

Questions for SERS Actuarial 2018 RFP:

1. Section II A of the Scope of Services says that actuarial valuations are annual. The actuarial valuation reports on your website appear to be biennial valuations with roll forward valuations in alternate years. Please clarify if valuations are to be full valuations each year?

This RFP calls for full valuations each year of the contract and represents a change in prior practice. Historically, full valuations were performed every other year.

2. Section V C g. i. asks for a breakdown of fees associated with implementation, reporting and ongoing administration. Can you clarify what services are included here?

The required services include:

- **Prepare Annual Actuarial Reports;**
 - **Actuarial Experience Study Reports;**
 - **Prepare GASB 67 and 68 Reports;**
 - **Attend Meetings; and**
 - **Complete Special Projects.**
3. What were the fees paid to the current actuary for the last four years for Retirement Commission services (split between regular and special projects) and Office of State Comptroller services?

2014 - \$29,757.00

2015 - \$33,525.80

2016 - \$59,373.00

2017 - \$110,788.00

4. Section V. C. g. iii. 2. requests a not to exceed cap for work performed for the Office of the State Comptroller for special projects, fiscal impact statements and routine consultations. We commonly quote a not to exceed fee as special items are requested. Is there a specific list of special projects, impact statements and consultations that the requested fee cap is to be based upon?

It is expected that each vendor will provide a not to exceed amount for special projects, fiscal impact statements and routine consultations based on the hourly billing rates provided and the firms knowledge and experience when it comes to providing the aforementioned services. A not to exceed fee quote can be provided prior to initiating any requested services not contained in the scope of service.

5. Is the incumbent eligible to bid?

Yes. The incumbent is eligible to submit a proposal.

6. What were the fees charged by the incumbent in each of the last 4 years, excluding special projects?

2014 - \$29,757.00

2015 - \$33,525.80

2016 - \$59,373.00

2017 - \$110,788.00

7. Do the fees in response (2), above represent a substantially similar scope of work? If not, how has the scope changed?

Yes, the fees represent a substantially similar scope of work.

8. Can the GASB 67/68 reports continue to be separate reports from the actuarial valuations (the requirement in Section II A (1) of the RFP implies the GASB information should be in the annual valuation report)?

Yes. The GASB 67/68 reports shall continue to be separate reports, in addition to the annual full actuarial valuations.

9. In the recent past (since approx. 2012/2013), it appears that the SERS and JFSMCCRS reports were full valuation reports in even years and roll forward valuation reports in odd years while the PJERS report appears to be performed only in odd years. Prior to 2012, it appears that all three systems had annual valuations (based on available reports on the Comptroller's website). Please confirm this historical process and please confirm that the RFP is requesting full annual valuations for all 3 systems for each of the 4 years of the contract. Note this is important in the development of the pricing as roll forward valuations are less expensive to prepare since they do not involve the collection of new census data.

This RFP calls for full valuations each year of the contract and represents a change in prior practice. Historically, full valuations were performed every other year.

10. Section II A (5) refers to the duties in C.G. S. Section 5-156a(d). In our research this section of the C.G.S. appears to require supplemental valuations of legislatively proposed system enhancements (also known as fiscal notes). Please confirm that these supplemental valuations/fiscal notes are, in fact, what the Section II A (5) of the rfp was referring to.

Conn. Gen. Stat. § 5-156a(d) is now obsolete in the sense that the funding method changed in 2017 based on a Memorandum of Understanding between SEBAC and the State. To the extent 40-year funding no longer applies, the spirit of § 5-156a(d) continues to apply. For instance, the Retirement Commission will continue to require actuarial evaluations of the impact of any proposed System changes. Please also refer to § 5-156b, which addresses the Retirement Commission's employment of actuaries.

11. Section 5 (g) of the rfp indicates that fees whether fixed or variable are considered as “not to exceed”. In addition, the standard contract requests a maximum fee for the entire contract (Section 5, which must be filled in for the RFP response). Please explain how variable work is expected to be handled under these responses when the quantity of the work is currently unknown.

It is expected that each vendor will provide a not to exceed amount for special projects, fiscal impact statements and routine consultations based on the hourly billing rates provided and the firms knowledge and experience when it comes to providing the aforementioned services. A not to exceed fee quote can be provided prior to initiating any requested services not contained in the scope of service.

12. Is the Office of the State Comptroller (OSC) open to accepting mutually-agreeable contract terms, which include some limitation of liability on the work performed by the contracting actuarial firm? Are there any statutory requirements regarding limitation of liability of which we should be aware?

Please refer to the Office of the State Comptroller Contract and Conditions attached as Appendix A to the RFP. Any additional terms and conditions not contemplated in the attached contract are subject to negotiations with the contractor selected to perform the services described in the RFP.

