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When is it time for an RFP?

Evaluating your retirement plan in the marketplace

Ongoing evaluation is a key part of a prudent retirement plan oversight process. Plan sponsors need to understand whether fees remain reasonable, services continue to meet expectations and the plan is helping participants move toward better retirement outcomes.

The Department of Labor (DOL) expects plan fiduciaries to monitor plan fees and service providers as part of a prudent oversight process.[1] DOL guidance also suggests that plan sponsors conduct a formal request for proposal (RFP) at least every three to five years, helping sponsors periodically test whether their provider arrangements remain competitive.

Benchmarking can play an important role in that process. It provides context, helps identify trends and may reveal areas that require additional review. But benchmarking has limits. At some point, plan sponsors may need to go beyond comparison data and ask a more direct question: What would the marketplace offer our plan today?

That's where a request for proposal (RFP) can become an important fiduciary tool, particularly when evaluating a plan's recordkeeper. While similar principles may apply to other provider searches, recordkeeper RFPs often bring specific considerations around administration, technology, participant support and reporting.

Start by defining success

Before conducting an RFP, plan sponsors should be clear on what they are trying to accomplish. The process shouldn't begin with a simple search for lower fees. It should begin with a more strategic question: How do we define success for our plan?

For some sponsors, success may mean reducing plan costs. For others, it may mean improving participant engagement, increasing deferral rates, strengthening retirement readiness, improving administrative support or enhancing the overall participant experience. Most plans require a combination of these priorities.

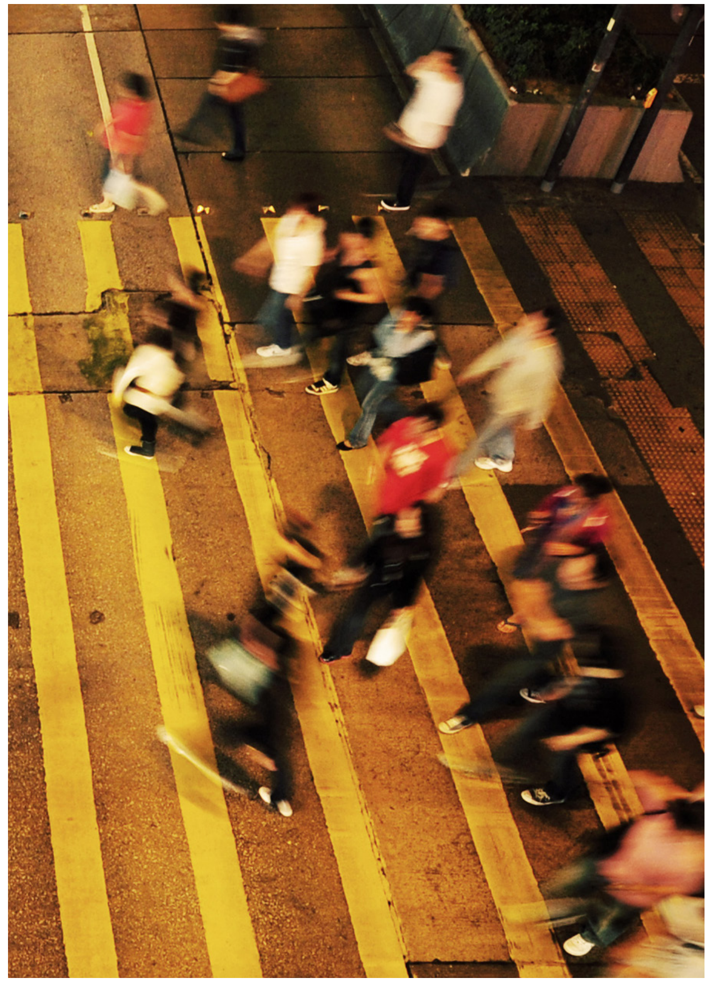
Defining success matters because it shapes what the RFP should measure. Without clear goals, it becomes difficult to evaluate whether a provider is truly aligned with the plan's needs. Cost may be easy to compare, but value requires a broader view.

When benchmarking points to a deeper review

Benchmarking can help plan sponsors identify when an RFP may be warranted. If fees appear out of line, service concerns persist or plan needs have changed, a formal market review may provide a clearer view of available options.

But the cause of the issue matters. For example, if participant outcomes are falling short, the next step is understanding why. Are employees not engaging because of plan design, communication strategy or internal sponsor decisions? Or are gaps tied to the provider's education resources, technology, service model or participant support?

