



First Citizens Wealth®



## RFPs for nonprofits: A 10-step guide to choosing the right investment advisor

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## Introduction

Selecting a nonprofit investment advisor is about more than finding someone to manage your organization's assets — it's about protecting your mission for decades to come. Strong financial stewardship builds donor confidence, supports sustainable growth and ensures your organization can deliver on its purpose long into the future.

While sound investment performance is essential, many nonprofits benefit most from a partner who brings a broader perspective—someone who understands governance, policy and donor engagement as part of a complete approach to stewardship. The right investment advisor will not only safeguard your resources but also help expand your impact through strategic asset management and holistic support.

Because selecting an advisor is a significant fiduciary decision, the request for proposal, or RFP, process has become the gold standard for transparent vendor selection.

**This guide walks you through 10 steps to run a thoughtful, strategic RFP process—**one that helps you identify an advisor who understands your mission, aligns with your goals and brings the expertise needed to strengthen your organization's financial foundation and operational effectiveness.





## The value of the RFP process

The RFP process enables you and your committee to compare investment management services side-by-side through standardized proposals, ensuring fairness and transparency in vendor selection. It can also provide the opportunity to reassess your needs, identify areas where you may require additional support and improve the structure, cost and performance of your nonprofit's investment program.

### Issues that may prompt the need for an RFP might include:

- ✓ Lack of communication or transparency from your current advisor
- ✓ Concerns surrounding fees
- ✓ Misalignment of values
- ✓ Underperformance relative to benchmarks or peers
- ✓ The need for additional support

When conducting an RFP, it's important not to focus solely on quantitative factors such as performance and fees. Many nonprofits overlook the qualitative elements—like training, administration, policy development and donor education—that can make an advisor an indispensable extension of your team.

“Many of our clients need support with more than just investment allocation and returns,” explains Andy Johnson, Director, Institutional Trust Administration at First Citizens. “They need a partner who will engage with their board, train staff and contribute to their broader strategic goals.”

### How frequently should RFPs occur?

Some nonprofits are required by statute or internal policy to conduct an RFP at set intervals. Even without a mandate, industry best practices recommend reassessing your providers every three to five years to ensure continued alignment with your mission and performance benchmarks.

However, because the RFP process is time-consuming and resource-intensive, it may divert you from your core mission. If you're satisfied with your current advisor, you might explore other evaluation methods before launching a full RFP.











“If your relationship is good and their performance is strong, consider engaging a third party to evaluate your advisor,” says Hank Dunbar, Manager of the Philanthropic and Charitable Strategy Team at First Citizens Wealth.

An independent third party can assess your advisor by benchmarking their services, fees and performance against industry standards. If gaps or opportunities for improvement are identified, that's the time to initiate a formal RFP.



## The value of the RFP process

### 10-step guide to selecting an investment advisor

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|----|-------------------------|---|
| 1  | Build your committee    |    |
| 2  | Assess your needs       |    |
| 3  | Tell your story         |    |
| 4  | Ask the right questions |   |
| 5  | Set milestones          |  |
| 6  | Distribute your RFP     |  |
| 7  | Review responses        |  |
| 8  | Schedule presentations  |  |
| 9  | Evaluate finalists      |  |
| 10 | Select your vendor      |  |



## Step 1: Build an evaluation committee

Your first step should be to establish a committee to help lead the RFP process.

### Committee members might include:

- ✓ Your executive director
- ✓ A senior finance leader
- ✓ Finance or investment committee members
- ✓ Board members with investment oversight responsibilities

Clearly define each member's roles and responsibilities and determine whether the committee has final decision-making authority. To maintain transparency and trust, be sure to identify and address any potential conflicts of interest from the outset.

"Everyone involved in the RFP process must be committed to acting in the best interest of your organization—not their own self-interest," says Johnson.

## Step 2: Assess your organization's needs

Clarify the minimum requirements you expect from an investment manager, identify any non-negotiables and determine the level of financial support your organization needs.

While some advisors focus exclusively on asset management, a full-service investment manager can also assist with policy development, donor engagement, charitable giving education and administrative support.

If your team is stretched thin, the added capabilities of a full-service advisor may be invaluable. "We help with everything from developing fundraising strategies to crafting a mission statement to providing training on planned giving techniques," says Dunbar.

For many nonprofits—particularly those with small or leanly staffed teams—partnering with an advisor who can serve as an extension of your staff can be transformative. Look for providers who can offer board training, help strengthen governance, develop endowment policies and guide long-term giving strategies in addition to managing investments.

If you're not certain which type of investment advisor your nonprofit needs, consider issuing your RFP to both types of advisors.





## Step 3: Tell your nonprofit's story

A strong RFP is more than a checklist of questions and requirements—it's also an introduction to your nonprofit. The more context you provide, the better respondents can tailor their proposals to your unique needs.

By painting a clear picture of your organization, you help potential advisors understand your priorities—and position them to propose solutions that truly align with your mission.



### Include key details such as:

- ☒ Your mission and history
- ☒ Organizational and financial goals
- ☒ Asset pool size, composition and account structure
- ☒ Endowment specifics
- ☒ Special reporting or compliance requirements
- ☒ Target asset transition date

## Step 4: Ask the right questions

Your RFP should go beyond surface-level inquiries to explore each provider's background, experience, investment philosophy, service offerings and reporting methods. Keep the list concise and avoid combining multiple questions into a single prompt. This makes it easier for respondents to provide clear, actionable answers.

To help you get started, we've developed a nonprofit **RFP template** you may copy and adapt to suit your organization's needs.



