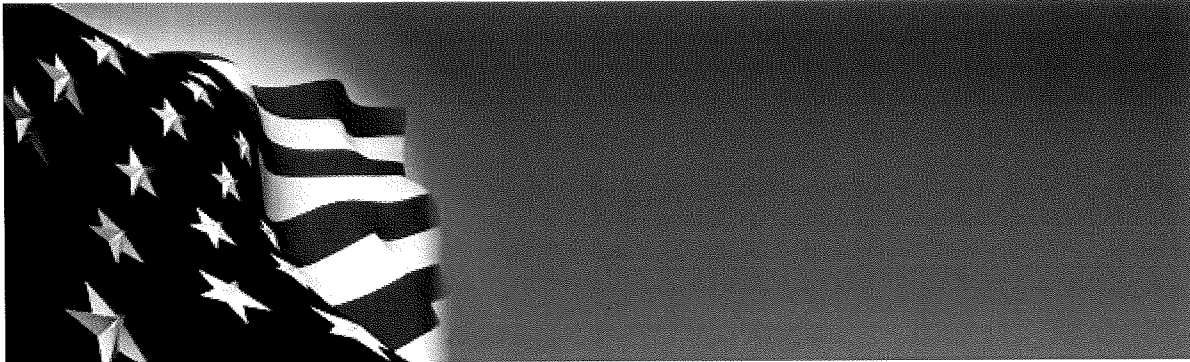


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# CYPEN & CYPEN NEWSLETTER for AUGUST 6, 2015

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Stephen H. Cypen, Esq., Editor

Never Forget September 11, 2001

and

Always Remember May 2, 2011

**1. 2015 FLORIDA LEGISLATION:** The Department of Management Services' Division of Retirement will hold three one-hour webinars to discuss the legislative changes contained in Chapter 2015-039, Laws of Florida (SB 172) and Chapter 2015-157, Laws of Florida (HB 1309) ([See C & C Special Supplement Newsletter for July 28, 2015](#)). The webinars will be held on Aug. 10, 2015 at 10:00 a.m. and 2:00 p.m., and on August 11, 2015 at 10:00 a.m. Please register using one of the following links: Webinar 1 - August 10, 2015 at 10:00 a.m. <https://attendee.gotowebinar.com/register/4312600532021800449>; Webinar 2 - August 10, 2015 at 2:00 p.m. <https://attendee.gotowebinar.com/register/4991400528103973378>; and Webinar 3 - August 11, 2015 at 10:00 a.m. <https://attendee.gotowebinar.com/register/7781865381887856898>.

**2. WHY CONDUCT AN RFP FOR A RECORDKEEPER?:** Plansponsor.com asked an expert the question "why should I conduct a request for proposals (RFP) for a recordkeeper for my retirement

plan?" Michael A. Webb, vice president, Cammack Retirement Group, answers: this is a common question among retirement plan sponsors, as the request for proposal process can involve a lot of time and expense, both of which are at a premium in human resources and other departments involved with the retirement plan, where budgets and staff are often shrinking. However, the regular completion of an RFP process (as often as every three to five years or under another reasonable period based on the specific plan) is an essential component of the due diligence process. The reasons include, but are not limited to, the following:

- **Fees/Services:** The RFP is arguably the best method of obtaining a recordkeeper's best combination of fees and services. The reason for this statement is that recordkeepers generally provide their lowest fees and most robust services to new clients (or existing clients who have decided to conduct an RFP) rather than as a result of direct negotiation with the recordkeeper, although as the market evolves, recordkeepers continue to show different levels of flexibility in non-RFP situations.
- **Benchmarking:** As discussed in a 2014 Ask the Experts Column, it can be difficult to benchmark fees to determine whether the cost of services for Employee Retirement Income Security Act plans is reasonable, as mandated by the Department of Labor. By receiving competitive bids for multiple recordkeepers for your retirement plan, the RFP serves as the most definitive benchmarking process of which the Experts are aware.
- **Plan Size:** Since recordkeepers often specialize in certain market segments where plan asset size is a significant variable, a plan can often outgrow its current recordkeeper's "sweet spot," requiring services that the incumbent recordkeeper can no longer provide (or provide in an efficient fashion).
- **Voluntary Plan Participation:** For plans that do not utilize automatic enrollment for all employees, the implementation that results from an RFP process (even if the incumbent recordkeeper is retained), generates a level of participant interest that frequently results in a significant increase in voluntary

participation. Most non-auto-enrolled retirement plans (particularly 403(b) plans) could benefit from increased participation, so this participation increase is often viewed as a beneficial ancillary effect of an RFP.

