

Clients first.



MEMORANDUM

To: Jay Ratchman, City of Appleton Human Resources
From: Paul Murray, AndCo Consulting
Date: July 30, 2021
Subject: HRA Plan Recordkeeper Recommendation

Following the City of Appleton’s engagement of AndCo to provide independent investment consulting services to the City’s 457(b) Plan, the City decided to move the Health Reimbursement Account Plans to Voya’s HRA plan partner, TASC. TASC has failed to meet the basic needs of administering the plans, so the City asked AndCo to assist with issuing a formal Request for Proposal (RFP) to select a replacement for TASC.

Based on information AndCo gathered from discussions with Human Resources about the objectives and plan requirements, AndCo developed a comprehensive Request for Proposal and distributed it to three qualified vendors that are capable of providing the required services. All three vendors responded with comprehensive proposals, competitive pricing and capabilities - so none of the proposals were rejected.

Based on the review of the questions in the RFP and our previous experience in working with these providers, we think that any of the providers would do a fine job for the City.

Based on our review and evaluation of the RFP responses and knowledge of the respondents’ general administrative and service capabilities, we feel that the best route for the City is to move the HRA Plans to Mid America. The key points of our recommendation include:

AviBen (aka Educators Benefit Consultants) located in Minnesota

- Prefers use of general Account from The Standard, currently crediting 2.2%
- No other investment requirements – open architecture
- **Small firm / book of business - \$150 million / 80 plans**
- They offer Visa benefit card, replacement card cost \$10
- **Initial set up fee \$1,250**
- **Admin fees of 56 bps, plus ‘System Fee’ of \$12 once claims eligible**

ICMA-RC (rebranding as Mission Square) located in DC

- 1600 plans / 800 different employers
- They have 7,000 public Defined Contribution plan clients
- Good employee materials
- **Proprietary funds required. S3 share class expenses range from 0.59% to 1.25%. Fund performance is average.**
- **NO DEBIT CARD**

Mid America located in Lakeland, FL

- Very flexible fund offering – see modeling exhibit (all in expenses = 0.57%)
- HRA Plan Admin = 43% of their business
- Partners with AUL for the Fixed Interest Account and Fund platform, crediting 1.8% now
- 1800 Plans in 33 states / 300-500 clients in WI
- 581 HRA Plans / \$ 663 million
- They only serve public sector clients
- Partnered with Groom Law Firm in Washington DC (top notch firm)
- Debit Cards available
- \$2 per month admin fees for participants not yet claims eligible
- \$1 per month platform fees for participants that are claims eligible
- Can convert in 60 days or less
- Best employee materials

Based on our review, we feel that Mid America is the most consultative firm and they offer the most comprehensive services. We would take out ICMA for not offering debit cards, high fees and fund performance. While AviBen offers open investment architecture, they are a significantly smaller firm and just do not have all of the integration that Mid America offers.

AndCo appreciates the opportunity to assist the City with this search and evaluation. We are confident that moving the plans from TASC to Mid America will improve the plan experience for both the plan participants as well as the City's HR staff.

We look forward to continuing to serve the City of Appleton.