That distinction can help determine whether the plan needs an internal adjustment or a deeper look at the provider marketplace. Benchmarking may highlight the concern, but an RFP can help sponsors understand whether another provider could better support the plan's goals.



What an RFP is designed to accomplish

A recordkeeper RFP is a structured process for evaluating whether the provider responsible for core plan administration remains the right fit for the plan. It allows plan sponsors to compare how multiple providers would support the plan's specific needs, from pricing and service model to participant experience, technology and reporting.

Unlike benchmarking, which relies on peer data or market comparisons, an RFP creates a direct competitive process. Providers respond based on the plan's specific assets, participant demographics, service needs and goals. That can give sponsors a more accurate view of what the market would offer today.

An RFP also doesn't automatically mean changing providers. In many cases, the process may confirm that the current provider remains a strong fit. It may also create an opportunity to negotiate improved pricing, strengthen service expectations or identify enhancements that better support participants.

When an RFP may be warranted

A formal RFP may make sense when a plan has not gone to market in several years. Over time, pricing models, technology, service capabilities and participant expectations can change. A market review can help sponsors evaluate whether the current provider arrangement remains competitive.

If the plan is falling short of its defined measures of success, an RFP can help determine whether the provider relationship is part of the issue.

Service issues can also be a clear trigger. Persistent problems with responsiveness, administration, reporting, participant support or issue resolution may suggest that the current relationship needs closer review. Before launching a full RFP, sponsors should first understand whether the issue reflects a broader provider concern or a more isolated service challenge that may be addressed directly.

An RFP may also be appropriate when the plan itself has changed. Growth in assets, participant count, workforce complexity or organizational priorities can create new needs that the current provider may not be equipped to support as effectively.

Sponsors may also consider an RFP when technology or participant engagement needs have evolved. Digital tools, education resources, communication support and reporting capabilities can all influence how participants experience the plan and whether they take meaningful action.

What sponsors should evaluate

Fees are an important part of any RFP, but they should not be the only factor. The process should help sponsors evaluate the full provider relationship, including:

- **Fees and pricing structure:** Sponsors should evaluate total plan cost as well as how fees are structured across recordkeeping, investment options, advisory services and participant-paid expenses.
- **Service model:** Sponsors should understand how the provider supports clients, how service teams are structured and whether the model is designed for hands-on guidance or greater self-service. A provider's capacity, client load and experience with plans of similar size and complexity can all affect the level of support a sponsor receives.
- **Participant experience:** Education, communication, digital tools, call center support and personalized resources can influence whether employees engage with the plan and take steps toward retirement readiness.
- **Technology and reporting:** Plan sponsor dashboards, payroll integration, participant portals and data reporting can affect both operational efficiency and the sponsor's ability to monitor plan performance.
- **Plan design and strategic guidance:** Sponsors may want to evaluate whether providers can support plan design decisions, regulatory changes, participant behavior analysis and long-term plan strategy.
- **Provider fit:** The lowest-cost option may not be the strongest choice if it creates implementation challenges, participant disruption or service limitations. The best provider is the one most capable of supporting the plan's defined measures of success.

Common RFP mistakes to avoid

An RFP can provide valuable insight, but only if the process is structured thoughtfully. Common mistakes include:

- **Focusing too heavily on cost:** Lower fees may be attractive, but they need to be evaluated in the context of service, support, technology and participant outcomes.
- **Starting without clear objectives:** Before going to market, sponsors should define what they want to learn, what concerns they want to address and what success should look like after the process is complete.
- **Comparing providers inconsistently:** Using a structured evaluation process can help ensure proposals are reviewed fairly and decisions are based on complete, comparable information.
- **Launching a full RFP before diagnosing the issue:** Not every concern requires a full market search. If the issue is isolated to a specific service representative or communication breakdown, sponsors may be better served by addressing the concern directly with the provider before initiating a broader RFP process.
- **Underestimating implementation impact:** If the RFP leads to a provider change, sponsors need to consider the time, communication and operational planning required to support a smooth transition for both the organization and participants.
- **Treating the RFP as a one-time event:** The RFP should fit within a broader fiduciary process that includes regular monitoring, documentation and periodic reassessment.

Making the RFP part of a stronger process

Deciding when to conduct an RFP is not simply an operational decision. It's an opportunity to step back and ask whether the plan is built to support the outcomes that matter most.

When the process is grounded in clear goals and a thoughtful definition of success, it can help sponsors evaluate not just what a plan costs, but whether it's equipped to serve participants well today and as their needs evolve.

For more information visit: **mariner.com**

Sources

1. www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/publications/understanding-retirement-plan-fees-and-expenses