



OIA Advisory Memo

Date: June 1, 2016

To: Carrie Thomas, Director Total Rewards

From: John Fox, Audit Director

Subject: Retirement Plan Administrator Transition

Background:

Citizens Property Insurance offers its employees a 401(a) defined contribution retirement plan, a 457(b) deferred compensation retirement plan and a legacy 401(k) retirement plan that is frozen. Lincoln Financial Group has been the Citizens employee retirement plan administrator since March 3, 2010 with the contract expiring on June 1, 2016. Instead of renewing the contract, Citizens decided to re-procure for the plan administrator services.

Citizens released Invitation to Negotiate (ITN) 15-0008 in August 20, 2015 and eight interested vendor responses were evaluated. During a public meeting held on October 12, 2015, the evaluation committee selected the two highest-ranked vendors to advance to the negotiation phase. After several negotiation meetings, website demonstrations and reference checks, Mass Mutual Financial Group was determined to provide the best overall value to Citizens and the Plan Participants. A savings of approximately 50%, compared to the current contract pricing, was achieved as a result of the ITN.

A public meeting was held on November 10, 2015 and the negotiation team recommended Mass Mutual Financial Group for award under this ITN 15-0008. Mass Mutual Financial Group, Retirement Plan Administrator Services and Reliance Trust Company, Custodial Trustee Services recommendation was taken to the Board of Governors (BOG) on December 9, 2015 and approved. The transfer of assets was in excess of \$68 million.

Audit Scope and Objectives:

OIA provided independent advisory for the Employee Retirement Plan Administrator transition from Lincoln Financial Group to Mass Mutual Financial Group.

OIA performed the following:

- Monitored the progress of retirement plan administrator transition project
- Participated and observed the on boarding to the Mass Mutual Plan Administrator
- Observed due diligence and selection of Mass Mutual plan funds and new target date funds
- Reviewed the retirement plan transition reconciliations between Lincoln and Mass Mutual performed by Citizens staff

Results:

Overall OIA noted that adequate processes and due diligence were in place to support the transition between retirement plan administrators. In addition, the plan reconciliations performed by Citizens are complete and appropriate to ensure all assets moved from Lincoln were received by Mass Mutual. The plan blackout was lifted as of May 26, 2016.

We would like to thank Management for the utilization of OIA Advisory Services.

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