### Essential questions include:

- ☒ How many years of nonprofit advisory experience do you have?
- ☒ Have you worked with organizations similar to ours?
- ☒ Who will be assigned to our account, and what are their qualifications?
- ☒ What is your investment philosophy, and how does it distinguish you from competitors?
- ☒ What is the average size of accounts you manage?
- ☒ What additional support services do you offer?

## Step 5: Establish a structured process

The RFP process can be lengthy—often taking 60 to 90 days, according to Dunbar. A clear plan and timeline will help keep things moving efficiently.

### Avoid busy times of year

Choose a period when your team can dedicate the necessary time and attention. Avoid launching an RFP during major fundraisers, galas or other high-priority initiatives.

### Set a realistic timeline

Break the process into key milestones and allow adequate time for each stage:

- RFP preparation and distribution
- Vendor Q&A (1-2 weeks)
- Proposal submission period (typically 4-6 weeks)
- Review vendor proposals
- Preparation for finalist presentations (2-3 weeks)
- Presentations and final review
- Vendor selection and onboarding
- Asset transition

“When we receive an RFP, we immediately start building our team around your timeline,” says Dunbar. These teams are carefully selected to match your organization’s needs with the strengths of each member. If the date of a finalist presentation changes, key participants may no longer be available. “You may lose access to the people you most want to meet,” he explains.



### RFP milestones and timeline

RFP preparation and distribution	Vendor Q&A	Proposal submission period	Review vendor proposals	Preparation for finalist presentations	Presentations and final review	Vendor selection and onboarding	Asset transition
	1-2 weeks	4-6 weeks		2-3 weeks			

## Step 6: Distribute your RFP

Research and identify **investment advisors that serve nonprofits**, then narrow your list to a manageable number—typically five to ten. A small amount of upfront research can help streamline the process and make the most of your selection committee’s time.

Be sure to allow time for a kickoff call or structured Q&A period with prospective vendors. “It’s important to have a conversation with prospective vendors about your organization and what you really need,” advises Dunbar.

While some organizations restrict communication during the RFP process, this can reduce the quality of proposals you receive. “Your website does not tell the whole story,” says Johnson. “The Q&A period allows us to better understand what’s important to you and your organization.”



## Step 7: Review responses with structure

A scoring matrix helps ensure a fair, consistent and structured approach to evaluation. Begin by listing your must-have criteria and weighting each factor according to your organization’s priorities.

You may also want to assess additional factors such as experience with similar nonprofit clients, cultural alignment, local presence, advisory approach and ability to provide value-added services such as governance, policy and donor support.

Once proposals are received, apply your weighted scoring matrix to evaluate each response objectively and narrow the pool. As a best practice, aim to select three to five finalists for the next phase of the process.

### Core factors to consider include:

- ☒ Investment offerings
- ☒ Investment performance
- ☒ Non-investment services
- ☒ Fees



## Step 8: Schedule finalist presentations

Once your committee has narrowed your list to a small pool of vendors, invite them to deliver finalist presentations. Provide each finalist with clear guidelines.

### Core factors to consider include:

- ✓ Date, time and location
- ✓ Presentation format
- ✓ Specific topics or questions to address
- ✓ Names of committee members who will attend
- ✓ Any additional requirements

Be sure to allow enough time for a thorough discussion. “Ideally, you should dedicate at least 50 minutes for each presentation and 10 minutes for your committee members to decompress between presentations,” says Dunbar.



## Step 9: Evaluate finalists

Finalist presentations are your opportunity to dig deeper into each firm’s approach, experience and alignment with your team and mission. “This is an opportunity to get to the heart of their experience and determine whether the investment advisor is a good fit,” says Johnson.

Ask targeted, consistent questions that reveal how each finalist operates and communicates. To ensure fair comparison, require all finalists to answer the same core set of questions.

In addition to evaluating investment capabilities, consider how each firm supports nonprofits holistically—through board education, endowment administration, policy creation or fundraising guidance. These services can often have as much impact on organizational health as investment returns themselves.

Finally, conduct reference checks before making your decision. Speaking with past or current clients can offer valuable insight into the firm’s performance, service quality and ability to deliver on commitments over time.

## Step 10: Select your vendors

Once your committee selects an investment advisor, promptly notify all participating firms. Offering a brief debrief to those not chosen is a professional courtesy that reflects well on your organization, helps maintain positive relationships and keeps the door open for any future needs.



## The value of a strong advisor

Choosing an investment advisor is about more than simply finding someone to manage your assets—it's about protecting your mission for decades to come.

“There is a heart in the nonprofit world that doesn't exist in the for-profit world. Many times, we're dealing with endowment money that's going to last in perpetuity,” says Dunbar.

“Our goal is to get down in the trenches and help you better serve the constituencies you serve—whatever that constituency might be.”



## Key takeaways:



Your investment advisor plays a critical role in sustaining the financial health and long-term stability of your nonprofit.



Taking time to carefully consider your nonprofit's needs is key. Look for an advisor who brings value beyond investments—offering policy, governance and donor support that helps your organization operate more effectively.



Establishing a strong evaluation committee, setting milestones, using clear evaluation criteria and adhering to a structured approach can ensure a more efficient, streamlined process.



An RFP can enable fair and transparent comparisons, helping you identify a partner who not only delivers strong financial performance, but also understands and shares your commitment to making a lasting impact.

## Our mission is to help your organization thrive.

We have decades of experience helping nonprofits fulfill compliance and fiduciary responsibilities, manage changing donor populations and think strategically about the future.



Learn more about our **nonprofit solutions** or reach out to our team directly.

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P00126\_062025