

Hiring the Best 401(k) Advisor

401(k) Advisor RFP Guide
and Template



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Introduction: Guide to the 401(k) Advisor RFP Process

Why did we write this guide?

We want to give you a clear, comprehensive overview of running a request for proposal (RFP) process in today's 401(k) market. This resource is filled with **tactical, immediately actionable ideas** that you can implement in your own business — to benchmark your current advisor against what their competitors are offering or to find the best 401(k) advisor that meets all of your needs.

We've included everything from customer service to 401(k) regulatory support to investment management so you have the information you need to assess the best 401(k) advisor for you — all in one place!



Who is this guide for?

This guide is for HR and Finance teams who are looking for a 401(k) advisor. Advisor searches may or may not occur in conjunction with a search for a 401(k) record-keeper and Third Party Administrator.



Introduction: Guide to the 401(k) Advisor RFP Process

The 401(k) advisor should be a registered and licensed investment professional, and their main values are twofold: to fulfill the investment fiduciary responsibilities on the plan and to give you expert guidance on how your plan should be designed.

If you're looking for an advisor that will select and monitor your investments, including taking on the fiduciary responsibility for these investment selections, then be sure to ask whether the advisor is a 3(38) fiduciary. (This is covered in more detail in the RFP template below.)

You should also consider working with an advisor who can help you safely administer your plan. Some advisors will provide an administrative fiduciary, also known as a 3(16) fiduciary. Not all 3(16) fiduciaries take on the maximum liability allowable by law, so use our RFP template to see what your advisor will provide.

This RFP will also dive into the nuts and bolts of how the 401(k) advisor will help your employees and help you assess the quality of that help.

What will this help you accomplish?

In short, knowing what to ask and thoroughly vetting advisors will allow you to choose the right 401(k) provider for your needs. Your 401(k) advisor is a critical partner for ensuring you meet your fiduciary responsibilities, and that your plan genuinely helps employees save and prepare for retirement.

Your primary goals when selecting your 401(k) advisor include:

- Minimizing fees to your employees and the company
- Minimizing administrative and compliance work for your team
- Providing an engaging and effective employee experience
- Helping more employees join and save in the plan
- Providing fiduciary protection to the employer

Let's get started...

Introduction: Guide to the 401(k) Advisor RFP Process

Sample RFP templates and answers

It's time to start creating your RFP — we've produced a list of questions that will give you a giant head start when it comes to evaluating 401(k) advisors.

This RFP template covers key details of 401(k) plan administration, fees, features for employees, and regulatory support. While you may be on the search for just the 401(k) advisor role, as the plan administrator you'll need to know how all of the different entities managing your 401(k) plan will work together and what their gaps in service are (hopefully none).

The first section is a list of questions and details about your company to help advisors focus on your specific needs. The second section is a detailed list of questions for vendors to fill out.



To use this guide, simply fill out the first section with your information. And ask advisors to complete the second section.

Want to learn more about our 401(k) services?
Email sales@forusall.com and schedule time with a retirement plan consultant.

Due date for proposals: _____

Request for Proposal

For 401(k) Advisory Services for _____ (“the Sponsor”)

Request for Proposal: Deadlines and Next Steps

INTRODUCTION: 401(K) ADVISOR RFP TEMPLATE

This Request for Proposal (RFP) was developed to obtain a 401(k) advisor for our retirement plan. The purpose of this document is to define the process for evaluation and request information that will assist us in selecting a compatible 401(k) advisor.

EVALUATION PROCESS

Step 1: Sponsor will invite select 401(k) advisors to complete and submit a proposal.

Step 2: Proposals will be reviewed by the sponsor.

Step 3: A short list of advisors will advance and be invited for an interview/presentation with the sponsor.

Step 4: Sponsor will make a final selection and notify advisors of the final decision.

Step 5: The successful advisor(s) will be invited to enter into a service agreement with the sponsor.

PROJECT TIMELINE

Set an expected timeline for the full project. Companies typically take 1-3 months to choose a new advisor for their 401(k) plan.

Deadline for submitting proposals	
Interview consultants	
Finalize decision	

Please submit your response electronically to the Project Contact via email.

The sponsor's 401(k) Plan Committee will review all materials submitted. All materials submitted become the property of the sponsor and its agents, and will not be returned. If the advisor intends to submit confidential or proprietary information as part of the proposal, any limits on the use or distribution of that material should be clearly delineated in writing.

