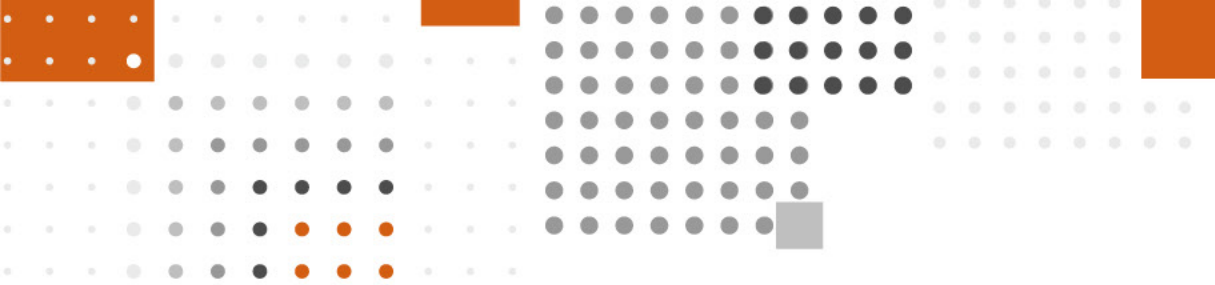




## CASE STUDY

# RECORDKEEPER TRANSFORMATION

*Effective Transformation of  
Retirement Plan Administration*



## EXECUTIVE SUMMARY

Recordkeeping relationships and retirement plan administration have often been in place for many years, sometimes decades. Here we provide an illustration of the objectives, actions and outcomes of a real-life client in choosing to transform its recordkeeping relationship and the administration of its retirement plan. It is an example that many similarly situated institutions should be able to identify similarities with in their own retirement plans. PlanPILOT's goal is to make this complex and somewhat fear-provoking subject of modernization easier to understand and to successfully implement the appropriate change.

## THE CLIENT

The client is a private, higher education institution with a mid-sized retirement plan. It had a multi-decade recordkeeper relationship that worked with its earlier intentions, but was due for a fresh look. As you read further, the goals of the process in looking to modernize were to increase the participant retirement readiness by upgrading the attention on participant communications and monitoring the impact, re-designing investment and administrative service options, and establish appropriate and transparent fees. The client was successful in this process.

## EYE ON PARTICIPANT RETIREMENT READINESS

Much retirement plan oversight focuses on the selection and monitoring of the investment options, and implementing fiduciary best practices. Fees are always on the radar, too.

An area too often not given adequate importance is the preparedness of participants for their retirements. Defining retirement readiness, selecting measures to accomplish this, and establishing a process for regular monitoring are essential.

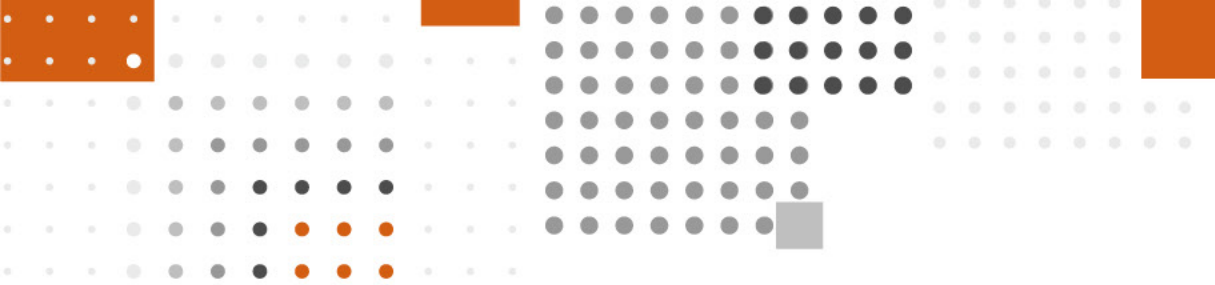
## Current State

- Participant retirement readiness scores were available to individual participants, but were not currently being evaluated overall at the plan sponsor staff or retirement plan committee level to determine their appropriateness or trends.
- Participant education and communications were the standard program of the recordkeeper. No selection or evaluation was taking place at the staff or committee level. The appropriate forms of communications and number of days on-site were unknown.
- Plan design features needed re-evaluation, such as eligibility, auto enrollment, and vesting. Impact on participants and the financial status of the institution needed careful assessment.
- Lack of awareness of available options in these areas for change was prevalent.

