

VRS Actuarial Review Services RFP Questions

Note: Similar questions have been consolidated

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1. Q. Is there a specific reason that an actuarial audit is being performed at this time?
 - A. **As noted in the RFP, the Board of Trustees of each system has directed that an actuarial review be conducted. The primary purpose of this review is to provide independent verification and analysis of the assumptions, procedures, and methods used by the consulting actuary. There are no problems or issues that led to the RFP other than the fact that such a review has, to our knowledge, never been completed, and the Boards and the Treasurer's Office believe that periodic reviews are a good practice.**
2. Q. Is there a specific budget for the audit project?
 - A. **There is no established budget for this project.**
3. Q. When was the last audit done?
 - a. Who was hired for the last audit?
 - b. What was the price?
 - c. Were there any major findings?
 - d. May we have a copy of the most recent audit?
 - A. **See response to question #1. An actuarial review has, to our knowledge, never been completed.**
4. Q. How frequently are experience studies performed?
 - a. For VSERS, the web site has a copy of a 2001 experience study. Is this the most recent VSERS study?
 - b. For VSTRS, the web site has a copy of a 2002 experience study. Is this the most recent VSTRS study?
 - c. For VMERS, the web site has a copy of a 2003 experience study. Is this the most recent VMERS study?
 - A. **The documents noted above are the most recent experience studies. They are available on our Web site, www.vermonttreasurer.gov. Generally, experience studies are completed every five years.**
5. Q. On page 8, Section 2.1, Scope of Services - General Information, it states that, "The primary purpose of this review is to provide independent verification and analysis of the assumptions, procedures and methods used by the plans' actuary for valuations as of June 30, 2005 . . .". Further, Section 2.2, Services Requested For Each Plan, item 1 states "Analyze the appropriateness of the actuarial assumptions". Are we correct in interpreting this to mean that for each plan an independent experience study will be performed by the firm selected?

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- a. If an independent experience study is performed, in what format and for what periods will member data be provided?
 - A. No. The Retirement Systems are not requesting an experience study as part of this RFP. It is expected that the existing experience reports and the supporting data will be reviewed within the context of industry standards and accepted practice. The selected bidder will express an opinion as to the appropriateness of the actuarial assumptions in light of these factors.**
6. Q. On page 8, Section 2.1, Scope of Services - General Information, it states that sampling techniques rather than a replication audit will be employed to test each plan's actuarial valuation results. Will "trace lives" be available from the plan's actuary?
 - A. Assuming that the term "trace lives" refers to actual lives selected from the valuation data, for which the actuary and the selected bidder would attempt to match liabilities, the answer is yes.**
7. Q. In the Bidder Information section of the RFP (see the item directly above Section 4.3.2 on page 17), the RFP requests a list of all office locations and the number of individuals working in each office. Do you want this information only for the offices involved in the bidder's proposal, only for employee benefits offices of the bidding firm, or for all employees of the bidding firm, regardless of specialty?
 - A. The question was not complete. The correct question is, "Please list all office locations and the number of individuals working in each office. Please specify which offices would be involved in work specified in the bidder's response to the RFP." The first part of the question relates to the firm as a whole. The second part requests information relative to all work locations relative to this RFP if the firm is selected. The primary office and contact is already requested in Section.4.3.1.**
8. Q. We understand that the successful bidder will be required to execute the State's standard contract. Will the State accept an additional contractual provision that would provide for alternative dispute resolution that does not involve a jury trial, such as final and binding arbitration or a federal court bench trial?
 - A. No, for public policy reasons the State Treasurer's Office does not contract to waive its right to a jury trial. We will, however, agree to non-binding mediation prior to litigation.**
9. Q. Our firm has been in existence since 2005, but the members of the firm have been providing the types of services you are seeking for many years. May we use prior experience with other firms to meet the minimum qualifications listed in Section 1.2 or are you interested in receiving bids only from firms that meet the criteria?
 - A. The minimum requirements are stated in the RFP, Section 1.2. The Treasurer's Office, acting on behalf of the Vermont Retirement Systems, will not make any**

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predetermination of eligibility for any interested bidder. Prospective bidders are encouraged to review the minimum qualifications and, if they choose to respond, provide relevant information to demonstrate their eligibility in their bid proposal. Please also note Section 5.1, Bidder Evaluation, in the RFP.

10. Q. Are there multiple groups with differing benefit structures within the plans?
- A. Yes. Specifics on the plans are available on our Web site, as well as a link to the applicable statutes. The Web site address is <http://www.vermonttreasurer.gov/retirement/>. Actuarial reports are also available on that site.
11. Q. Is individual data expected to be verified for accuracy?
- A. The scope is defined in section 2.1 of the RFP. It is anticipated that the review will include a review of the actuarial reports of the plan and a test of the valuation results using a mathematical model of plan activity or sampling, as opposed to performing a complete replication of the consulting actuary's valuation of the plan. While not anticipated at this time, if results cannot be verified to the satisfaction of the Contractor and the Vermont Retirement Systems (VRS), it may be necessary to expand the scope of the review, contingent upon approval of the VRS/Treasurer's Office staff. The Treasurer's office may authorize a full replication review, consisting of an actuarial valuation of the plan based on the same census data, assumptions and actuarial methods used by the consulting actuary. An evaluation of the source data provided to the Actuary by the Retirement Division of the State Treasurer's Office is not part of the scope of this project.
14. Q. Are there any unique issues to these systems that need to be addressed in an actuarial review?
- A. All plans have unique or specific provisions. The actuarial reports, related statutes, and information on our plans are available on our Web site.
15. Q. When was the last actuarial review done? Can we receive a copy of the report?
- A. These are available on our Web site as noted above.
16. Q. What were the fees paid the consultant who performed the last actuarial review?
- A. Since no previous review has been completed, this is not applicable.
17. Q. Should the all-inclusive flat fee (Section 4.6, item A) include the cost of making a presentation to a joint meeting of the VRS boards?
- A. Yes.