



**MUNICIPALITY OF ANCHORAGE  
MEMORANDUM**

**DATE:** November 27, 2018

**TO:** MOA 401(k) Savings Plan & 457(b) Deferred Compensation Plan Participants

**FROM:** Ralph Duerre and Daniel Moore, Co-Chairs, 401(k)/457(b) Joint Subcommittee regarding Supplemental Retirement Plans Consolidated Record Keeping RFP

**SUBJECT:** Cost savings and service enhancements in both plans due to recommended consolidation of record keeping provider

**\*\*\*IMPORTANT UPDATE\*\*\***

**Empower Retirement** was unanimously recommended by both the 401(k) and 457(b) Supplemental Retirement Plan Committees as the new single source provider of Recordkeeping and Investment Services for both the 401(k) and 457(b) Plans (Plans).

**Background:** Over the past 5.5 months the Joint Subcommittee worked through an exhaustive, formal Request for Proposal (RFP) process and concluded financial negotiations with the highest ranked proposer, Empower Retirement. The unanimous recommendation was submitted to the Municipality of Anchorage (MOA) Purchasing Department who will be submitting the Recommendation of Award to the Municipal Assembly for approval at either the December 18, 2018 or January 15, 2019 Assembly meeting. Empower Retirement stood out from the other 4 proposers in terms of experience, breadth of service and overall cost. Note: Empower Retirement (formerly known as Great-West Retirement Services) has been the provider for the 457(b) Deferred Compensation Plan since 1997.

The original objectives set forth 5.5 months ago were met through this RFP process, namely:

- Cost savings
- Enhanced service and functionality
- Unified service to participants
- Unified communication channels for participants
- Competitively driven fees and costs
- Operational efficiency
- Streamlined administration for the MOA Employee Relations Department

## **Summary of Overall Benefits & Enhancements to be experienced by both Plans:**

- A minimum cost savings across the Plans of over \$119,000 per year for recordkeeping services and investment management fees. This includes a reduction of at least 60% in the per-participant recordkeeping fee each quarter.
- Fully staffed local office based in Anchorage (*new for 401(k) participants*).
- Single Call Center for participants, with extended phone support hours Monday-Friday 4:00 a.m.-6:00 p.m. and Saturday 4:00 a.m.-1:30 p.m. (Alaska Time).
- Newly established record keeper service level standards for both Plans.
- Unified website for participants showing assets for both Plans.
- Unified quarterly participant statements showing assets for both Plans.
- Continuation of add-on services or investment options such as Loans, Managed Accounts, Self-Directed Brokerage Option and Target Date Funds.
- Competitive fees for participants using Managed Accounts and/or the Stable Value Fund (SVF) option with a floor set for quarterly credited rates associated with SVF. (*fee reductions in both areas for 401(k) participants*).
- Unified service provided by Empower Retirement, as the primary public retirement Plan provider in Alaska, serving State of Alaska Tier IV, Anchorage School District, and the Alaska Railroad Corporation.

## **Future Work / Decisions of the Joint Committee**

- Receive input from the Plans' investment consultant regarding potential changes to the investment lineups. Consolidation to reduce overlapping, higher cost and/or underperforming funds to be factored in decision making.
- Review and provide input on new versions of Plan documents, Service Contracts, Participant Communications, rules governing Loans, Self-Directed Brokerage Accounts, *etc.*
- Review all design elements for both Plans and decide where to have common standards and where to allow for unique differences between Plans.

## **Future Timeline / Key Dates**

- Assembly approval anticipated at their December 18, 2018 or January 15, 2019 meeting.
- Series of Joint Committee meetings covering both Plans to occur over the next several months into 2019.
- Investment migration for 401(k) participants moving from T. Rowe Price to Empower Retirement is tentatively planned for July 2019 (excluding any remaining funds in the T. Rowe Price Stable Value Common Trust Fund).
- The funds in the T. Rowe Price Stable Value Common Trust Fund at the time of changeover will be mapped and transferred to the Empower Retirement Great West Stable Asset Fund up to one (1) year after the contractually required notice has taken place.

**Initial Phase of Communications:**

- This Direct Mailer Update mailed in November 2018 to all participants of both Plans.
- MOA Bulletin sent out to all municipal employees in November/December 2018.
- MOA email to all employees in November/December 2018.
- Special alert / popup messages to appear on both T. Rowe Price and Empower Retirement participant websites, in November/December 2018.
- Special Webpage set up by MOA IT Department to provide key meeting dates and updated information over next couple months. Participants are encouraged to periodically visit: [www.muni.org/401k/457singleproviderRFP](http://www.muni.org/401k/457singleproviderRFP)
- Joint Supplemental Retirement Plan Committee meeting dates to be posted to Clerk's meeting calendar available at [www.muni.org](http://www.muni.org)

**Future Phase of Communications:**

- In-person group meetings at work sites or other locations.
- Additional periodic special mailers sent to participants in both Plans.
- Replacement webpage hosted by Empower Retirement to provide participants with updates.

We welcome your input during the current and future phases of the consolidation of record keeper and investment services for the 401(k) and 457(b) Plans. All Joint Committee meetings are open to anyone to attend. Please direct any questions / comments / suggestions to the Committee's staff support in Employee Relations, Scott Railing at [scott.railing@anchorageak.gov](mailto:scott.railing@anchorageak.gov); (907) 343-4424.