Request for Proposal: Deadlines and Next Steps

PROPOSAL CONDITIONS

The sponsor reserves the right to enforce the following proposal conditions:

- This RFP may be modified or withdrawn by the sponsor at any time.
- Any and all information provided to advisors by the sponsor is proprietary information and is to be used solely for responding to this RFP. advisor proposals will be the sole property of the sponsor.
- By the issuance of this RFP, the sponsor is not obligated to award a contract.
- The proposal received from the successful advisor as well as this RFP, either in whole or in part, at the sponsor option, will become part of the agreement between the sponsor and the advisor.
- The sponsor reserves the right to share with board members, attorneys, affiliates and employees of the sponsor, any and all responses to this RFP and any subsequent advisor information or contractual documents.
- The sponsor reserves the right to amend the contents of this RFP or due dates during the proposal solicitation, evaluation, and selection process. Any changes will be communicated to advisors in writing.

CONFIDENTIALITY

By responding to this RFP, the advisor expressly acknowledges that the sponsor's employee data, business procedures, ideas, inventions, plans, financial data, contents of the RFP, and other sponsor information are the sole and exclusive property of the sponsor, and the advisor agrees that it will safeguard such information to the same extent it safeguards its own confidential material or data relating to its own business information that is of a confidential or proprietary nature.

REFERENCES

The advisor is requested to provide a list of at least **three** clients. The references will be utilized by the sponsor to evaluate the advisor's performance on matters such as client satisfaction, selection and management of fund managers, negotiation of pricing with fund manager, and responsiveness to issues.

Request for Proposal: About the Sponsor

ABOUT THE SPONSOR

PROJECT CONTACT

Name: _____

Title: _____

Phone: _____

Email: _____

GENERAL BACKGROUND OF THE SPONSOR

Mission or vision statement: _____

Assets: _____

Annual contributions: _____

Participants: _____

Locations: _____

Current 401(k) advisor: _____

Current 401(k) recordkeeper: _____

Current Third Party Administrator: _____

Payroll provider: _____

Request for Proposal: About the 401(k) Advisor

ABOUT THE 401(K) ADVISOR

Please provide the following background information about your 401(k) advisory practice. If your firm provides services beyond 401(k) advising, please restrict your answers to your 401(k) advisory practice only.

About your 401(k) practice	Your response
Year your 401(k) practice was founded	
Total number of employees in your 401(k) practice	
Total number of registered Investment Advisor Representatives available to plan participants	
About your clients	
Size of your largest client (by participants)	
Size of your largest client (by assets)	

About your security	Your response
Date of your firm's last independent security audit	
Do you comply with all aspects of Gramm–Leach–Bliley	
Level of encryption used in internal databases	
Is your server infrastructure PCI compliant?	
Is all PII (sent and received) transmitted over SSL	

Describe any pending or past litigation or deficiencies, within the last 5 years, relating to the services you would provide in respect to our 401(k) plan. Include the details from any deficiency letters or requests to amend your practices that you have received from the Securities and Exchange Commission, Internal Revenue Service, Department of Labor, or any other government agency.

Request for Proposal: About the 401(k) Advisor

PLAN RECORDKEEPING & ADMINISTRATION

Provide one to three examples of a 401(k) service providers that illustrates the type of 401(k) plan that you would likely recommend. Also include the number of your current clients that are using this configuration.

	<i>Name of the service provider</i>
Record keeper	
Third-party-administrator	
Custodian	
Number of current clients using this configuration	

FEES

The goal of the following section is to identify the all-in fees that the company pays as well as the fees that participants will pay. Please provide details on the fees of the 401(k) that you described in the section above.

ASSET BASED CHARGES

In the section below, please provide the breakdown of fees and revenue sharing arrangements that would allow us to calculate the “all-in” investment fee for the plan including all mutual fund fees, custodial fees, advisory fees, and other asset-based fees.

Please indicate in the second column who pays the fee -
The sponsor or plan participants.

	Annual asset fee %	Who pays? (Participant, sponsor, both)
Average mutual fund fee		
Recordkeeping fee		
TPA fee		
Investment advisory fee		
Custodial fee		
Other asset based fees		
Advisor - Revenue sharing/reimbursements (12b-1, sub-ta, etc.)		
Recordkeeping - Revenue sharing/reimbursements (12b-1, sub-ta, etc.)		
TPA - Revenue sharing/reimbursements (12b-1, sub-ta, etc.)		
Total all-in asset fee:		

Request for Proposal: About the 401(k) Advisor

HARD DOLLAR COSTS

Please describe non-asset based fees that are paid for by plan participants or the plan.

	Annual \$	Who pays? (Sponsor or plan participants)
Recordkeeping fees		
TPA fees		
Advisory fees		
Investment advisory fee		
Annual audit fees		
Other fees		
Total hard dollar costs		

TOTAL PLAN COSTS

Please calculate the total plan costs, combining both the asset based fees and the hard dollar costs for a 12 month period, assuming current plan assets and participation.

	Annual dollar amount (assuming current plan assets of \$_____)
Total asset based fees	
Total hard dollar costs	
Total annual plan costs	

ADVISORY COSTS

Please disclose the total compensation/fees paid to your advisory firm in these RFP examples.

