recommendation, or otherwise mention to the plan? If so, describe those relationships.
2. Provide a full and complete description of any fees, commissions, rebates, revenue-sharing arrangements, commission recapture, or similar arrangements that are received by you, your employees, or firm from any related/affiliated entity associated with servicing our plans, but received from sources other than our plans.
3. What is your ability to offset fees with 12b1 fees, finders' fees, or other fees embedded within the plans' investments?
4. Describe any other potential conflicts of interest that may arise with the proposed advisory relationship.
5. Does your firm have a written policy for addressing conflict of interest? Please describe.

### Service Team

1. Describe your service model to our plan (staff, responsibilities, interactions with our plan, frequency of in-person meetings, frequency of conference calls)
2. Primary contact for our relationship:
  - Name
  - Title
  - Licenses, Education, honors, designations
  - Overall experience with employer-sponsored retirement plans

Regular activities to stay current on market and regulatory developments

Area of expertise

Years with the firm

Role at the firm

Number of plans supported

Average size of plans supported

3. Secondary contact for our relationship (if applicable same information as Primary)

### **Security and Business Continuity**

6. Describe the levels of insurance coverage, including the amounts of errors and omission insurance, fiduciary liability, and any other fiduciary or professional liability insurance your firm currently has in force.
7. Please describe the succession plan for the primary contact who will be working with our plan.
8. Please describe the succession plan of your firm.
9. Please describe your firm's data security measures.
10. Please describe your firm's disaster recovery plans.

### **Fiduciary Status and Compliance**

11. Describe your fiduciary responsibility under ERISA to our plan, including your ability to serve in an ERISA 3(21) or 3(38) capacity. Briefly describe your understanding of the differences between those capacities and any cost differences.
12. How do you assist clients with complying with their ERISA fiduciary responsibilities as the plan sponsor?
13. Describe your fiduciary responsibility to our plan participants.
14. Have any individuals from your firm ever been involved in any business litigation, regulatory proceedings or government investigation relating to your investment advisory services? If so, provide explanation.
15. Has your firm or any individual in your firm been found guilty of any violation or paid any fines because of violations of securities regulations or ERISA? If so, provide explanation.

### **Investment Services**

1. Discuss your firm's ability to provide quality investment vehicles and a well-diversified portfolio. List investment options available. How many fund options are assumed in your fee quote?
2. Do you recommend any proprietary investment products? Describe any requirements relating to the inclusion of your proprietary funds on our plan's line-up.
3. Describe your investment research resources and capabilities.
  - a. How are investment benchmarks determined?
  - b. Do you have an investment watch list and what is your termination recommendation process?
4. How often do you hold performance review meetings with clients, what is the structure of those meetings, and what reports are provided?
5. Please describe your firm's experience helping clients through complex processes such as Department of Labor audits, IRS audits, voluntary compliance actions, plan terminations, or corrective contributions.

### **Participant Services**

1. Please list the types of services your firm provides to retirement plan participants.
2. Do you offer model allocations?
3. Describe the employee educational services you provide, including non-fiduciary education and guidance. Describe the format and types of advice offered at these meetings (e.g., group and/or individual consultation).
4. Description of participant statements and specify whether personalized rates of return are included. In the Appendix, include a sample participant statement.

**Provider / Vendor Services**

1. Describe your process and recommended frequency for comparing service provider account fees and services to others similar in size and industry.
2. With how many different service providers does your firm work with to support current clients?
3. In the past 3 years, how many TPA / Recordkeeper / Trustee searches have you conducted for the DC plans your firm supports?
  - a. List the top three TPA/Record keepers/Trustees that you have recommended.

**Fees**

1. Detail any and all fees for services to our plan under this proposal.
2. Are you willing to guarantee your fees for a specific period of time?
3. In the Appendix, provide a specimen copy of your written agreement, contract, or other relevant document.

**IX. PROPOSAL REVIEW & EVALUATION**

|                          |   |
|--------------------------|---|
| <b>TIMELINE</b>          |   |
| <b>February 15, 2018</b> | <b>RFP Posted</b>                                     |
| <b>March 23, 2018</b>    | <b>Proposals Due to HCF</b>                           |
| <b>March 30, 2018</b>    | <b>Review of proposals and selection of finalists</b> |
| <b>April 6, 2018</b>     | <b>Finalist Presentations - Interviews</b>            |
| <b>TBD</b>               | <b>Consulting relationship begins</b>                 |