## Change Objectives

- Assess and establish appropriate retirement readiness measures. Establish regular monitoring of them and trends at staff and committee levels.
- Review participant education options, including those of recordkeeper and external providers. Establish comprehensive program, including forms of communications and number of days on-site, and monitor results at staff and committee levels.
- Review plan design options with careful consideration to the impact on participants retirement preparation and the financial impact to the institution.





## INVESTMENTS & FEES

Investment oversight is a regular component of fiduciary best practices. This is often performed with the assistance of a consultant or financial advisor. It is necessary to step back occasionally and take a bigger picture view of the type and number of options offered, as well as their utilization. This is especially important with the use of traditional annuity options, especially for educational institutions with legacy holdings, and with other institutions considering adding a retirement income solution.

### Current State

- Broad swath of investment options available, including numerous style-focused managers. Consideration needed on optimum number of offerings for efficient participant usage.
- Limited offering of passive investment vehicles. Opportunity to expand availability of low cost, lower risk index options.
- Many options offered in variable annuity form. Need to evaluate the ideal offering of retirement income solutions.
- Lower fee share classes available. Disparity in revenue sharing across existing options. Opportunity to level fees for plan expenses.
- Lack of awareness of available options for change was prevalent.

### Change Objectives

- Perform extensive review of investment options and evaluate new funds line-up, including number and types of investment strategies to be offered.
- Evaluate optimum retirement income solution for use.
- Look at offering managed account solutions for participants with unique investment objectives.
- Perform thorough review of fund fees and review revenue credits and / or participant charges with a view towards leveling payment of plan expenses.

## **ADMINISTRATION & FEES**

Retirement plan administration often resides entirely with the plan sponsor's HR staff. Processes can be set and become stagnant for many years. While it is often too easy to simply maintain the status quo, this fails to take into account the automation and technology now broadly available.

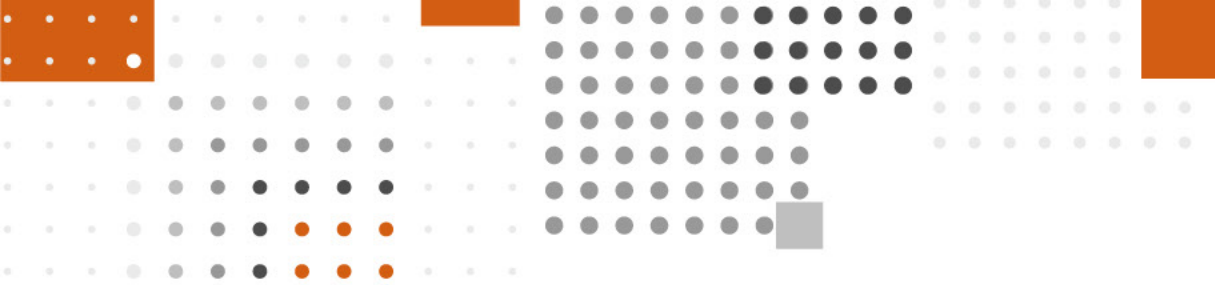
Participants are also impacted by the use of automation and technology, including more web and portable device access. Paper forms for initial enrollment, deferral rate changes, loan requests, etc. are still in use in many institutions, but are usually replaceable. It is necessary to step back and take a bigger picture view on occasion of the administrative servicing of the retirement plan and the options for modernization available.

### **Current State**

- Some use of automation, but not to the fullest extent now available. Paper forms still widely used.
- Challenges with producing salary and other payroll data from internal system limited adoption of more automation.
- Recordkeeper's required revenue charge had not been reviewed in years.
- Awareness of availability of expanded services and lower fees from the incumbent recordkeeper and / or other providers was not widely present.

### **Change Objectives**

- Review and assess automation solutions available to plan sponsor and participants, both from incumbent and other providers. Seek to eliminate as much paper process as possible.
- Carefully consider ability to update payroll data and provide to recordkeeper.
- Document service standards in service level agreement.
- Review recordkeeper's required revenue charge versus marketplace.