Request for Proposal: About the 401(k) Advisor

FIDUCIARY RESPONSIBILITIES

What fiduciary responsibility, if any, would you provide? Please indicate whether you play this role for the Plan or for individual plan participants.

Fiduciary Role	Yes/No
3(21) Investment Fiduciary	
3(38) Investment Fiduciary	
3(16) Plan Administration Fiduciary	

ADVISORY SERVICES FOR PARTICIPANTS:

Please indicate the extent and scope of the education or advice that you would provide to our plan participants.

Topic	Education (Yes/No)	Advice (Yes/No)
401(k) Investment advice		
401(k) Savings Rate advice		
Credit card debt advice		
Saving for a home		
Student loans		
Help on choosing health care plans		
When to take social security		
How to create retirement income		
Non-401(k) investment advice (e.g., IRAs, brokerage accounts, etc.)		

Request for Proposal: About the 401(k) Advisor

TOOLS/SERVICES FOR NEW PARTICIPANTS

Please indicate the extent and scope of the online and mobile tools you, or the highlighted recordkeeper, provide to our plan participants.

Topic	Education (Yes/No)
Personalized investment advice	
Personalized savings advice	
Mobile investment advice tools	
Mobile savings advice tools	
Email balance updates	
Text message communications	

TYPICAL RETIREMENT RESULTS

Please provide the average 401(k) plan results you see across your entire book of business:

	Participation rate	Savings rate
Average across all plans		
Number of plans in sample		
Number of participants in sample		

PLAN ADMINISTRATION RESPONSIBILITIES

ADMINISTRATIVE SUPPORT OVERVIEW

Please indicate whether you would provide the following services and support to our plan.

	Yes/No
Do you provide payroll integration with our current provider?	
Do you provide and maintain an online fiduciary file?	
Do you act as a Named Plan Administrator - 3(16) Fiduciary?	

Request for Proposal: About the 401(k) Advisor

NAMED PLAN FIDUCIARY DUTIES

Please indicate whether you will be responsible and take legal liability for performing each of the following Named Plan Administrator duties as a Fiduciary to the Plan:

	Will you perform the work? (Yes/No)	Will you take legal liability if it is not done correctly? (Yes/No)
Maintain accurate and up-to-date data files on each individual employee's plan elections		
Track and determine employee eligibility		
Send eligibility notices to employees		
Review, approve, and document hardship withdrawals		
Review, approve, and document loans		
Review, approve, and document QDROs		

Monitor and verify timely payroll contributions, verify the accuracy of recordkeeper records		
Send all required notices and disclosures to employees (E.g., SPD, SMMs, QDIA notices, SARs, Fee Disclosures, etc.)		
Review and sign the form 5500		
Provide appropriate Fidelity bond coverage		

If the plan is audited by the DOL or IRS, will you gather and furnish the data requested by the relevant agency for the period that you acted as advisor?

Request for Proposal: About the 401(k) Advisor

PAYROLL INTEGRATION

We define payroll integration as the ability for your system to seamlessly integrate the 401(k) recordkeeper with our payroll system:

- When employees make a change to their deferral rate on the 401(k) recordkeeper, the new deferral rate should be automatically updated in our payroll without us doing any manual work.
- When we run payroll, the system should automatically generate and then upload the payroll data to the 401(k) recordkeeper to trigger the ACH.

	<i>Your response</i>
Do you provide payroll integration with our payroll provider? (Yes or No)	
How many payroll systems do you currently support with payroll integration?	
Will you update employee deferral rates in our payroll system every time participants make a change? (Yes or No)	
Do you run a 401(k) deferral payroll report each pay cycle? (Yes or No)	
Do you verify that 401(k) withholdings for each employee match their elections? (Yes or No)	
Do you run quality checks on payroll files to identify data errors? (Yes or No)	

Do you upload 401(k) deferral rate data to the 401(k) recordkeeper? (Yes or No)	
Do you verify that 401(k) deferrals are transferred (via ACH) to each employee account? (Yes or No)	

AUTOMATICALLY DOCUMENTING FIDUCIARY OVERSIGHT

Please indicate whether you will update and maintain the following in an online fiduciary file. If you do not provide an online fiduciary file, leave this blank.

	Yes/No
Documentation for each hardship withdrawal and loan	
Documentation for employee election	
Documentation for each QDRO	
Documentation for each payroll processed	
Quarterly investment performance reports	
Records of all required notices and disclosures sent to employees	



Congratulations!

You now know more about how to select a 401(k) advisor than the majority of teams in companies today. You have a detailed list of questions and categories to dive into with each advisor you consider.

And now, we'd love to learn more about you, understand your goals, and show you our platform. Our award-winning virtual advisor DAVE is **just the first taste** of how we're changing the 401(k) experience for you and your employees.

Want to learn more about our 401(k) services? Email sales@forusall.com or visit us at www.forusall.com to schedule time with a retirement plan consultant.