13. Please provide a copy of the following documents/correspondences:

- 2-1) Most recently effective plan documents, amendments, SPDs, and a summary of CBAs
- 2-2) Most recent presentation materials discussing the valuation results
- 2-3) Most recent 5-year projection of SERS contributions
- 2-4) Any analyses, reports, or presentation materials related to the statutorily required actuarial duties under C.G.S. § 5-156a(d) during the past four (4) years
- 2-5) Any reports or other forms of communications discussing the results of special projects performed by the current actuary during the past four (4) years
- 2-6) Any analyses, reports, presentation materials, or any other forms of correspondences prepared by the current actuary regarding the routine consultations beyond the scope of C.G.S. § 5-156b during the past four (4) years
- 2-7) Sample benefit election packages, benefit statements, and 415 analyses
- 2-8) Current actuarial contract

Given the short turnaround time to respond to questions from potential vendors, this process is limited to answering questions about the RFP itself or the RFP process. For additional information related to actuarial reports please go to the following webpage: <http://www.osc.ct.gov/rbsd/reports/index.html>.

14. Please confirm that (i) full valuations are performed in even-numbered years for SERS and JFSMCCRS and in odd-number years for PJERS, and (ii) interim valuations are performed in other years using the census data from the prior year.

This RFP calls for full valuations each year of the contract and represents a change in prior practice. Historically, full valuations were performed every other year.

15. How many in-person meetings has the current actuary attended each year in the past four (4) years?

We do not maintain records identifying each in-person meeting attended in the past four years.

16. How many hours per year of consulting time were spent on labor relations and bargaining in each of the past four (4) years?

Requesting specific fee information

17. Please provide the actuarial fees, paid to the incumbent for each of the past four (4) years, broken down by key tasks listed in the RFP, including the incumbent's current billing rate schedule and the fee for the experience study.

6-1) If the fee information cannot be provided, please provide the total consulting hours spent by the incumbent each year in the past 4 years, in total and for each task listed in the RFP.

2014 - \$29,757.00

2015 - \$33,525.80

2016 - \$59,373.00

2017 - \$110,788.00

18. How many benefit calculations did you require Actuary's assistance with each year in the past four (4) years? Did the Actuary prepare the benefit packages, or did they only certify the benefit amounts?

We do not maintain records sufficient to isolate the specific number of benefit calculations requiring Actuary assistance over the past 4 years. We are able, however, to determine that some of the assistance required the Actuaries to independently determine the benefit amount.

19. Are there any service concerns and/or limitations with the current actuarial firm?

No. The current actuarial firm has fulfilled its obligations under the existing contract, which is set to expire June 30, 2017.

20. Please clarify and confirm the timing of the next Experience Study for each plan.

9-1) If available, please provide more recent experience study reports for JFSMCCRS and PJERS. The latest reports available on the State Comptroller's website were prepared in 2011.

The last experience study valuation was presented in 2015. The experience studies are due at the end of the cycle for the current Actuarial contract. The experience studies for the present RFP will be due in the fiscal year 2022, covering the plan years 2021, 2020, 2019 and 2018.

21. What are the biggest financial, administrative, or other challenges that the Comptroller and/or subcommittees face in managing the systems?

The following list identifies some of the several challenges in managing the systems:

- **The SERS is not well funded;**
- **The Retirement Commission has faced several challenges related to the implementation of the Internal Revenue Code § § 401a(17) and 415 limits;**
- **A 2010 arbitrator's decision has resulted in various scenarios under which members of the State's Alternative Retirement Plan have been afforded the opportunity to transfer to SERS;**
- **The Retirement Commission has been required to develop the cost impact to the SERS fund for various pending and completed litigation matters; and**
- **There have been recent changes to the actuarial assumptions and funding methods required by the state legislature.**

22. Please provide three examples of special studies or other services of a non-routine nature provided by the current actuary during the past four (4) years, along with fee information for each example project.

As previously stated, we do not maintain records sufficient to isolate the number of hours or fees incurred on a project by project basis. The following list, however, provides examples of some of the special studies or other services the current actuary has provided:

- **Analyze issues relating to the implementation of the Internal Revenue Code § § 401a(17) and 415 limits.**
- **Analyze issues in connection with the 2017 SEBAC negotiations and plan changes.**
- **Prepare and update tools to calculate actuarial cost to transfer from ARP to SERS.**
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23. Page 4 of the RFP document lists the selection criteria. Please provide weights assigned to each of the criteria, if available.