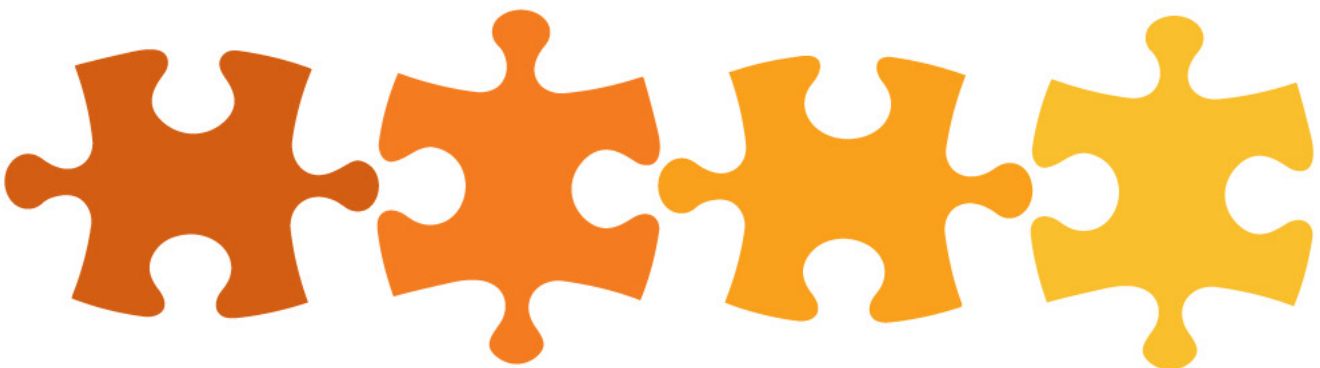


## PROCESS & OUTCOMES

Now let's take a look at what happened leading to a constructive outcome for the client.

### Actions Taken

- The plan sponsor, through its retirement plan committee, engaged PlanPILOT for assistance in evaluating the aforementioned items.
- PlanPILOT engaged in an extensive information gathering process with the client's retirement plan committee and staff to identify its present state, future needs, goals and objectives.
- PlanPILOT conducted an extensive request for proposal process with the incumbent recordkeeper and other providers.
- Finalist meetings were facilitated by PlanPILOT with a short list of firms.
- PlanPILOT led the retirement plan committee in its evaluation and selection.



## **Outcomes Achieved**

### **PARTICIPANT RETIREMENT READINESS**

- The plan sponsor chose to retain the incumbent recordkeeper, but with an agreement to substantially modernize the relationship.
- The recordkeeper's communications consultant will engage with the institution on an extensive review of the participant education available, including the forms of communications and number of days on-site.
- Plan design features will be further evaluated, but no change will occur at this time given recent changes to other benefits programs.
- Participant retirement readiness benchmarking and evaluation will be incorporated into the retirement plan committee's oversight.

### **INVESTMENTS & FEES**

- The investment line-up is undergoing an exhaustive review, including the number and types of options offered, as well as adding a managed account solution, with a view towards enhancing each participant's ability to make effective decisions.
- Investment fees will be thoroughly analyzed with a view toward levelling participant charges for plan expenses.

### **ADMINISTRATION & FEES**

- The recordkeeper's relationship team will review the various automated services available. Payroll processes will also be reviewed to determine the ability for greater information sharing in a risk managed way.
- More senior level attention at the recordkeeper will be present on the relationship and as the changes are implemented.
- The recordkeeper will document its performance standards in a service level agreement, including financial impacts for failure to meet established standards.
- Recordkeeper's required revenue charge was reduced by multiple basis points, thus producing substantial savings to plan participants.



## CONCLUSION

Any institution with a multi-decades long recordkeeping relationship that worked with its earlier intentions is due for a fresh look. The goals of the successful process illustrated here in looking to modernize are similar to the conditions many plan sponsors are in - to increase the participant retirement readiness by upgrading the attention on participant communications and monitoring impact, re-designing investment and administrative service options, and establishing appropriate and transparent fees. This client was successful in this process, and so can you be in leading change.

Institutions benefit by adopting a formal due diligence process for overseeing the administration of their retirement plan. Effective oversight serves the institution in meeting its fiduciary responsibilities and being the best stewards of its participants' valuable assets. This in turn can lead to better participant retirement readiness and a more satisfied workforce.

**Having an independent consultant lead the oversight process ensures objectivity and expertise.**

Thoughtful process championed by an expert leads to better, intended outcomes.



**Let PlanPILOT guide you through  
the time and effort-consuming process of  
selecting or evaluating a recordkeeper.**

[Learn More](#)