Thus, despite the administrative effort and expense, it is considered to be best practice to conduct an RFP process on a regular basis.

**3. THINGS THAT MAKE GOOD EMPLOYEES QUIT:** Benefits can play an important role in retaining quality employees, but if workers are not being managed well then good benefits might not make a big difference according to [ebn.benefitnews.com](http://ebn.benefitnews.com). Travis Bradberry, president of TalentSmart and co-author of Emotional Intelligence 2.0, shares some avoidable things managers may be doing that are pushing top talent out the door:

- **Overworking.** Pushing your top talent to do as much as possible becomes counterproductive. New research from Stanford shows that productivity per hour declines sharply when the workweek exceeds 50 hours, and productivity drops off so much after 55 hours that you do not get anything out of working more. If the workload must increase, make sure the employee's status goes up too: raises, promotions and title changes are all acceptable ways to reward someone for working longer hours.
- **Recognition ... or lack of.** Everyone appreciates recognition for the hard work they put in. Managers need to communicate with their people to find out what makes them feel good -- for some, it is a raise; for others, it is public recognition -- and then reward them for a job well done, adding that for top performers, this recognition will happen often if you are doing it right.
- **Lack of empathy.** Sour relationships with the boss can lead to a quick exit for many. Smart companies make certain their managers know how to balance being professional with being human. It is very difficult to work with someone for eight or more hours a day when they are not personally invested or do not care about anything other than an employee's production.
- **Broken promises.** Not holding managers accountable will only help push your talent out the door. Following through on

commitments strengthens workers' opinions of their supervisors. When you uphold a commitment, you grow in the eyes of your employees because you prove yourself to be trustworthy and honorable, two very important qualities in a boss.

- **Hiring the wrong person.** When managers do not do the hard work of hiring good people, it's a major de-motivator for those stuck working alongside them. Promoting the wrong people is even worse. When your employees are putting in the time and effort, but see the wrong people bypassing them on the way to the top, it is a massive insult.
- **No room to pursue their passion.** Your talented employees are passionate, and providing opportunities for them to pursue these passions can improve their productivity and job satisfaction. Managers fear that productivity will decline if they let people expand their focus and pursue their passions, adding that this fear is unfounded. Studies show that people who are able to pursue their passions at work experience flow, a euphoric state of mind that is five times more productive than the norm.
- **Managers with poor people skills.** Management may have a beginning, but it certainly has no end. When you have a talented employee, it is up to you to keep finding areas in which they can improve to expand their skill set. One avenue to pursue is constant feedback. Talented employees are always seeking feedback, and it is a manager's job to keep it coming.
- **Maintaining the status quo.** The most talented employees seek to improve everything they touch. If you take away their ability to change and improve things because you are only comfortable with the status quo, this makes them hate their jobs.
- **Lack of intellectual stimulation.** Instead of setting mundane, incremental goals, your best managers set lofty goals that push people out of their comfort zones. But, those top-notch managers will also be there to do everything in their power to help their employees reach and exceed these goals. When employees start to feel bored, you can bet they are also sending out their resumes.

**4. ON SECOND THOUGHT...MAYBE THEY WERE WRONG?:** Rail travel at high speed is not possible, because passengers, unable to breathe, would die of asphyxia. Dr. Dionysius Lardner, 1830.

**5. APHORISMS:** Life is not tied with a bow but it is still a gift.

**6. TODAY IN HISTORY:** In 1973, Roberto Clemente and Warren Spahn inducted into National Baseball Hall of Fame.

**7. KEEP THOSE CARDS AND LETTERS COMING:** Several readers regularly supply us with suggestions or tips for newsletter items. Please feel free to send us or point us to matters you think would be of interest to our readers. Subject to editorial discretion, we may print them. Rest assured that we will not publish any names as referring sources.

**8. PLEASE SHARE OUR NEWSLETTER:** Our newsletter readership is not limited to the number of people who choose to enter a free subscription. Many pension board administrators provide hard copies in their meeting agenda. Other administrators forward the newsletter electronically to trustees. In any event, please tell those you feel may be interested that they can subscribe to their own free copy of the newsletter at <http://www.cypen.com/subscribe.htm>.

**9. REMEMBER, YOU CAN NEVER OUTLIVE YOUR DEFINED RETIREMENT BENEFIT.**

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