EVALUATION CRITERIA		WEIGHTING FACTOR
No. 1	Previous work experience on similar projects. Proposers will be evaluated on their past performance to include, but not limited to, failure to meet specifications, poor quality and late delivery.	15
No. 2	Proposer's understanding of the project's purpose and scope, as evidenced by the proposed approach and level of effort.	15
No. 3	Proposed cost.	10
No. 4	Availability and competence of Proposer's personnel.	10
No. 5	Conformity with specifications contained herein.	10
No. 6	Proposer's ability to keep the Commission informed of significant changes in the laws and regulations governing public pension plan administration.	5
No. 7	Demonstration of Proposer's commitment to affirmative action by full compliance with the regulations of the Commission on Human Rights and Opportunities.	10
No. 8	Possible and previous conflicts of interest (within the last ten years).	10
No. 9	Past (within the last ten years) and pending litigation involving the Proposer and pension plans or retirement systems.	10
No. 10	At the option of the Actuarial Subcommittee, Proposer's oral interview.	5

24. Page 19 of the RFP requires that the CHRO's Workforce Analysis Affirmative Action Report must be completed and submitted by the proposer. Such a form or report is not attached in the RFP. BizNet says our account is not authorized for the CHRO Affirmative Action Report page. We only found DAS-45 Form on BizNet. We tried sending an e-mail to the address listed in the RFP, but the mail was undeliverable and rejected by the State's mail system. Please advise if DAS-45 Form would be sufficient to fulfill this requirement.

Below are the steps to access BizNet:

- 1. Go to biznet.ct.gov and log in with their BizNet accounts.**
- 2. Click the link for "Doing Business with the State".**
- 3. Click the link for "Company Info".**
- 4. Click the yellow link on the left hand side for "Click Here to Upload Documents".**
- 5. Click the link for "Required Company Documents".**
- 6. From the dropdown menu, scroll down to find "HR".**

If you are still having difficulty, please contact either eva.orlinski@ct.gov or Marisol.rivera@ct.gov, and the phone number is (860)-713-5095.

25. What is the estimated budget for the services requested?

There is no estimated budget for the services requested.

26. Are travel expenses reimbursable?

Yes.

27. In order to assist us in gaining a clear understanding of the scope of the work, please provide the annual fee for actuarial services for the past five years.

2014 - \$29,757.00

2015 - \$33,525.80

2016 - \$59,373.00

2017 - \$110,788.00

28. Please provide the fee for the experience study most recently completed.

SERS = \$35,000

JFSMCCRS = \$10,000

PJERS = \$10,000

29. Please provide hourly rates for the past five years for each of the services outlined in the RFP.

Consulting or Senior Actuary = \$320-\$396/hr

Managing Director = \$300-\$360/hr

Senior Consultant = \$276-\$320/hr

Actuary = \$276-\$320/hr

Consultant = \$240-\$276/hr

Senior Actuarial Analyst = \$240-\$276/hr

Actuarial Analyst = \$180-240/hr

Other = \$116/hr

30. Are there any specific areas of the actuarial valuation that the System would like the vendor to address?

Not at this point. While we have not identified any specific areas at this point, there is always the possibility that the Retirement Commission may identify specific areas that may become part of a future special project.

31. Please provide a copy of the following:
- a. Latest projections performed for Pension
 - b. Contract with the current actuary
 - c. Most recent actuarial experience study
 - d. Current Funding Policy
 - e. Latest quarterly investment report for both the Defined Benefit Plan

Given the short turnaround time to respond to questions from potential vendors, this process is limited to answering questions about the RFP itself or the RFP process. For additional information related to actuarial reports please go to the following webpage: <http://www.osc.ct.gov/rbsd/reports/index.html>.

32. What are the fixed fees billed in the last two years?

2016 - \$59,373.00

2017 - \$110,788.00

33. What special and/or out of scope services has been billed for in the last **two** years, in addition to the fixed fees? How many hours were billed for these services?

We do not maintain records sufficient to isolate fees on a project by project basis, and, therefore, reference the fees listed response to questions Nos. 27 and 32.

34. Are there any service concerns and/or limitations with the current actuary?

No. The current actuarial firm has fulfilled its obligations under the existing contract.

35. How long has the current actuary been providing actuarial services?

The current actuarial firm has been providing actuarial services for the Connecticut State Employees Retirement Commission from July 1, 2013 to present.

36. Would a non-governmental pension plan that's similar in size and complexity count toward meeting the minimum requirement?

No.

37. Would an OPEB plan of a governmental entity that's similar in size and complexity count toward meeting the minimum requirement?

No.

38. Our standard consulting agreement terms and conditions include some limitation on liability for mere negligence or from consequential damages.

- a. Is the State open to accepting mutually-agreeable contract terms, which include some limitation of liability on the work performed by the contracting actuarial firm?
- b. Also, are there any statutory requirements regarding limitation of liability of which we should be aware?

Please refer to the Office of the State Comptroller Contract and Conditions attached as Appendix A to the RFP. Any additional terms and conditions not contemplated in the attached contract are subject to negotiations with the contractor selected to perform the services described in the RFP.

39. Have you ever sued or threatened to sue your actuarial services vendor? If yes, please provide the dates and circumstances of such suits.

No.